Abanca Corporacion Bancaria Spanish Mortgage Covered Bonds Outlook Revised To Negative; 'AA+' Ratings Affirmed

May 7, 2020

Overview

- On April 29, 2019, we revised the outlook on Abanca Corporacion Bancaria to negative from stable and affirmed our 'BB+/B' long- and short-term credit ratings.

- Under our covered bonds criteria the current 'AA+/Stable' ratings on the covered bonds have no unused notches of rating uplift. This means that any rating action on Abanca Corporacion Bancaria has a direct impact on the ratings of covered bonds.

- Therefore, we have affirmed our 'AA+' ratings on Abanca Corporacion Bancaria's mortgage covered bond program and related issuances.

- At the same time, we have revised the outlook on our ratings to negative from stable, reflecting the negative outlook on Abanca Corporacion Bancaria.

MADRID (S&P Global Ratings) May 7, 2020--S&P Global Ratings today affirmed its 'AA+' credit ratings on Abanca Corporacion Bancaria S.A.'s mortgage covered bond program and related issuances. We have also revised the outlook on our ratings to negative from stable.

Today’s rating actions follow the April 29, 2020, revision to negative from stable of the outlook on our long- and short-term ratings on Abanca (see “Spain-Based Abanca Outlook Revised To Negative Amid Economic Downturn Linked To COVID-19; Ratings Affirmed”).

Under our covered bonds criteria, we apply the potential notches of uplift to the long-term rating on Abanca to derive our ratings on the mortgage covered bonds and all outstanding issuances.

The 'AA+' covered bond ratings have no unused notches of support uplift, which means that any rating action on the parent bank will result in a rating action on the covered bond program and outstanding issuances. Additionally, the covered bonds can also achieve a rating up to 'AA+' under our structured finance sovereign risk criteria.

Therefore, following the rating action on Abanca, we have affirmed our ratings on Abanca's covered bonds and revised the outlook on our ratings on the covered bond program and related issuances to negative from stable. This reflects the fact that any rating action on Abanca will result in a corresponding rating action on the covered bonds. At the same time, a negative rating action on the sovereign would result in a negative rating action on Abanca's covered bonds.
Related Criteria

- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Spain-Based Abanca Outlook Revised To Negative Amid Economic Downturn Linked To COVID-19; Ratings Affirmed, April 29, 2020
- Outlooks Revised To Negative On Several Spanish Banks On Deepening COVID-19 Downside Risks, April 29, 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
- COVID-19 Macroeconomic Update: The Global Recession Is Here And Now, March 17, 2020
- COVID-19 Credit Update: The Sudden Economic Stop Will Bring Intense Credit Pressure, March 17, 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
- S&P Global Ratings' Covered Bonds Primer, June 20, 2019
- Glossary Of Covered Bond Terms, April 27, 2018