S&P Global Ratings

Research

Transaction Update: DZ HYP AG (Mortgage Covered Bond Program)

Hypothekenpfandbriefe

Primary Credit Analyst:
Natalie Swiderek, Madrid (34) 91-788-7223; natalie.swiderek@spglobal.com

Secondary Contacts:
Andreas M Hofmann, Frankfurt + 49 693 399 9314; andreas.hofmann@spglobal.com
David Benkemoun, Frankfurt + 49 69 3399 9162; david.benkemoun@spglobal.com

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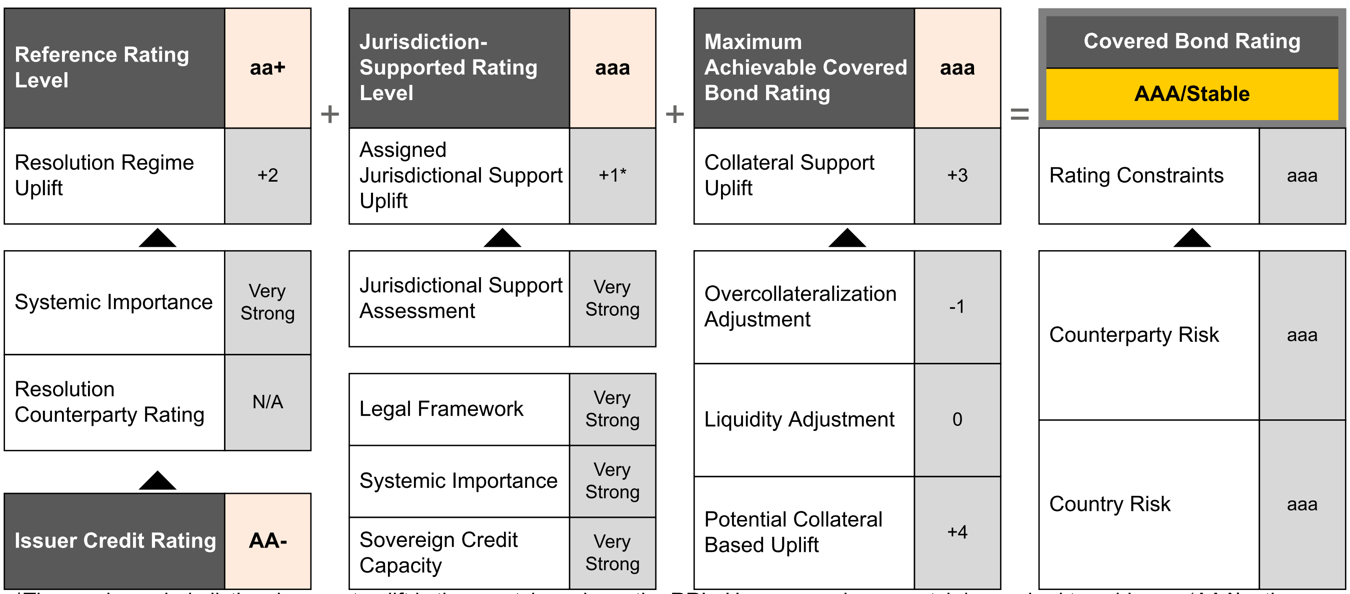
Ratings Detail



*The maximum jurisdictional support uplift is three notches above the RRL. However, only one notch is required to achieve a 'AAA' rating on the covered bonds. N/A--Not applicable.

Major Rating Factors

Strengths

- The cover pool includes well-seasoned residential loans in Germany with low loan-to-value (LTV) ratios.
- Within the commercial pool multifamily housing exposures, which we view as less risky than traditional commercial real estate, represent the largest share (41.6% of commercial notional).
- Three unused notches of collateral support uplift based on the current available overcollateralization, and two unused notches of jurisdictional support uplift.
- Coverage of 180 days of liquidity needs at all times, as required by the German covered bond legal framework.

Weaknesses

- Regional concentration risks, which we reflect in our target credit enhancement result.
- Commingling and bank account risk prior to the issuer's insolvency that is not addressed structurally or by the German legal framework, but is mitigated by the available collateralization.

- Voluntary overcollateralization above the legal minimum level, which the issuer may reduce at its discretion to a level that does not support the ratings on the covered bonds.

Outlook: Stable

S&P Global Ratings' stable outlook on DZ HYP AG's (DZ HYP) mortgage covered bonds ("Hypothekenpfandbriefe") reflects the cushion of five unused notches--comprising two notches of jurisdictional support and three notches of collateral-based support--that would protect the ratings on the covered bonds if we were to lower the long-term issuer credit rating (ICR) on DZ HYP.

We would lower our ratings on the covered bonds if the available credit enhancement became insufficient to cover credit risk as defined in our covered bonds criteria, either because of a reduction by the issuer of the available credit enhancement, or because of deteriorations of the cover pool's credit risk profile.

Rationale

We are publishing this transaction update as part of our periodic review of DZ HYP's mortgage covered bond program.

Our rating process follows the methodology and assumptions outlined in our covered bonds criteria (see "Covered Bonds Criteria," published on Dec, 9, 2014) and the criteria articles referenced in the "Related Criteria" section.

In our analysis, we assume the issuer's insolvency and look to the resolution regime, the jurisdictional support, and the cover assets to repay the covered bonds. The ratings reflect the likelihood of the covered bonds being repaid in a timely manner at their legal final maturity.

DZ HYP is domiciled in Germany, 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 Germany. These factors increase the likelihood that DZ HYP (AA-/Negative/A-1+) 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. Under our covered bonds criteria, a very strong systemic importance means the reference rating level (RRL) is the maximum of (i) two notches above the long-term ICR and (ii) the resolution counterparty rating (RCR). Given that we have not assigned an RCR to DZ HYP, the RRL is 'aa+', which reflects the two-notch uplift from the ICR.

We consider the likelihood for the provision of jurisdictional support, which we assess as very strong for mortgage covered bonds in Germany. This could result in a potential uplift from the 'aa+' RRL of up to three notches under our covered bonds criteria. DZ HYP's covered bonds only use one notch in order to achieve a JRL of 'aaa'.

We based our credit analysis on stratified cover pool data provided by the issuer as of Sept. 30, 2019. Our cash-flow analysis is based on the assets and liabilities cash flow profile provided by the issuer as of Dec. 11, 2019. The cover pool comprises mainly German commercial mortgages, residential mortgages, and substitute assets. Based on our analysis, we have determined the required credit enhancement at the 'AAA' level to be 8.20%. This is well covered by the available credit enhancement of 15.41%.

Lastly, the ratings on the program and related issuances are not constrained by legal, operational, counterparty, or sovereign risks.

Program Description

Table 1

Program Overview	
As of Dec. 11, 2019	
Jurisdiction	Germany
Covered bond type	Legislation-enabled
Outstanding covered bonds (bil. €)	30.68
Redemption profile	Hard bullet
Underlying assets	Residential mortgages, commercial mortgages, and public sector assets
Assigned jurisdictional support uplift	1
Unused notches for jurisdictional support	2
Target credit enhancement (%)	10.31
Credit enhancement commensurate with current rating (%)	8.20
Available credit enhancement (%)	15.41
Assigned collateral support uplift	0
Unused notches for collateral support	3
Total unused notches	5

DZ HYP is a majority owned subsidiary of DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK) and a core member of the German cooperative banking sector. DZ HYP was formed on July 27, 2018, following the merger of WL Bank AG and DG HYP AG, which combined a large share of the German cooperative banking sector's real estate competence into one legal entity. DZ HYP combines the four major business lines of the merged real estate banks: commercial real estate (CRE) investors, retail clients, public-sector clients, and housing sector.

DZ HYP issues mortgage covered bonds under Germany's covered bond legislation. The covered bonds are issued directly by the bank, and the cover pool assets are segregated from the issuer's remaining assets through entry in a cover pool register. Investors in covered bonds have recourse to DZ HYP and to a portfolio of mortgage and substitute assets assigned to the cover pool as collateral.

Chart 1

Program Structure

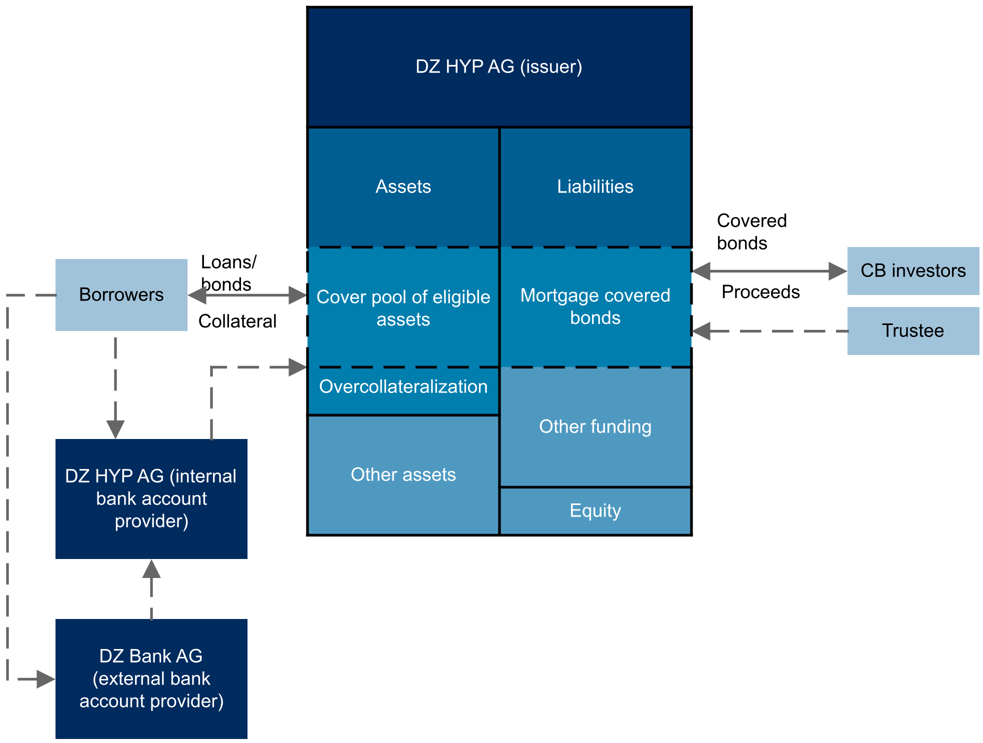


Table 2

Program Participants

Role	Name	Rating	Rating dependency
Issuer	DZ HYP AG	AA-/Negative/A-1+	Yes
Account provider	DZ HYP AG	AA-/Negative/A-1+	No
Account provider	DZ Bank AG Deutsche Zentral-Genossenschaftsbank	AA-/Negative/A-1+	No

Legal and regulatory risks

The German Covered Bond Act (Pfandbriefgesetz; "PfandBG") and the relevant secondary legislation provide the legal framework for the issuance of German covered bonds ("Pfandbriefe").

In our view, the German covered bond legal framework satisfies the relevant legal aspects of our covered bonds criteria. This enables us to assign ratings to the covered bonds that exceed the long-term ICR on the issuer.

Covered bond investors have a preferential claim to a cover pool of assets which, for mortgage covered bonds, may comprise exposures to properties and rights equivalent to real property located in a member state of the EU/European Economic Area, Canada, the U.S., Japan, and Switzerland. Mortgages can be used to cover only up to the first 60% of the mortgage lending value of the property, as estimated in accordance with the Covered Bond Act. The cover pool can also include exposures to public-sector entities from the same geographic locations as stipulated for the mortgage assets. Additionally, the cover pool can also comprise other, eligible substitute assets.

According to the legal framework, the issuer must maintain overcollateralization of at least 2% on a net present value basis for the outstanding covered bonds, and ensure 180 days of liquidity needs are covered by liquid assets at all times.

An independent trustee is responsible for monitoring the cover pool (cover pool monitor) until an independent cover pool administrator is appointed in case of the issuer's insolvency. BaFin, the German supervisory authority for financial institutions, appoints and supervises the cover pool monitor and cover pool administrator. BaFin also regularly conducts a covered bond audit.

In our view, the German Covered Bond Act effectively segregates cash received after the issuing bank's insolvency, but cash received shortly before insolvency and not reinvested in cover pool assets could be exposed to commingling risk. Based on the information provided by the issuer, we monitor the highest one-day net cash inflow over the life of the covered bonds that could be potentially lost upon an issuer default. The mortgage cover pool provides sufficient overcollateralization to mitigate this potential loss at its current rating level of 'AAA'.

We base our analysis of legal risk on our criteria "Structured Finance: Asset Isolation And Special-Purpose Entity Methodology," published on March 29, 2017, as well as our "Covered Bond Ratings Framework: Methodology And Assumptions," published on June 30, 2015.

Operational and administrative risks

We review operational risk according to our covered bonds criteria. We have considered the procedures used by the issuing bank in the origination and monitoring of cover pool assets.

In our opinion, there are no operational risks 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. DZ HYP is actively issuing from this covered bond program, and maintains, voluntarily, overcollateralization levels that exceed the legal minimum requirement, in order to support the 'AAA' rating on the covered bonds.

In our view, potential backup servicers would be available, if DZ HYP became unable to manage the program considering that Germany is an established covered bond market and that the cover pool of commercial and residential assets does not comprise product features that would materially limit the range of available servicers.

Resolution regime analysis

As part of our covered bonds criteria, our analysis considers the resolution regime in place in Germany to determine the RRL. The RRL on DZ HYP, which is the starting point for any further ratings uplift in our analysis, is 'aa+'. We consider the following factors:

- DZ HYP is domiciled in Germany, which is subject to the EU's Bank Recovery And Resolution Directive (BRRD).

- Absent an assigned RCR for DZ HYP, we add two notches of uplift to the ICR because we assess the systemic importance for German mortgage covered bonds as very strong.

Jurisdictional support analysis

Under our covered bonds criteria, we conduct a jurisdictional support analysis to assess the likelihood that a covered bond program facing stress would receive support from a government-sponsored initiative. This is reflected in our JRL, which is our assessment of the creditworthiness of a covered bond program taking into account jurisdictional support, but before giving benefit to a covered bond program's ability to access other refinancing sources.

Our assessment of the expected jurisdictional support for German mortgage covered bond programs is very strong (see "Assessments For Jurisdictional Support According To Our Covered Bonds Criteria," published on Oct. 16, 2018). This means that, DZ HYP's covered bond program is eligible for three notches of jurisdictional support uplift from the RRL. The covered bonds require one notch to achieve a 'aaa' JRL, leaving two unused notches for jurisdictional support.

We also consider that the cover pool continues to comply with legal and regulatory minimum standards in Germany and that sovereign risk does not constrain the ratings on the covered bonds.

Collateral support analysis

Our analysis of the residential and the commercial portion of the cover pool is based on the application of the specific stresses defined for Germany under our European residential loans criteria and our CRE 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).

As of Sept. 30, 2019, the cover pool comprises commercial mortgages (67%), residential mortgages (30%), and substitute assets (2%) (see table 3). The share of commercial mortgages increased by 6.6%, while the share of residential mortgages decreased by 5.6% since our previous review. Overall, the credit quality of the commercial and residential mortgages remained stable.

Within the commercial subpool, multifamily housing represents the largest property type with about 43.6% of commercial mortgages, with the remainder being mainly offices and retail exposures (see table 8). Under our CRE criteria, multifamily housing attracts a lower base foreclosure frequency assumption of 22.5% compared with traditional commercial real estate such as office space and retail facilities for which our base foreclosure frequency assumption is 25.0%.

As of Sept. 30, 2019, for the CRE portfolio, we have determined a weighted-average foreclosure frequency (WAFF) of 24.51% and a weighted-average loss severity (WALS) of 41.26% (see table 4). Compared to our previous review, the WAFF has remained fairly stable while the WALS has reduced. The driver of the commercial WAFF is the properties' whole-loan LTV ratio. Under our CRE criteria, we increase the base foreclosure frequency for loans with a whole-loan LTV greater than 70% using multiples of between 1.1 to 2.2. This applies to less than 4% of DZ HYP's commercial pool. The reduced WALS results from the reduction in the current cover pool LTV ratios (CLTV). As of Sept. 30, 2019, we have determined a weighted-average CLTV for the commercial pool of 40.8% (see table 6).

For the residential portion of the cover pool, our WAFF and WALS results are 11.21% and 13.62%, respectively. The main factors affecting the residential WAFF are original LTV (OTLV) ratios and seasoning. Based on the data provided, we have determined a weighted-average OLTV ratio for the residential cover pool of 68.6%, higher than in our previous review, and a weighted-average seasoning of 69.7 months. Under our residential loans criteria, we apply an adjustment to differentiate loans' foreclosure frequency based on their OLTV ratio. Loans with an OLTV exceeding our 73% archetypical pool assumption for Germany attract a higher foreclosure frequency. Likewise, the base foreclosure frequency of loans with an OLTV below 73% is reduced. In addition, under our residential loans criteria, loans that are more than five years seasoned attract a reduction to the base foreclosure frequency assumption. Based on the seasoning distribution of the residential pool, this affects about 41% of the residential pool, which is less than in our previous review.

A further driver of the residential WAFF is regional concentration. Within the residential subpool, exposure to North Rhine Westphalia at 51.7% exceeds our 45.0% concentration limit for that region (see table 7). In accordance with our European residential loans criteria, we have increased our base-case foreclosure frequency assumption for the share of exposures in North Rhine-Westphalia by 10%. All remaining regional exposures are within our regional concentration limits for residential loans.

At the same time, the CLTV ratios influence the residential WALS. Based on the data provided for the residential pool, the weighted- average CLTV ratio is low at about 47%. Furthermore, in our loss severity analysis, we apply a market value decline (MVD) stress to the property valuations backing the mortgage loans and derive the MVD of the repossessed properties (repo MVD) after considering the effect of any over/undervaluation in the market. Our repo MVD applied in our analysis considers German residential property prices to be currently slightly overvalued.

For the combined portfolio of commercial and residential mortgage assets, our WAFF is 20.39% and our WALS is 32.80%.

In addition, we have determined a stressed refinancing spread of 821.73 basis points (bps). This is based on our "Assessments For Target Asset Spreads According To Our Covered Bonds Criteria," published on Oct. 16, 2018. Accordingly, we apply a stressed refinancing spread of 425 bps to the German residential mortgages, and 1,000 bps to the commercial mortgages.

Table 3

Pool Composition

	As of Sept. 30, 2019		As of Sept. 30, 2018	
Asset type	**Value (mil. €)**	**Percentage of cover pool (%)**	**Value (mil. €)**	**Percentage of cover pool (%)**
Commercial mortgages	23,448	67.41	19,935	60.85
Residential mortgages	10,537	30.29	11,749	35.86
Substitute assets	801	2.3	1,076	3.28
Total	34,786	100	32,760	100.0

Table 4

Key Credit Metrics

	As of Sept. 30, 2019	As of Sept. 30, 2018
Balance of loans in arrears (%)	0.00	0.70
Commercial mortgages		
Weighted-average whole LTV ratio (%)	51.65	52.65
Weighted-average current LTV ratio (%)	40.85	43.08
WAFF (%)	24.51	24.88
WALS (%)	41.26	42.82
Residential mortgages		
Weighted-average original LTV (%)	68.65	65.00
Weighted-average current LTV (%)	47.25	44.81
Weighted-average loan seasoning (months)*	69.73	74.70
WAFF (%)	11.21	9.88
WALS (%)	13.62	15.92
Credit analysis results for combined pool		
WAFF (%)	20.39	19.30
WALS (%)	32.80	32.79
'AAA' credit risk (%)§	8.20	7.69

*Seasoning refers to the elapsed loan term. §Required credit enhancement for 'AAA' rating based on JRL. LTV--Loan to value. WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Table 5

Pool Assets By Loan Size

	As of Sept. 30, 2019	As of Sept. 30, 2018
('000s €)		
Commercial mortgages		
Less than 1,000	10.44	8.33
1,000-10,000	39.72	41.29
10,000-25,000	24.28	25.71
25,000-50,000	16.29	17.33
50,000-100,000	7.12	5.69
Greater than 100,000	2.15	1.65
Total	100	100
Residential mortgages		
Less than 250	69.15	62.32
250-500	6.84	7.06
500-700	1.93	2.80
Greater than 700	22.08	27.82
Total	100	100

Table 6

Loan-To-Value Ratios

	As of Sept. 30, 2019	As of Sept. 30, 2018
WAFF-original LTV/whole LTV ratios (%)		
Commercial mortgages - whole LTV (%)		
0-60	81.39	79.93
60-80	18.12	18.80
80-90	0.41	0.44
90-100	0.07	0.24
Above 100	0.01	0.58
Weighted-average whole loan LTV ratio	51.65	52.65
Residential mortgages - original LTV (%)		
0-60	39.45	42.57
60-80	41.13	45.19
80-90	10.86	6.10
90-100	4.08	6.14
Above 100	4.48	0
Weighted-average original LTV ratio	68.65	65.00
WALS-current LTV ratios (%)		
Commercial mortgages - current LTV (%)		
0-40	48.20	38.40
40-50	44.48	44.11
50-60	7.32	17.49
Above 60	0.00	0.00
Weighted-average current LTV ratio	40.85	43.08
Residential mortgages - current LTV (%)		
0-40	29.85	33.9
40-50	23.45	23.3
50-60	46.7	42.8
Above 60	0.00	0.00
Weighted-average current LTV ratio	47.26	44.81

WAFF--Weighted-average foreclosure frequency. LTV--Loan to value. WALS---Weighted-average loss severity.

Table 7

Geographic Distribution Of Loan Assets

	As of Sept. 30, 2019		As of Sept. 30, 2018	
Borrower location	Percentage of German commercial mortgages (%)	Percentage of German residential mortgages (%)	Percentage of German commercial mortgages (%)	Percentage of German residential mortgages (%)
Baden-Wuerttemberg	6.68	4.01	6.79	3.28
Bavaria	13.77	5.5	14.35	5.75
Berlin	15.78	7.5	18.82	8.18
Brandenburg	2.94	2.36	2.68	2.79

Table 7

Geographic Distribution Of Loan Assets (cont.)

	As of Sept. 30, 2019		As of Sept. 30, 2018	
Borrower location	**Percentage of German commercial mortgages (%)**	**Percentage of German residential mortgages (%)**	**Percentage of German commercial mortgages (%)**	**Percentage of German residential mortgages (%)**
Bremen	0.8	0.30	0.78	0.45
Hamburg	7.24	2.78	6.94	2.96
Hesse	9.23	4.38	8.24	4.82
Lower Saxony	5.51	10.5	5.67	10.37
Mecklenburg-Vorpommern	1.96	1.40	1.78	1.87
North Rhine-Westphalia	23.38	50.17	21.16	47.96
Rhineland-Palatinate	1.83	3.82	1.91	3.43
Saarland	0.33	0.08	0.20	0.14
Saxony	4.15	1.68	4.69	1.96
Saxony-Anhalt	1.77	0.79	1.78	0.94
Schleswig-Holstein	3.2	4.29	2.79	4.51
Thuringia	1.43	0.44	1.43	0.58
Total	100	100	100	100

Table 8

Property Type Distribution (Commercial Mortgages)

	As of Sept. 30, 2019	As of Sept. 30, 2018
Property type	**Percentage of commercial mortgages (%)**	
Investment properties		
Office	22.72	22.72
Retail	18.12	19.09
Multi-family housing	43.59	41.80
Industrial	3.75	3.79
Land	1.86	1.44
Total	90.04	88.84
Operating companies		
Tier 1*	5.74	5.91
Other	4.22	5.26
Total	9.96	11.16

*Tier 1 assets include hotels, care homes, exhibition centers, and leisure facilities.

Table 9

Loan Seasoning Distribution (Residential Mortgages)

	As of Sept. 30, 2019	As of Sept. 30, 2018
Loan seasoning (months)	**Percentage of residential mortgages (%)**	
0-60 months	58.89	52.21
60-72 months	7.20	7.50
72-84 months	6.12	7.26

Table 9

Loan Seasoning Distribution (Residential Mortgages) (cont.)

	As of Sept. 30, 2019	As of Sept. 30, 2018
84-96 months	5.47	5.41
96-108 months	4.01	4.56
108-120 months	2.81	4.07
> 120 months	15.50	18.99
Weighted-average loan seasoning (months)	69.73	74.67

The cover pool includes 2.3% of substitute assets used to manage liquidity and overcollateralization requirements. We analyze these under our public-sector criteria. In light of their 'AAA' rating, we assume that these assets are fully available to make payments under the covered bonds.

The results of the credit analysis, including the WAFF, the weighted-average recovery rate (1-WALS), weighted-average time to recovery, and refinancing costs, are the input of our cash flow analysis. We stress the cover pool's cash flows, incorporating among other factors, various default timings, interest rate stresses, prepayment rates, and delinquencies assumptions, which we run at different points over the weighted-average life of the covered bonds.

In addition, we consider the risk that cash collections received from the cover pool assets shortly before the issuer's insolvency, and not reinvested in cover pool assets, could be lost through commingling with the issuer's cash. Based on our ongoing monitoring of the reinvestment of collections received, we consider that cash collections belonging to the cover pool are reinvested daily in eligible cover pool assets. Therefore, when determining the required credit enhancement at the 'AAA' rating level, we consider that the maximum amount of cash at risk following the issuer's insolvency is the largest daily net cash inflow over the transaction's life. As of Dec. 11, 2019, we determined a commingling risk amount of about €434.6 million corresponding to about 1.25% of total assets.

Our cash flow analysis determines, the target credit enhancement needed to achieve the maximum potential collateral-based uplift, inclusive of 100% refinancing costs, and the credit enhancement required to cover 'AAA' credit risk assuming no asset-liability maturity mismatch. Accordingly, we calculate a target credit enhancement of 10.31%, and a 'AAA' credit risk of 8.20% (see table 10). Both figures remained stable since our previous review. The slight increase in 'AAA' credit risk is driven mainly by our updated WAFF and WALS figures, while their effect on the target credit enhancement is mitigated due to an improvement in asset liability maturity mismatch. The available credit enhancement of 15.41% exceeds the target credit enhancement.

Under our covered bonds criteria, the maximum potential collateral-based uplift from the JRL is four notches. We then look to make adjustments to the maximum collateral-based uplift by reviewing the coverage of six months of liquidity and the level of overcollateralization commitment. Based on the legal requirement to cover liquidity risks, we do not lower the maximum collateral-based uplift to reflect such risk (see "Legal and regulatory risks"). However, the issuer provides overcollateralization that exceeds the legal minimum requirement, in order to support the covered bond ratings, on a voluntary basis only. Consequently, the maximum potential collateral-based uplift is reduced by one notch.

Given that the JRL of DZ HYP's mortgage covered bonds is 'aaa', coverage of the 'AAA' credit risk or 8.20% of credit enhancement is required to achieve a 'AAA' rating, solely based on jurisdictional support. This means DZ HYP's mortgage covered bonds benefit from five unused notches comprising three unused notches of collateral-based support and two unused notches of jurisdiction support.

Table 10

Collateral Uplift Metrics

	As of Dec. 11, 2019	As of Sept. 30, 2018
Asset WAM (years)	7.45	7.14
Liability WAM (years)	8.08	8.23
Maturity gap (years)	(0.63)	(1.09)
Available credit enhancement	15.41	15.39
Required credit enhancement for 'AAA' rating based on the JRL	8.20	7.69
Required credit enhancement for first notch of collateral uplift (credit risk at 'AAA'; %)	8.20	7.69
Required credit enhancement for second notch of collateral uplift (credit risk at 'AAA' and 50% of refinancing costs; %)	9.25	8.99
Required credit enhancement for third notch collateral uplift (credit risk at 'AAA' and 75% of refinancing costs; %)	9.78	9.65
Target credit enhancement for maximum uplift (credit risk at 'AAA' and 100% of refinancing costs; %)	10.31	10.30
Potential collateral-based uplift (notches)	4	4
Adjustment for liquidity (Y/N)	N	N
Adjustment for committed overcollateralization (Y/N)	Y	Y
Collateral support uplift (notches)	3	3

WAM--Weighted-average maturity. JRL--Jurisdiction-supported rating level.

Counterparty risk

We analyze counterparty risk by applying our counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on March 8, 2019).

DZ HYP's mortgage covered bonds rely on bank accounts, which DZ HYP and DZ BANK provide. This potentially exposes investors to bank account and commingling risks.

Bank account risk. Accounts held at DZ BANK are swept intraday so that there is no overnight exposure. We therefore consider that bank account risk arising from exposures to DZ BANK is mitigated.

Commingling risk. Commingling risk in the covered bond program arises where cash collections received from the cover pool assets shortly before the issuer's insolvency are not reinvested in cover pool assets, and therefore could be lost through commingling with the bank's other cash. In the absence of legal comfort or structural mitigants, we took commingling risk into account when determining the required credit enhancement by calculating the highest one-day net cash inflow over the life of the covered bonds, using information provided by the issuer. As of Dec. 11, 2019, we have determined a commingling risk amount of about €434.6 million equal to about 1.25% of total assets.

There are no derivatives registered in the cover pool. We model any interest and foreign exchange risks in our cash flow model.

Country risk

We consider country risk in line with our structured finance sovereign risk criteria (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumption," published on Jan. 30, 2019). DZ HYP's cover pool mainly contains German commercial and residential mortgage assets. Based on our unsolicited long-term rating on Germany, country exposure does not constrain the covered bond ratings. Additionally, other country exposures are not significant enough to cap the covered bond ratings under these criteria.

Related Criteria

- Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumption, Jan. 30, 2019
- Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Methodology And Assumptions: Analyzing European Commercial Real Estate Collateral In European Covered Bonds, March 31, 2015
- Covered Bonds Criteria, Dec. 9, 2014
- 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 Q4 2019, Dec. 12, 2019
- Global Covered Bond Insights Q4 2019, Dec. 12, 2019
- Banking Industry Country Risk Assessment: Germany, Oct. 1, 2019
- Outlooks On Various German Banks Revised To Negative On Rising Banking Sector Risks; Ratings Affirmed, Sept. 18, 2019
- Covered Bond Monitor: Technical Note, Sept. 6, 2019
- Transaction Update: DZ HYP AG (Mortgage Covered Bond Program), March 13, 2019
- DZ HYP AG, Feb. 7, 2019
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, Oct. 16, 2018
- Assessments for Target Asset Spreads according To Our Covered Bonds Criteria, Oct. 16, 2018
- Glossary Of Covered Bond Terms, April 27, 2018