

Ratings Affirmed On DG Hyp's Public-Sector Covered Bonds Following Review

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OVERVIEW

- We have reviewed DG Hyp's public-sector covered bond program.
- We have affirmed our AAA/Stable credit ratings on these public-sector covered bonds.

FRANKFURT (Standard & Poor's) Oct. 13, 2010--Standard & Poor's Ratings Services has affirmed its AAA/Stable credit ratings on Deutsche Genossenschafts-Hypothekenbank AG's (DG Hyp) public-sector covered bonds, following a review.

DG Hyp's public-sector covered bonds are typically drawn under its debt issuance program, which also allows the issuance of mortgage covered bonds. This review only covers the public-sector covered bonds, which we have rated since November 1998.

For our rating decision on DG Hyp's public-sector covered bonds, we have reviewed the asset and cash flow information provided as of June 30, 2010.

Applying our covered bond criteria, the specifics of DG Hyp's program potentially allow for a seven-notch elevation, according to step 3 of our criteria (see "Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In German Covered Bonds," published Dec. 16, 2009).

Reflecting our assessment of the target credit enhancement, in combination

with the available credit enhancement, we believe that the cover pool can support the public-sector covered bonds commensurate with the assigned rating.

We will publish an update on DG Hyp's mortgage covered bonds in due course.

The current stable outlook reflects our opinion that adverse movements of the issuer credit rating or the asset-liability mismatch measure (ALMM) would not automatically result in a change to the rating on the covered bond. We also believe that the issuer has the ability and willingness to manage the covered bonds at the highest achievable uplift.

RELATED CRITERIA AND RESEARCH

- Transaction Update: Deutsche Genossenschafts-Hypothekenbank AG-Öffentliche Pfandbriefe, Oct. 13, 2010
- Advance Notice Of Proposed Criteria Change: Methodologies And Assumptions For Rating Certain Covered Bonds And CDOs, Aug. 5, 2010
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In German Covered Bonds, Dec. 16, 2009
- Deutsche Genossenschafts-Hypothekenbank AG, Dec. 3, 2009
- Cooperative Banking Sector Germany, Oct. 2, 2009
- Credit Rating Model: CDO Evaluator 5.1, Aug. 16, 2010
- Bank Industry Risk Analysis: German Banks Brave Current Market Dislocations, But Further Markdowns Likely, April 28, 2008
- Principles-Based Rating Methodology For Global Structured Finance Securities, May 29, 2007
- All Covered Bonds Are Not Created Equal, Sept. 13, 2007
- Germany Farewells Mortgage Bank Act For New Covered Bond Act To Take Center Stage, March 21, 2005
- Expanding European Covered Bond Universe Puts Spotlight on Key Analytics, July 16, 2004
- Surviving Stress Scenarios: Assessing Asset Quality of Public Sector Covered Bond Collateral, Sept. 30, 2003

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at www.standardandpoors.com. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

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