Bulletin:

Knab N.V. Mortgage Covered Bonds Ratings Unaffected By Proposed Amendments

September 12, 2025

PRIMARY CREDIT ANALYST

Judit O Papp
Frankfurt
+ 49 693 399 9319
judit.papp@spglobal.com

SECONDARY CONTACT

Adriano Rossi
Milan
+ 390272111251
adriano.rossi@spglobal.com

FRANKFURT (S&P Global Ratings) Sept. 12, 2025--S&P Global Ratings said today that it expects its 'AAA' credit ratings on Knab N.V.'s mortgage covered bonds to be unchanged if the proposed amendments to the programs are implemented.

On Sept. 12, 2025, Knab N.V. proposed two amendments:

- The transfer of €500 million conditional pass-through covered bonds to the soft bullet covered bond program. Under this, Knab will amend the terms of one of its conditional pass-through covered bonds (XS1637329639) issued under its €5 billion conditional pass-through covered bond program. The amendment will change the guarantor and revise the conditional pass-through payment obligation structure to a soft bullet maturity, where the repayment of principal can be extended for up to one year under specified conditions, instead of up to 32 years previously. If the bondholder vote is favorable, this bond will be transferred to Knab's €7.5 billion soft bullet covered bond program and governed by its transaction documents.
- The introduction of a clause in the trust deed to enable the merger between Knab and Austria's BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft (BAWAG) or any of its affiliates as the acquiring entity. If approved, Knab will become BAWAG's passported branch in the Netherlands, without requiring further consent from the covered bondholders, subject to certain conditions. In that scenario, BAWAG will replace Knab as issuer and will assume all obligations under the soft bullet covered bond program.

If BAWAG becomes the issuer of covered bonds by virtue of the merger, the Austrian Financial Market Authority (FMA) will replace the Dutch National Bank as main regulatory supervisor and will supervise program management applying the requirements of the Austrian Pfandbrief Act. The covered bonds will be registered in a list on the FMA's website. Furthermore, we understand that the program will continue to contractually comply with the requirements for legal covered bonds as set out in the Dutch Covered Bond legislation. We understand the bonds will also be listed on the DNB's website, with clarifying remarks on the change of supervision.

We have reviewed the combined asset information the issuer provided as of April 2025. The underlying assets comprise €5.9 billion Dutch residential mortgage loans (net of savings and construction deposits), including an additional €714 million eligible cover pool assets transferred to the soft bullet covered bond program.

In our cash flow analysis, we have modeled the affected conditional pass-through covered bond under the proposed amended terms and conditions, together with the nine outstanding covered bonds under the issuer's soft bullet covered bond program. Based on our analysis of the proposed changes, the available overcollateralization remains sufficient to cover the 'AAA' ratings on the affected covered bonds.

Additionally, our analysis of the planned updates indicates that the implementation of the proposed amendments would not, in and of themselves, result in a change or withdrawal of our respective ratings on the outstanding covered bonds.

Related Criteria

- Methodology For Rating Covered Bonds, July 25, 2025
- Counterparty Risk Methodology, July 25, 2025
- Criteria | Structured Finance | Legal: Asset Isolation And Special-Purpose Entity Methodology, May 29, 2025
- Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement, April 4, 2024
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Nov. 22, 2023
- Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Structured Finance | RMBS: Methodology For Assessing Mortgage Insurance And Similar Guarantees And Supports In Structured And Public Sector Finance And Covered Bonds, Dec. 7, 2014
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- European Housing Markets: Strong Demand And Weak Supply Will Keep Prices High, July 10, 2025
- Covered Bonds Outlook Midyear 2025, June 30, 2025
- Netherlands-Based Knab N.V. Upgraded To 'BBB+' From 'BBB' On Increased Importance To Parent BAWAG; Outlook Stable, June 26, 2025
- Global Covered Bond Insights Q3 2025, June 23, 2025
- House Price Overvaluation Moderates For Europe's RMBS And Covered Bond Markets, April 4, 2025
- Dutch Covered Bond Market Insights 2025, March 11, 2025
- S&P Global Ratings Definitions, Dec. 2, 2024

- Glossary Of Covered Bond Terms, April 27, 2018

This report does not constitute a rating action.