

RatingsDirect®

Belfius Bank Public Pandbrieven Program Assigned Preliminary 'AAA' Rating; Outlook Negative (Update)

Primary Credit Analyst:

Florent Stiel, Paris (33) 1-4420-6690; florent.stiel@standardandpoors.com

Secondary Contact:

Nicolas Malaterre, Paris (33) 1-4420-7324; nicolas.malaterre@standardandpoors.com

(**Editor's Note:** This media release, which was originally published on Sept. 12, 2014, is being updated to reflect changes to our preliminary ratings on Belfius Bank's public-sector covered bond program and inaugural issuance following a criteria update. On Sept. 19, 2014, we published "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance". We have applied these criteria in our analysis and have changed our preliminary ratings accordingly. An updated version follows.
)

PARIS (Standard & Poor's) Sept. 24, 2014--Standard & Poor's Ratings Services today assigned its preliminary 'AAA' ratings to the public-sector covered bond program and inaugural issuance of "Belgische pandbrieven/lettres de gage belges" ["public pandbrieven"]) to be issued by Belgium-based Belfius Bank SA/NV. The public pandbrieven issuance will be the first under Belfius Bank's €10 billion program. The outlook is negative.

The cover pool comprises public-sector loans granted to Belgian local authorities eligible under Belgian covered bond law. These include municipalities, provinces, public centers for social welfare, municipal and intermunicipal entities, police "zones" ("zone de police/politiezone"), and public hospitals.

Based on our analysis of asset and liability cash flow information, the

available credit enhancement of 65.00% as of Sept. 2, 2014, exceeds the target credit enhancement of 38.8% at the current rating level. As available credit enhancement exceeds the target credit enhancement, we consider that the covered bonds could achieve an uplift of up to six notches above the issuer credit rating on Belfius Bank (A-/Negative/A-2).

Based on our "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance" criteria published on Sept. 19, 2014, we can rate the pandbrieven program two notches above our sovereign rating on Belgium. Therefore, our rating on the sovereign does not cap our ratings on the public pandbrieven program and issuance of public pandbrieven.

The negative outlook on our ratings on the program reflects the negative outlook on the issuer. The ratings on the public pandbrieven incorporate all six notches of uplift under our asset-liability mismatch (ALMM) criteria (see " Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds," published Dec. 16, 2009). As a result, any change to our rating or outlook on Belfius Bank would automatically affect our ratings on Belfius Bank's public pandbrieven, all else being equal.

Our assessment is based on information as of Sept. 12, 2014 (see "Belfius Bank Public Pandbrieven Program," published on Sept. 24, 2014). This report does not constitute a recommendation to buy, hold, or sell securities.

The final ratings will depend upon receipt and satisfactory review of all final transaction documentation, including legal opinions. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. If Standard & Poor's does not receive final documentation within a reasonable time frame, or if final documentation departs from materials reviewed, Standard & Poor's reserves the right to withdraw or revise its ratings.

RELATED CRITERIA AND RESEARCH

Related criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, Sept. 19, 2014
- Update To Global Methodologies And Assumptions For Corporate Cash Flow And Synthetic CDOs, Aug. 1, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Covered Bond Ratings Framework: Methodology And Assumptions, June 26, 2012
- Covered Bonds Counterparty And Supporting Obligations Methodology And Assumptions, May 31, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Assessing Asset-Liability Mismatch Risk In Covered Bonds: Revised Methodology And Assumptions For Target Asset Spread, April 24, 2012

Belfius Bank Public Pandbrieven Program Assigned Preliminary 'AAA' Rating; Outlook Negative (Update)

- Methodology: Credit Stability Criteria, May 3, 2010
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 16, 2009
- Rating Sovereign-Guaranteed Debt, April 6, 2009

Related research

- Request for Comment: Request for Comment: Covered Bonds Criteria, Sept. 4, 2014
- Request for Comment: Request for Comment: Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities, Sept. 4, 2014
- Request for Comment: Request for Comment: Updated Cash Flow Assumptions For Modeling Certain Covered Bonds, Sept. 4, 2014
- Covered Bond Monitor: Technical Note, Feb. 14, 2006
- Surviving Stress Scenarios: Assessing Asset Quality of Public Sector Covered Bond Collateral, Sept. 20, 2003

Additional Contact:

Covered Bonds Surveillance; CoveredBondSurveillance@standardandpoors.com

Copyright © 2014 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.