

Kommunalkredit Austria AG Public Sector Covered Bonds Outlook Revised To Negative; 'A' Ratings Affirmed

May 11, 2020

Overview

- On April 29, 2020, we revised our economic risk trend to negative from stable under our Austrian Banking Country Risk Assessment since we believe the economic impact from the COVID-19 pandemic in Austria could be significant.
- We have revised to negative from stable the outlook for our ratings on Kommunalkredit Austria AG's public sector covered bond program and related issuances. At the same time, we have affirmed our 'A' ratings on the covered bonds.
- The negative outlook reflects our view of the creditworthiness of the issuer.

MADRID (S&P Global Ratings) May 11, 2020--S&P Global Ratings today revised to negative from stable the outlook on the public sector covered bond bonds issued by Kommunalkredit Austria AG to reflect downside risks to the issuer's creditworthiness arising from the weakened conditions amid the COVID-19 pandemic. At the same time, we affirmed our 'A' ratings on the covered bonds.

On April 29, 2020, we revised our economic risk trend to negative from stable under our Austrian Banking Country Risk Assessment since we believe the economic impact from the COVID-19 pandemic in Austria could be significant (see "Outlook Revisions On Several Austrian Banks On Deepening COVID-19 Downside Risks," published April 29, 2020).

Under our covered bonds criteria (see "Related Criteria"), our assessment of the issuer's creditworthiness is the starting point from which we determine any potential notches of uplift to determine the ratings on the covered bonds. Accordingly, the 'A' ratings reflect our rating reference level (RRL), the jurisdiction-supported rating level (JRL), and the overcollateralization available for the program.

There are no rating constraints related to country, counterparty, legal, or administrative and operational risks.

Related Criteria

- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019

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- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Structured Finance | Covered Bonds: Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Criteria | Structured Finance | Covered Bonds: Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities, Dec. 9, 2014
- Criteria | Structured Finance | Covered Bonds: Covered Bonds Criteria, Dec. 9, 2014
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Outlook Revisions On Several Austrian Banks On Deepening COVID-19 Downside Risks, April 29, 2020
- How COVID-19 Risks Prompted European Bank Rating Actions, April 29, 2020
- COVID-19 Will Test The Financial Flexibility Of LRGs In Germany, Switzerland, And Austria, Says Report, April 27, 2020
- Credit Conditions Europe: The Lowdown On Lockdowns, April 27, 2020
- Global Covered Bond Characteristics And Rating Summary Q1 2020, March 31, 2020
- Global Covered Bond Insights Q1 2020, March 31, 2020
- Global Covered Bonds: Assessing The Credit Effects Of COVID-19, March 25, 2020
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, March 3, 2020
- Assessments For Target Asset Spreads According To Our Covered Bonds Criteria, March 3, 2020
- Transaction Update: Kommunalkredit Austria AG (Public Sector Covered Bonds) Fundierte Bankschuldverschreibungen, Jan. 24, 2020
- Austria Affirmed At 'AA+/A-1+'; Outlook Stable, March 15, 2019
- Covered Bond Monitor: Technical Note, Sept. 6, 2019
- Glossary Of Covered Bond Terms, April 27, 2018

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