

Ratings Affirmed On Three Covered Bond Programs (June 2, 2010 Review)

Surveillance Credit Analysts:

Sabine Daehn, Frankfurt (49) 69-33-999-303; sabine_daehn@standardandpoors.com
Liesl Saldanha, London (44) 20-7176-3571; liesl_saldanha@standardandpoors.com
Ana Galdo, Madrid (34) 1-308-6947; ana_galdo@standardandpoors.com

Secondary Credit Analyst:

Karlo Fuchs, Frankfurt (49) 69-33-999-156; karlo_fuchs@standardandpoors.com

OVERVIEW

- Today's rating actions follow the application of our revised criteria for assessing asset-liability mismatch risk in covered bonds.
- We have affirmed and removed from CreditWatch negative our 'AAA' ratings on Dexia LdG Banque S.A.'s and EUROHYPO Europaeische Hypothekenbank S.A.'s public sector covered bonds.
- At the same time, we have raised to 'AAA' and removed from CreditWatch developing our ratings on Caja de Ahorros y Monte de Piedad de Madrid's mortgage covered bonds. .
- We have assigned different outlooks to the ratings on the covered bonds mentioned in this release.

FRANKFURT (Standard & Poor's) June 2, 2010--Standard & Poor's Ratings Services today affirmed and removed from CreditWatch negative its 'AAA' credit ratings on Dexia LdG Banque S.A.'s (DLG) and EUROHYPO Europaeische Hypothekenbank S.A.'s (EH Lux) public sector covered bonds ("lettre de gage publiques").

At the same time, we have raised to 'AAA' and removed from CreditWatch developing our ratings on Caja de Ahorros y Monte de Piedad de Madrid's (Caja Madrid) mortgage covered bonds ("cédulas hipotecarias").

Additionally, we have assigned a stable outlook to DLG's public sector covered bonds, a negative outlook to EH Lux's public sector covered bonds, and a stable outlook to Caja Madrid's mortgage covered bonds (see ratings list below).

Today's affirmations follow the application of our updated covered bond criteria (see "Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds," published Dec. 16, 2009).

Our rating actions follow a review of the most recent asset and cash flow information provided to us, as well as discussions with the issuers to understand their planned issuance profile and expected levels of credit enhancement.

Following the application of our five-step criteria process, we have assessed the current asset-liability mismatch (ALMM) risk, the programs' categorization, the maximum potential covered bond ratings uplift, the cash flow and market value risk, and the credit enhancement provided.

DEXIA LDG BANQUE S.A.'s PUBLIC SECTOR COVERED BONDS

We believe that the overcollateralization that DLG provides to its public sector covered bond program is consistent with a 'AAA' rating. We have consequently affirmed our ratings on these covered bonds and have assigned a stable outlook to them.

For these covered bonds we have calculated a program categorization of "2" and an asset liability mismatch (ALMM) measure of "Low." With these characteristics, the rating on the covered bonds could potentially benefit from a six-notch elevation above DLG's issuer credit rating. The stable outlook reflects that the 'AAA' rating on the bonds is less than six notches above DLG's rating. Therefore, changes in the ALMM or changes in the issuer credit rating would not automatically trigger a downgrade, provided the level of overcollateralization remains sufficient to support a 'AAA' rating.

EUROHYPO EUROPÄISCHE HYPOTHEKENBANK S.A.'s PUBLIC SECTOR COVERED BONDS

We believe that the overcollateralization that EH Lux provides to its public sector covered bond program is consistent with a 'AAA' rating.

For these covered bonds we have calculated a program categorization of "2" and an ALMM of "Low". These characteristics allow for a maximum six-notch elevation of the covered bond rating above EH Lux's issuer credit rating. The 'AAA' rating is currently the full six notches above EH Lux's rating, and thus a potential downgrade of EH Lux or a change to the ALMM measure would automatically lead to a change in the rating on the covered bonds, all else being equal. For this reason, we have assigned a negative outlook to the public sector covered bonds, which corresponds to the negative outlook on EH Lux's long-term issuer credit rating.

CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID's MORTGAGE COVERED BONDS

We have applied our updated covered bond criteria to the latest asset and cash flow information we have received on Caja Madrid's Spanish legislation-enabled

covered bonds.

The Spanish Mortgage Law 41/2007 stipulates a minimum overcollateralization level of 125% of eligible cover assets against outstanding mortgage covered bonds, or *cédulas hipotecarias*. However, should Caja Madrid become insolvent, the *cédulas hipotecarias* have full recourse to the bank's whole mortgage book on which we have based our asset and cash flow analysis.

For these covered bonds we have calculated a program categorization of "1" and an ALMM of "Low," which we believe are commensurate with a 'AAA' rating. This formed the basis of today's upgrade. The stable outlook reflects that, under our criteria, the covered bond ratings could be elevated up to seven notches above Caja Madrid's (A/Watch Neg/A-1) issuer credit rating. For this reason, we believe that neither a moderate change to Caja Madrid's issuer credit rating nor a change to the ALMM would automatically trigger a covered bond rating action.

For program-specific details on these factors see "Global Covered Bond Characteristics And Rating Summary," published June 2, 2010, to include the programs listed below.

CREDITWATCH RESOLUTIONS

We will generally aim to resolve the remaining covered bond CreditWatch placements within 10 business days of receiving final credit and cash flow information and after discussions with issuers to understand their planned issuance profile and expected levels of credit enhancement. We will likely publish our CreditWatch resolutions and assignment of outlooks weekly.

RELATED CRITERIA AND RESEARCH

- Global Covered Bond Characteristics And Rating Summary, June 2, 2010
- Credit FAQ: Standard & Poor's Explains Update To Criteria For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 17, 2009
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 16, 2009
- Ratings On 98 Covered Bond Programs Placed On CreditWatch After Criteria Revision, Dec. 16, 2009

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.

RATINGS LIST

Program/	Rating	
	To	From

Ratings Affirmed On Three Covered Bond Programs (June 2, 2010 Review)

Country: Covered bond type

RATINGS AFFIRMED AND REMOVED FROM CREDITWATCH NEGATIVE; OUTLOOK ASSIGNED

Dexia LdG Banque S.A.

AAA/Stable AAA/Watch Neg

Luxemburg: Lettre de gage publiques

EUROHYPO Europaeische Hypothekenbank S.A.

AAA/Negative AAA/Watch Neg

Luxemburg: Lettre de gage publiques

RATINGS RAISED AND REMOVED FROM CREDITWATCH DEVELOPING; OUTLOOK ASSIGNED

Caja de Ahorros y Monte de Piedad de Madrid

AAA/Stable AA/Watch Dev

Spain: Cédulas Hipotecarias

Additional Contact:

Covered Bonds Surveillance; CoveredBondSurveillance@standardandpoors.com

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