

KOFIBA-Kommunalfinanzierungsbank German Public Sector Covered Bond Ratings Raised To 'AA+' From 'A-'; Outlook Positive

May 14, 2019

Overview

- On May 2, 2019, Dexia Credit Local (DCL) and Landesbank Hessen-Thüringen Girozentrale (Helaba) announced the closing of the sale of Dexia Kommunalbank Deutschland GmbH (now KOFIBA-Kommunalfinanzierungsbank GmbH) to Helaba.
- We are raising our ratings on KOFIBA-Kommunalfinanzierungsbank's public sector covered bonds to 'AA+' from 'A-' to reflect the improvement in our assessment of the issuer's creditworthiness due to the incorporation of extraordinary support from Helaba.
- At the same time we are removing from CreditWatch positive our ratings on the public sector covered bonds.
- The outlook on the covered bonds is positive.

MADRID (S&P Global Ratings) May 14, 2019--S&P Global Ratings today raised to 'AA+' from 'A-' its credit ratings on KOFIBA-Kommunalfinanzierungsbank GmbH's (formerly Dexia Kommunalbank Deutschland GmbH) public sector covered bond program and related issuances. At the same time, we have removed these ratings from CreditWatch positive, where we placed them on Jan. 14, 2019. The outlook on our ratings is positive.

On May 2, 2019, Dexia Credit Local (DCL) and Landesbank Hessen-Thüringen Girozentrale (Helaba) announced the closing of the sale of Dexia Kommunalbank Deutschland (DKD) to Helaba. DKD will initially operate under the name of KOFIBA-Kommunalfinanzierungsbank before being integrated into Helaba. We understand from the issuer that it expects to complete the transfer of KOFIBA-Kommunalfinanzierungsbank's cover pool into Helaba's public sector cover pool in the short term.

We are raising our ratings on KOFIBA-Kommunalfinanzierungsbank's public sector covered bonds to 'AA+' from 'A-' to reflect the improvement in our assessment of the issuer's creditworthiness due to the incorporation of extraordinary support from Helaba. At the same time, we are removing the ratings on the covered bonds from CreditWatch positive (see "Dexia Kommunalbank Deutschland German Public Sector Covered Bond 'A-' Ratings Placed On CreditWatch Positive," published on Jan 14, 2019).

Under our covered bonds criteria (see "Related Criteria") our assessment of KOFIBA-

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Kommunalfinanzierungsbank's creditworthiness is the starting point from which we determine any potential notches of uplift to determine the rating on the covered bonds. Accordingly the 'AA+' ratings reflect our rating reference level (RRL) of 'aa-', the jurisdiction-supported rating level (JRL) of 'aa+' and the overcollateralization available for the program. Under our covered bonds criteria, given our very strong jurisdictional support assessment of German public sector covered bonds, the covered bonds would be eligible for three notches of jurisdictional support uplift above the RRL (see "Assessments For Jurisdictional Support According To Our Covered Bonds Criteria," on published on Oct. 16, 2018). However, because the available credit enhancement is below our 'AAA' credit risk as determined in our credit and cash flow analysis, only two notches of jurisdictional support uplift above the RRL are assigned--resulting in a JRL of 'aa+'. Consequently, the covered bonds currently have one unused notch of jurisdictional support uplift--that would protect the ratings on the covered bonds if the issuer's creditworthiness deteriorates.

The positive outlook on the covered bond ratings reflects our view of the issuer's creditworthiness.

The ratings are not constrained by counterparty, legal, operational, or country risks.

Related Criteria

- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- 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
- Criteria | Structured Finance | Covered Bonds: Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Criteria | Structured Finance | Covered Bonds: Covered Bonds Criteria, Dec. 9, 2014
- 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 | CDOs: CDOs And Pooled TOBs Backed By U.S. Municipal Debt: Methodology And Assumptions, April 3, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Global Covered Bond Characteristics And Rating Summary Q1 2019, April 11, 2019
- Guidance: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Dexia Kommunalbank Deutschland German Public Sector Covered Bond 'A-' Ratings Placed On CreditWatch Positive, Jan. 14, 2019
- Sparkassen-Finanzgruppe Hessen-Thueringen / Landesbank Hessen-Thueringen Girozentrale, Nov. 30, 2018

- Assessments For Target Asset Spreads According To Our Covered Bonds Criteria, Oct. 16, 2018
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, Oct. 16, 2018
- Transaction Update: Dexia Kommunalbank Deutschland GmbH (Public Sector Covered Bonds), June 20, 2018
- Criteria Guidance: Covered Bonds Criteria, May 2, 2018
- Glossary Of Covered Bond Terms, April 27, 2018
- Covered Bond Monitor: Technical Note, April 20, 2018

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