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Transaction Update: Austrian Anadi Bank AG Mortgage Covered Bond Program

€750 Million Conditional Pass-Through Mortgage Covered Bonds

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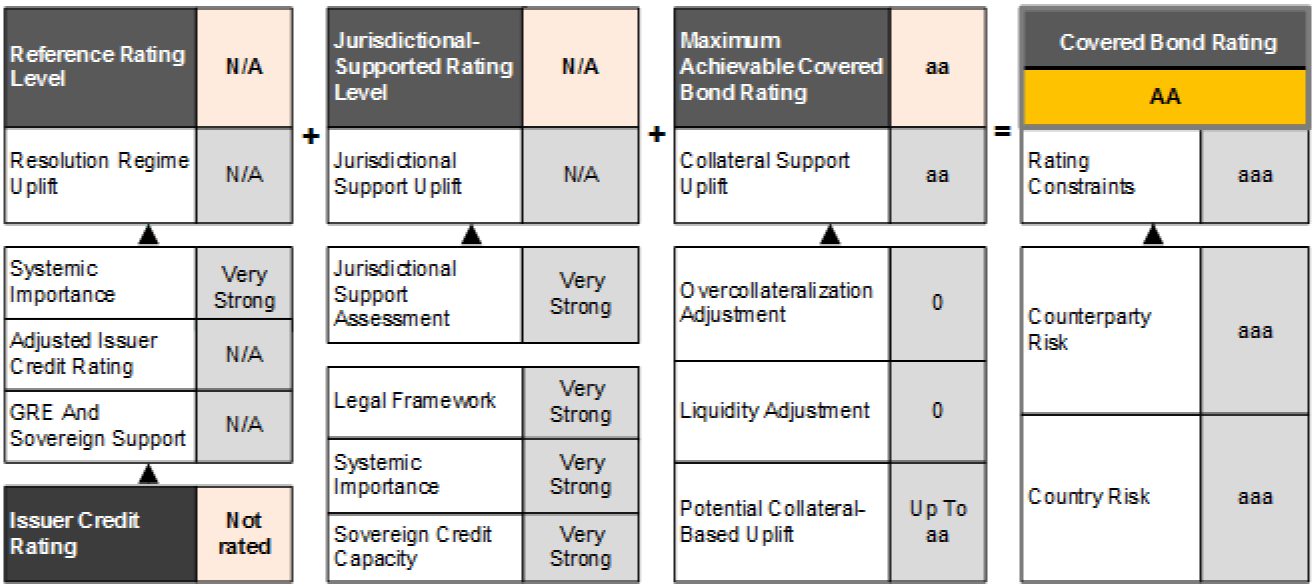
Ratings Detail



N/A--Not available.

Major Rating Factors

Strengths

- Potential maturity mismatches between the assets and liabilities are structurally mitigated, allowing us to delink the covered bond ratings from the long-term issuer credit rating (ICR).
- The maturity extension enables the cover pool administrator to avoid a forced liquidation of assets upon the issuer's insolvency.
- The contractual credit enhancement is commensurate with the credit enhancement required at a 'AA' rating level.

Weaknesses

- The structure does not benefit from an interest rate swap or account replacement language.
- There is a high concentration of mortgages in the Austrian State of Carinthia.
- Cash belonging to the cover pool is mixed with cash belonging to the issuer and could be lost if Austrian Anadi Bank becomes insolvent. We stress this as part of our analysis.

Rationale

S&P Global Ratings Services is publishing this transaction update as part of its annual review of Austrian Anadi Bank AG's conditional pass-through mortgage covered bond program.

Our covered bond ratings process follows the methodology and assumptions outlined in our "Covered Bonds Criteria," published on Dec. 9, 2014, and "Covered Bond Ratings Framework: Methodology And Assumptions," published on June 30, 2015.

We consider that the transaction documents, together with the Austrian legal and regulatory framework, effectively isolate the cover pool assets for the benefit of the covered bondholders. This asset isolation allows us to assign a higher rating to the covered bonds than would be the long-term issuer credit rating.

We conducted a review of Austrian Anadi Bank's mortgage operations, which we view as prudent. We believe satisfactory servicing procedures are in place to support our rating on the covered bonds.

Anadi Bank is domiciled in Austria, which is subject to the EU's Bank Recovery and Resolution Directive (BRRD). We consider that mortgage covered bonds have a very strong systemic importance to Austria. These factors increase the likelihood that Austrian Anadi Bank would continue servicing its covered bonds without accessing the cover pool or receiving jurisdictional support, even following a bail-in of its senior unsecured obligations.

We considered the likelihood for the provision of jurisdictional support (see "Assessments For Jurisdictional Support According To Our Covered Bonds Criteria," published on Oct. 16, 2018). Based on a very strong jurisdictional support assessment for mortgage programs in Austria, under our covered bonds criteria, we could assign three notches of uplift from the reference rating level (RRL). However, as we don't rate the issuer, we rely on the asset quality of the cover pool and the committed overcollateralization to make payments on the covered bonds.

The program can switch the bullet payment obligation into a pass-through payment in the event of issuer bankruptcy and/or materialization of certain additional trigger events, allowing us to delink the ratings on the covered bonds from the jurisdiction-supported rating level (JRL). As the issuer is not rated, the potential uplift is based on our analysis of the collateral support and could exceed the four notches that we would grant to programs that are exposed to asset-liability maturity mismatch (ALMM) risk.

We have reviewed the asset information provided as of Sept. 30, 2018. Overall, since our previous review the credit quality of the cover pool has remained stable.

The portfolio comprises almost exclusively Austrian commercial and residential mortgage loans with only a small share of German mortgages (5.6% of total mortgage loan amount). Based on our credit and cash flow analysis, we determined that the credit enhancement required to support a 'AA' rating on the covered bonds is 14.83%. Austrian Anadi Bank has in its transaction documents committed to maintain a minimum level of overcollateralization sufficient to support a 'AA' rating on the covered bonds. As of Sept. 30, 2018 the available overcollateralization is 35.93%, up from 25.8% as of June 30, 2017.

There are currently no rating constraints to the 'AA' ratings relating to counterparty or country risks. We do not assign outlooks for ratings on programs whose creditworthiness we believe does not depend on that of the issuer.

We have based our analysis on the criteria articles referenced in the "Related Criteria" section.

Program Description

Table 1

Covered Bond Program Profile*	
Jurisdiction	Austria
Year of first issuance	2015
Covered bond type	Legislation enabled§
Outstanding covered bonds (Mil. €)	280
Redemption profile	Conditional pass-through
Underlying assets	Commercial and residential mortgages
Jurisdictional support uplift (notches)	3
Unused notches for jurisdictional support	0
Credit enhancement required at the 'AA' rating level (%)	14.83
Available credit enhancement (%)	35.93
Collateral support uplift (notches)	N/A
Unused notches for collateral support	N/A
Total unused notches	N/A

*Based on data as of Sept. 30, 2018. §Austrian "Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten (Pfandbriefgesetz)". N/A--Not applicable.

Austrian Anadi Bank's conditional pass-through covered bond program was established in 2015. Covered bonds currently account for about 20% of Austrian Anadi Bank's total funding. Initially, Austrian Anadi Bank retained a total of €280 million of covered bonds. Of those, to date it has sold €100 million to institutional investors by reissuing these bonds at lower interest rates, leaving the total outstanding amount unchanged at €280 million.

The mortgage covered bonds are issued under Austria's Mortgage Bond Act "Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten (Pfandbriefgesetz)", and constitute direct unconditional and unsubordinated obligations of Austrian Anadi Bank.

If the issuer is unable to pay the covered bonds, the conditional pass through mode is activated and the issuer will pay the covered bonds by using the money received from the cover pool assets.

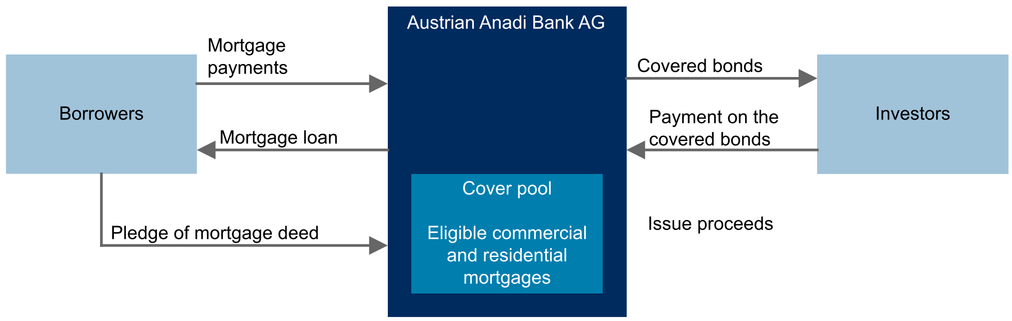
Under the Austrian Mortgage Bond Act, if the issuer were to become bankrupt, the cover pool would be isolated and an administrator is appointed to manage the cover pool and to make payments on the covered bonds.

Borrowers make their payments to a bank account in the issuer's name. Therefore, in our view the covered bonds are exposed to bank account risk because cash belonging to the cover pool is mixed with cash belonging to the issuer and could be lost in an issuer bankruptcy. We have taking this risk into account in our analysis when determining the required credit enhancement at the 'AA' rating (see "Counterparty risk" below).

Assets and liabilities are denominated in euros. About 17.9% of covered bonds pay a fixed rate of interest while the assets are mostly floating pay linked to different indices. As there are no derivatives registered in the cover pool, we have taken the resulting interest rate risk into account in our cash flow modelling.

Chart 1

Austrian Anadi Bank AG
Transaction Structure



Austrian Anadi Bank pays interest and principal on each series of covered bonds on the respective scheduled payment dates. The redemption of the covered bonds switches to pass through in the following instances (i) an issuer bankruptcy; (ii) a failure by the issuer to make payments under the covered bonds when due; and /or (iii) a breach of the ACT, which remains unremedied for one month. The ACT is performed by the issuer to determine if the overcollateralization is sufficient to support a 'AA' rating on the covered bonds. As of Sept. 30, 2018, this figure is 14.83%.

If the issuer fails to make payments under the covered bonds when due, only the specific series of covered bonds switches to a pass-through redemption, while a breach of the ACT leads to all series of covered bonds switching to pass-through.

In "pass-through" mode no further bonds can be issued. Payments on the covered bonds occur monthly using the collections received from the cover assets, and the legal final maturity date is extended by up to 50 years after the scheduled maturity date. We expect the issuer to maintain a legal final maturity date, which falls after the last maturity date of the assets.

The possibility to extend the maturity date, as well as to switch the bullet payment obligation into a pass-through payment, allows us to delink the ratings on the covered bonds from the credit worthiness of the issuer.

For so long as no issuer bankruptcy proceedings are initiated, Austrian Anadi Bank manages the cover pool. Upon initiation of bankruptcy proceedings against the issuer the assets recorded in the cover register form a separate estate and a special administrator is appointed by the bankruptcy court to manage the cover pool.

Rating Analysis

Legal and regulatory risks

We base our legal analysis on our "Structured Finance: Asset Isolation And Special-Purpose Entity Methodology," criteria, published on March 29, 2017, and our covered bond ratings framework.

The covered bonds are governed by the Austrian Mortgage Bond Act (Pfandbriefgesetz). Under the Act, the issuer is regulated and supervised by the Financial Market Authority (FMA). The covered bonds are secured by a separate pool of assets and the FMA appoints a trustee to monitor the management of the cover pool.

The Mortgage Bond Act includes, among other provisions, a 2% minimum nominal overcollateralization, and a mandatory reporting requirement.

Furthermore, derivatives that serve the mitigation of interest rate, foreign exchange, and/or default risk may be registered in the cover pool with the consent of the trustee and the counterparty.

As is typical for conditional pass-through covered bonds, the detailed provisions applicable to Austrian Anadi Bank's covered bonds are established via the covered bonds' terms and conditions.

From our analysis, we have concluded that the cover pool assets are effectively isolated from the insolvency of the issuer for the benefit of the covered bondholders. Upon issuer insolvency, a cover pool administrator is appointed by a court to continue the management of the cover pool and to satisfy the claims of the covered bondholders. The protection of the assets and continued management of the cover pool allows us to assign a higher rating to the covered bond program than we would to the long-term ICR on Austrian Anadi Bank.

In our view, the program is exposed to bank account risk. This is because cash belonging to the cover pool is mixed with cash belonging to the issuer and could be lost if the issuer becomes insolvent. We have considered this risk in our analysis by assuming that two months of collections are lost, considering the month of maximum potential collections. The Austrian Mortgage Bond Act excludes the right of debtors to set-off amounts owed to them by the issuer against cover pool assets, except for claims and obligations arising from derivative agreements. The cover pool does not currently include derivatives.

Operational and administrative risks

In our opinion, there is no operational risk from the cover pool's management and loan origination that would constrain the covered bond ratings to the same level as the long-term ICR.

We believe that a replacement cover pool manager would be available if the issuer were to become insolvent. We consider Austria to be an established covered bond market and we believe that the mortgage assets in the cover pool do not comprise product features that would materially limit the range of available replacement cover pool servicers.

Austrian Anadi Bank is a small specialized Austrian retail and small and medium-sized enterprise/public bank with total assets of €2.9 billion (as of Dec. 31, 2017). The branches focus on the Austrian state of Carinthia, but the bank is also present in the key metropolitan regions of Vienna, Salzburg, and Graz.

The issuer's core market is the Federal Province of Carinthia. The issuer's business activities are therefore exposed to economic or other factors influencing the economy of the Federal Province of Carinthia. In our analysis, we have taken this into account by assuming a higher default probability for mortgages concentrated in Carinthia.

The origination of private banking mortgage loans occurs at Austrian Anadi Bank's branch offices and through mortgage agents in the larger Austrian cities, whereas all decisions regarding the granting of a mortgage are made at Austrian Anadi Bank's offices. The mortgage business is mainly to private individuals, building corporations (typically supported by Austrian states), or commercial entities. In our view, the issuer has prudent origination standards for mortgage origination. The bank offers different types of mortgage loans: annuity or bullet with an accumulated fund, fixed- or floating-rate interest with monthly to yearly interest rate fixing and loan durations of 20 to 30 years (maximum of 40 years) for residential mortgages.

The bank requires proof of income and limits the loan-to-value (LTV) ratio to 100% and conducts affordability as well as credit history controls as part of the origination process.

Our analysis of operational risk follows the principles laid out in our covered bond ratings framework and our covered bonds criteria, as well as our global framework for assessing operational risk in structured finance transactions (see "Related Criteria").

Resolution regime analysis

Anadi Bank is domiciled in Austria, which is subject to the EU's BRRD. We assess the systemic importance for Austrian mortgage programs as very strong. Under our covered bonds criteria, this means the RRL can be two notches above the adjusted long-term ICR (adjusted by removing the uplift allocated to reflect extraordinary government support to the issuer). This uplift recognizes that resolution regimes like the BRRD increase the probability that an issuer could service its covered bonds even following a default on its senior unsecured obligations because the law exempts covered bonds from bail-in risk if there is a bank resolution. We consider this as an internal form of support, because the bail-in of certain creditors of the issuer does not require direct government support.

Given that the issuer is not rated, our analysis focuses on the program's structure, assets, and cash flow mechanisms.

Jurisdictional support analysis

In our jurisdictional support analysis, we assess the likelihood that a covered bond program facing stress would receive support from a government-sponsored initiative instead of from the liquidation of collateral assets in the open market.

Our assessment of the expected jurisdictional support for Austrian mortgage programs is very strong. However, as the issuer is not rated, we rely solely on the collateral support analysis to assign our ratings.

Collateral support analysis

We base our analysis on loan-by-loan data as of the Sept. 30, 2018. The €374 million cover pool of mortgage loans is fairly granular. It includes 2,771 loans granted to 2,423 borrowers. The cover pool comprises residential (63% of the total pool amount) and commercial mortgage loans including housing corporations (35% of the total pool amount) originated by Austrian Anadi Bank. Since our previous review, the amount of residential mortgage loans has increased while it reduced for the commercial mortgages (see table 3). Overall, the credit quality of the cover pool has remained stable.

All of the residential mortgages are owner-occupied, and most of the mortgages are to Austrian borrowers (94.4%) with the remainder to German borrowers.

The portfolio's weighted-average seasoning is about five years. For the combined pool of residential and commercial mortgages, we determined a weighted-average current LTV ratio including prior claims of about 49%. Additionally, we determined a weighted-average residential original LTV ratio of about 78% (see tables 5 and 6).

Austrian property prices have risen over the past few years. House prices and income levels have tended not to move in tandem over the past years, leading to an overvaluation in the housing market, in our view. This overvaluation is incorporated in our loss severity calculation in line with our criteria.

The cover pool does not include defaulted loans. Austrian Anadi Bank removes loans that are more than 90 days overdue from the cover pool, or if a borrower's performance deteriorates beyond a predetermined threshold as measured by the borrower's bank internal rating.

Of the loans, about 86% are variable pay linked to different indices. The remainder includes fixed rate loans and loans that can switch from an initial fixed rate of interest to a floating rate of interest.

Substitute assets account for about 1.7% of total pool comprising of Austrian government bonds. The Austrian Mortgage Bond Act requires a minimum nominal overcollateralization of 2% of outstanding covered bonds.

The below tables provide an overview of the cover pool's composition.

Table 2

Program Participants

Role	Name	Rating	Rating dependency
Issuer	Austrian Anadi Bank AG	NR	No
Arranger	Austrian Anadi Bank AG	NR	No
Account bank	Austrian Anadi Bank AG	NR	No
Trustee	Mag. Franz Krug, Vorstand, Finanzamt Feldkirch	NR	No
Servicer	Austrian Anadi Bank AG	NR	No
Principal paying agent and registrar	Austrian Anadi Bank AG	NR	No

NR--Not rated.

Table 3

Cover Pool Composition

	As of Sept. 30, 2018		As of June 30, 2017	
Asset type	Value (mil. €)	Percentage of cover pool (%)	Value (mil. €)	Percentage of cover pool (%)
Residential	239.93	63.04	187.70	53.29
Commercial	134.04	35.22	158.50	45.00
Substitute assets	6.60	1.73	6.00	1.70
Total	380.57	100.00	352.2	100

Table 4

Key Credit Metrics

	As of Sept. 30, 2018	As of June 30, 2017
Average loan size (€)	151,994	158,465
Weighted-average current LTV ratio combined mortgage pool (%)*	48.95	49.45
Weighted-average loan seasoning combined mortgage pool (months)§	58.92	60.55
Balance of loans in arrears > 30 days combined mortgage pool (%)	0.96†	0.53†
Interest rate type	97.48% variable interest‡	97.44% variable interest‡
Interest only loans (% residential mortgages)	8.81	4.97
Fixed-float loans (% residential mortgages)	15.93	10.30
Second lien loans (% residential mortgages)	20.87	25.72
Self-employed borrowers (% residential mortgages)	11.99	8.22
Owner occupied properties (% residential mortgages)	100	100
Jumbo Valuations (property values that exceed €500,000) (% residential mortgages)	14.83	11.61
Credit analysis results:		
WAFF (%)	22.01	21.71
WALS (%)	29.26	28.60

*Current LTV ratio adjusted for developments in the house-price index. §Seasoning refers to the elapsed loan term. †The issuer removes loans in arrears from the cover pool once they are more than 90 days overdue. ‡Including loans that can switch from an initial fixed to a variable rate of interest. LTV--Loan-to-value. WAFF-Weighted-average foreclosure frequency. WALS--Weighted-average loss severity. N/A--Not applicable.

Table 5

Loan-To-Value Ratios

	As of Sept. 30, 2018 (%)				As of June 30, 2017 (%)			
(%)	Original loan total balance LTV ratio (residential)*	Cover pool LTV ratio (residential)	Whole LTV ratio (commercial)	Cover pool LTV ratio (commercial)	Original loan total balance LTV ratio (residential)*	Cover pool LTV ratio (residential)	Whole LTV ratio (commercial)	Cover pool LTV ratio (commercial)
(0 - 10)	0.10	0.70	0.92	1.67	0.08	0.61	2.38	4.53
(10 - 20)	0.55	3.27	17.06	25.14	0.50	2.86	10.27	18.01
(20 - 30)	3.31	5.16	11.87	13.46	1.97	4.68	14.79	27.07
(30 - 40)	4.07	7.53	13.21	13.41	3.03	7.64	11.27	8.70
(40 - 50)	7.97	17.28	13.29	8.71	6.04	11.60	17.36	7.71
(50 - 60)	7.76	61.45	12.42	29.77	8.22	67.39	9.24	24.29
(60 - 70)	7.41	4.35	11.98	7.84	7.94	4.89	9.65	7.97
(70 - 80)	14.62	0.07	13.97	0.00	12.91	0.10	16.24	0.26
(80 - 90)	12.03	0.06	1.67	0.00	12.40	0.15	4.47	1.46
(90 - 100)	42.17	0.06	1.54	0.00	46.91	0.00	1.61	0.00

Table 5

Loan-To-Value Ratios (cont.)								
	As of Sept. 30, 2018 (%)				As of June 30, 2017 (%)			
(%)	Original loan total balance LTV ratio (residential)*	Cover pool LTV ratio (residential)	Whole LTV ratio (commercial)	Cover pool LTV ratio (commercial)	Original loan total balance LTV ratio (residential)*	Cover pool LTV ratio (residential)	Whole LTV ratio (commercial)	Cover pool LTV ratio (commercial)
>100	0.00	0.06	2.07	0.00	0.00	0.08	2.73	0.00

*After S&P adjustments. LTV--Loan-to-value.

Credit analysis

We have analyzed the credit quality of the assets by conducting loan-level analyses of the mortgage pool. Our analysis of the residential and the commercial portion of the cover pool is based on the application of the specific stresses defined for Austria under our European residential loans criteria and our commercial real estate criteria (see "Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on Aug. 4, 2017, and "Methodology And Assumptions: Analyzing European Commercial Real Estate Collateral In European Covered Bonds," published on March 31, 2015).

For each loan in the pool, our analysis estimated the foreclosure frequency and the loss severity and, by multiplying the foreclosure frequency by the loss severity, the potential loss associated with each loan. To quantify the potential losses associated with the entire pool, we calculated a weighted-average foreclosure frequency (WAFF) and a weighted-average loss severity (WALS) at each rating level. The product of these two variables estimates the required loss protection, in the absence of any additional factors. We assume that the probability of foreclosure is a function of both borrower and loan characteristics, and will become more likely--and the realized loss on a loan more severe--as the economic environment deteriorates.

Overall, for the combined portfolio of residential and commercial mortgages our results have increased marginally since our previous review. As of Sept. 30, 2018, we calculated a combined 'AA' pool level WAFF of 22.0% and a WALS of 29.3% (see table 4). We based these metrics on the 'AA' credit stresses that we applied.

The main drivers for the slight increase in our WAFF are an increase of interest only residential loans, an increase of residential loans to self-employed borrowers, and an increase in residential loans that can switch from an initial fixed rate of interest to a floating rate. The increase in WALS is mainly due to the current overvaluation of Austrian residential properties, and an increase in residential loans with jumbo valuations--that is property values that exceed €500,000 (see table 4).

In addition, we have determined a weighted-average portfolio recovery period of 26 months. This is based on our European residential loans criteria and our commercial real estate criteria.

The parameters determined in our credit analysis represent the input to our cash flow analysis.

Cash flow analysis

Our analysis of the covered bond program's payment structure shows that cash flows from the cover pool assets at a 'AA' rating level are sufficient to make timely payments of interest and ultimate principal on the covered bonds on their legal final maturity. In our cash flow analysis we use the pool-level WAFF of 22%, and the recovery obtained from (1 -

WALS), equivalent to 70.7%, as well as our recovery timing assumption of 26 months.

We stress the cover pool's cash flows incorporating among other factors, various default patterns, default timings, various interest rate stresses, prepayment rates, and delinquencies assumptions.

The program has no hedges in place to mitigate interest rate risk. We have therefore taken interest rate risk into account, by modeling the collateral composition in our cash flow analysis considering the interest mismatch between assets and liabilities as well as basis risk.

At a weighted-average interest rate of 1.6% on the assets, the program currently benefits from some excess spread. However, we are uncertain regarding future interest rates for the mortgages in the cover pool. In our view, the interest rates set by other lenders in the market may limit the servicer's ability to set interest rates as high. Therefore, we have also tested scenarios including a level of spread compression on the mortgage assets.

We also sized commingling risk in our cash flow model because a replacement framework in the program's structure does not mitigate this risk (see "Counterparty risk").

As of Sept. 30, 2018, the available credit enhancement is 35.93%. The conditional pass-through structure, together with the documented level of overcollateralization, enables the program to achieve a 'AA' rating. According to our analysis, the required credit enhancement to achieve a 'AA' rating is 14.83%. The reduction in the required credit enhancement compared to our previous review is mainly driven by the reissuance of covered bonds at lower interest rates (see "Program Description"). Further issuances out of the program may change the current cash flow profile and the required credit enhancement.

Table 6

Loan Seasoning Distribution*

	As of Sept 30, 2018	**As of June 30, 2017**
	Percentage of residential portfolio (%)	Percentage of residential portfolio (%)
Less than 18 months	28.28	15.64
18-24	5.11	3.97
24-36	6.25	31.21
36-48	19.97	16.05
48-60	14.98	8.36
60-72	6.80	7.54
72-84	5.35	4.12
84-96	3.51	3.59
96-108	2.15	3.43
108-120	3.04	2.21
Above 120	4.57	3.87

*Seasoning refers to the elapsed loan term.

Table 7

Geographic Distribution Of Loan Assets

	As of Sept. 30, 2018		As of June 30, 2017	
	Percentage of residential portfolio (%)	**Percentage of commercial portfolio (%)**	**Percentage of residential portfolio (%)**	**Percentage of commercial portfolio (%)**
Tyrol	1.05	0.00	0.56	0.00
Styria	13.44	3.53	13.43	7.11
Vienna	10.41	6.39	8.52	6.26
Salzburg	1.11	2.40	1.29	2.45
Carinthia	64.82	67.87	69.62	64.39
Burgenland	0.56	0.07	0.92	0.07
Lower Austria	7.16	10.48	4.48	11.06
Upper Austria	1.36	8.28	1.06	7.64
Voralberg	0.10	0.98	0.12	1.02

Table 8

Collateral Uplift Metrics

	As of Sept. 30, 2018	**As of June 30, 2017**
Asset WAM (years)	16.7	16.1
Liability WAM (years)	4.2 (extendible up to 50)	4.2 (extendible up to 50)
Available credit enhancement	35.93	25.77
Required credit enhancement for first notch of collateral uplift (%)	N/A	N/A
Required credit enhancement for second notch of collateral uplift (%)	N/A	N/A
Required credit enhancement for third notch of collateral uplift (%)	N/A	N/A
Target credit enhancement for maximum uplift (%)	14.83	18.72
Potential collateral-based uplift (notches)	Up to aa	Up to aa
Adjustment for liquidity	N	N
Adjustment for committed overcollateralization	N	N
Collateral support uplift (notches)	aa	aa

WAM--Weighted-average maturity. N/A--Not applicable.

Counterparty risk

Austrian Anadi Bank collects payments from borrowers in the cover pool via direct debit into an account in its own name. In the absence of any structural mitigants, we consider that there is a risk that cash collections received prior to the issuer's insolvency may be lost (i.e., commingled with the bank's general account balances), if they have not been reinvested prior to the issuer's insolvency.

We have stressed this risk in our analysis by assuming that two months of collections are lost, considering that the documentation allows for a one-month ACT cure period, and considering that following an ACT breach the next payment date on the covered bonds occurs on the 20th of each month.

As a result we believe that counterparty risk does not constrain the ratings on the covered bonds (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Country risk

We analyze country risk according to our "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016. The cover pool primarily includes Austrian mortgages (AA+/Stable/A-1+), and German mortgages to a small extent (AAA/Stable/A-1+). Country risk does not constrain our current ratings on the covered bonds, as the bonds themselves are rated lower than Austria and Germany.

Related Criteria And Research

Related Criteria

- Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
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Related Research

- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, Oct. 16, 2018
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- Global Covered Bond Characteristics And Rating Summary Q3 2018, Sept. 19, 2018
- Austria 'AA+/A-1+' Ratings Affirmed; Outlook Stable, Sept. 14, 2018
- European Economic Snapshots For Q4 Published, Oct. 11, 2018,

- Banking Industry Country Risk Assessment: Austria, May 30, 2018
- Ratings Affirmed On Austrian Anadi Bank's Conditional Pass-Through Mortgage Covered Bonds Following Review, Oct. 18, 2017