

CREDIT OPINION

18 September 2024

Update



RATINGS

DZ HYP AG

Domicile	Hamburg, Germany
Long Term CRR	Aa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa2
Type	Senior Unsecured - Dom Curr
Outlook	Stable
Long Term Deposit	Aa2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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DZ HYP AG

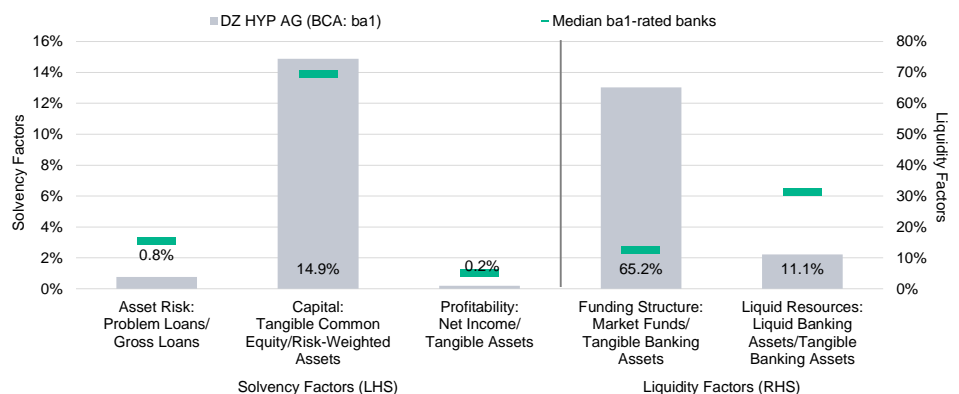
Update to credit analysis

Summary

DZ HYP AG's (DZ HYP) Aa2 deposit and senior unsecured debt ratings reflect the bank's ba1 Baseline Credit Assessment (BCA), the alignment of its a3 Adjusted BCA with that of its parent DZ BANK AG (DZ BANK, Aa2/Aa2 stable, baa2)¹, and our assumption to include DZ HYP into the resolution perimeter of DZ BANK. The outcome of our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class results in three notches of rating uplift. Because of DZ HYP's membership of Germany's systemically relevant Genossenschaftliche FinanzGruppe (G-FinanzGruppe), the bank's long-term ratings benefit from a one-notch uplift resulting from government support.

DZ HYP's ba1 BCA reflects its focused business model as a commercial real estate (CRE) lending specialist which exposes the bank to considerable concentration risk but also its resilient financial profile. Our assessment takes into account a moderately weakened asset quality, reflecting the persistent challenges of CRE lending from higher interest rates, as well as moderate standalone capital and leverage. Our view is balanced by DZ HYP's largely domestic lending activities and close integration into DZ BANK, backed by a profit-and-loss transfer agreement with its parent, as well as regulatory capital and liquidity waivers for DZ HYP. The BCA further reflects DZ HYP's moderate profitability which constraints its ability to absorb larger loan loss provisions and satisfactory funding profile, which benefits from its established standalone covered bond franchise as well as funding access to its parent bank and Germany's cooperative banking sector.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Ratings

Credit strengths

- » Ample contractual support commitments from its parent DZ BANK, including regulatory waivers for minimum capital and liquidity requirements
- » Very strong but moderately weakened asset quality with solid coverage to mitigate persistent challenges for CRE exposures
- » Senior unsecured creditors benefit from extremely low loss severity because we consider DZ HYP to be included in the resolution perimeter of DZ BANK

Credit challenges

- » Very high concentration risks from CRE exposures constrain DZ HYP's financial profile, reflecting its focused business model as a real estate financing company
- » Very high market funding dependence, mitigated by an established covered bond franchise and access to funding from Germany's cooperative sector
- » Moderate profitability, reflecting robust operating performance which balances elevated credit costs

Outlook

The stable outlook on DZ HYP's long-term ratings reflects our expectation that G-Finanzgruppe's financial profile remains highly resilient despite Germany's weak economic outlook, that the intrinsic strength of DZ BANK and DZ HYP remains broadly unchanged and incorporates our expectation of an unchanged liability structure of DZ BANK.

Factors that could lead to an upgrade

- » An upgrade of DZ HYP's long-term ratings could be triggered by an improvement in the cooperative sector's financial strength, or by an upgrade of DZ BANK's BCA, which could result in a higher Adjusted BCA of DZ HYP.
- » DZ HYP's junior senior unsecured programme ratings could also be upgraded if DZ BANK or its subsidiary issues substantial additional volumes of capital instruments, such that it reduces the loss severity for this instrument class and results in additional rating uplift from our Advanced LGF analysis.
- » DZ HYP's BCA could be upgraded as a result of a sustained improvement in the bank's solvency and liquidity metrics. However, an upgrade of DZ HYP's BCA could be offset by a reduction in the rating uplift from affiliate support.

Factors that could lead to a downgrade

- » DZ HYP's ratings could be downgraded following a downgrade of the Adjusted BCA, which could result from a downgrade of its parent's Adjusted BCA, caused either by a deterioration in the cooperative sector's financial strength or a significant deterioration in the intrinsic strength of DZ BANK. Furthermore, a shift in the liability structure at the level of DZ BANK towards non-bail-in-able instruments, such that it increases the loss severity for a respective debt class and results in reduced rating uplift from our Advanced LGF analysis, could result in a downgrade.
- » DZ HYP's BCA could be downgraded in case of a significant asset quality deterioration beyond the rating agency's current expectations, or a joint deterioration of its combined solvency and liquidity profile.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

DZ HYP AG (Unconsolidated Financials) [1]

	12-23 ²	12-22 ²	12-21 ²	12-20 ²	12-19 ²	CAGR/Avg. ³
Total Assets (EUR Billion)	77.6	77.4	80.3	80.5	79.5	(0.6) ⁴
Total Assets (USD Billion)	85.8	82.6	91.0	98.5	89.2	(1.0) ⁴
Tangible Common Equity (EUR Billion)	2.3	2.1	2.1	1.9	1.9	5.2 ⁴
Tangible Common Equity (USD Billion)	2.5	2.3	2.4	2.4	2.1	4.8 ⁴
Problem Loans / Gross Loans (%)	0.8	0.2	0.2	0.2	0.2	0.3 ⁵
Tangible Common Equity / Risk Weighted Assets (%)	14.9	14.1	13.4	11.0	10.5	12.8 ⁶
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	20.4	4.9	6.5	7.4	5.3	8.9 ⁵
Net Interest Margin (%)	0.9	0.8	0.8	0.7	0.7	0.8 ⁵
PPI / Average RWA (%)	3.0	2.4	2.2	1.8	1.4	2.2 ⁶
Net Income / Tangible Assets (%)	0.3	0.1	0.2	0.2	0.2	0.2 ⁵
Cost / Income Ratio (%)	35.3	44.0	42.9	46.9	51.8	44.2 ⁵
Market Funds / Tangible Banking Assets (%)	65.2	65.5	65.0	64.5	65.0	65.0 ⁵
Liquid Banking Assets / Tangible Banking Assets (%)	11.1	10.1	14.7	16.5	18.3	14.1 ⁵
Gross Loans / Due to Customers (%)	5221.1	5685.8	4214.2	3410.9	2875.8	4281.6 ⁵

[–] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.

Sources: Moody's Ratings and company filings

Profile

DZ HYP is among the largest CRE lenders in [Germany](#) (Aaa stable), with reported assets of €77 billion at the end of 2023, of which €68 billion or 87% relate to loans. Around 96% relates to domestic customers. As a dedicated covered bond bank, DZ HYP funds around 61% of assets through covered bonds, including €35 billion nominal volume of mortgage covered bonds and €9 billion for public-sector covered bonds at the end of last year.

DZ HYP operates headquarters in Hamburg and Muenster, the main locations of its predecessor entities DG HYP and WL Bank, who were combined in 2018 after the merger of their parent institutions, DZ BANK and WGZ BANK in 2016. DZ HYP maintains regional offices and real estate centers in 9 additional large cities in Germany, but has no international presence.

DZ BANK owns 96.4% of the bank's shares, with the remainder held by primary banks of the cooperative banking sector and by a foundation of the former minority owners of WL Bank.

Weighted Macro Profile of Strong +

As a result of the bank's strong lending focus on the domestic market, DZ HYP's weighted Macro Profile is the same as [Germany's Strong + Macro Profile](#).

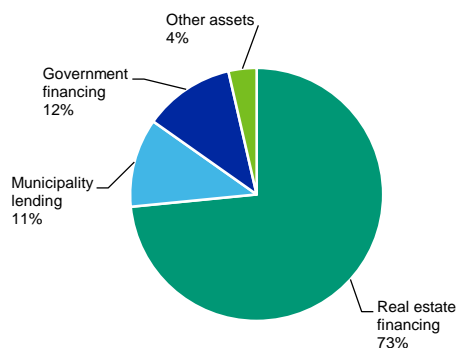
Detailed credit considerations

Very good asset quality which has moderately weakened

DZ HYP's assigned Asset Risk score is ba1, eight notches below the aa2 initial score. Our sizeable negative adjustment reflects the very high concentration risks from the covered bond bank's cyclical CRE activities. Our assessment further reflects the entity's still large, although declining, exposures to southern European countries of [Italy](#) (Baa3 stable), [Portugal](#) (A3 stable), and [Spain](#) (Baa1 positive).

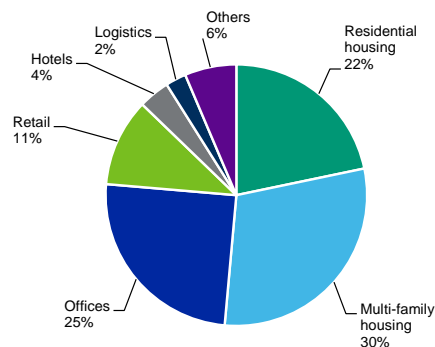
The sharp increase in interest rates since 2022 created challenges for CRE property markets globally, leading to declining values and makes refinancing more difficult. However, we expect that recent [central bank rate cuts will stimulate a real estate investment recovery](#), with more transactions and recovering valuations.

Exhibit 3
DZ HYP's assets largely reflect real estate financing and public sector exposure ...
 Data as of December 2023



Source: Moody's Ratings and company filings

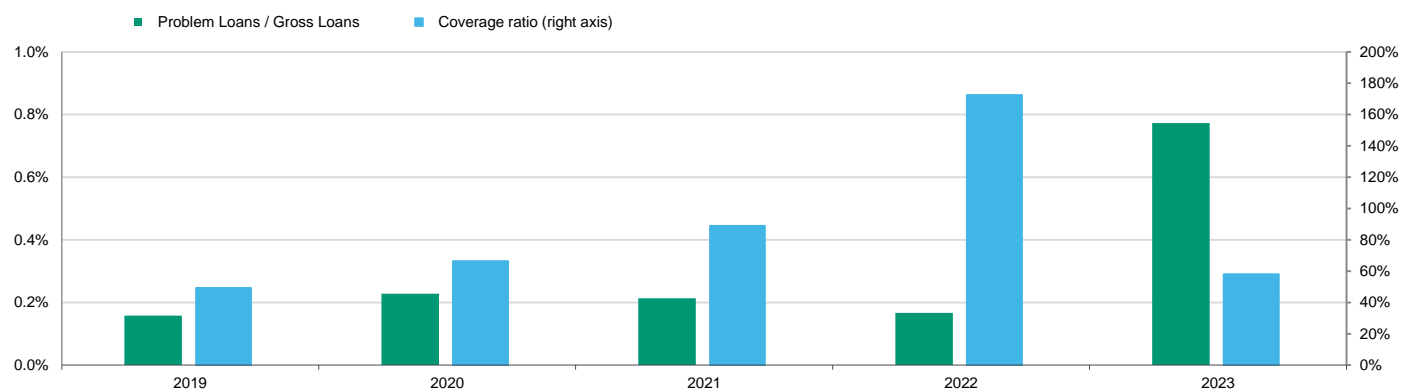
Exhibit 4
... and more than half of its real estate financing exposure relates to lower-risk residential or multi-family housing
 Data as of December 2023



Source: Moody's Ratings and company filings

We believe that DZ HYP's almost exclusive domestic focus with a high share of lower-risk sectors, i.e. residential and multifamily housing, shield the entity from a material deterioration of asset quality. Our view is underpinned by DZ HYP's still very low non-performing loan (NPL) ratio of 0.8% at the end of last year (2022: 0.2%), despite the fourfold increase in problem loans to €527 million from €114 million over the same period. Our assessment also takes into account DZ HYP's reduced but still comparatively high on-balance sheet loan-loss-reserves, equivalent to 58% of problem loans last year (2022: 173%), its mostly first-lien collateral as well as fully-taxed €171 million reserves in accordance with Article 340f of the German Banking Act which in aggregate provide sizeable buffers for unexpected losses, in case of need.

Exhibit 5
DZ HYP's NPL ratio quadrupled in 2023 but still remains at low level when compared with other focused property lenders
 Data in percent



Note: The coverage ratio compares on-balance sheet loan loss reserves (excluding §340f reserves) to problem loans.
 Sources: Moody's Ratings and company filings

Following a sizeable opportunistic reduction of Italian and Portuguese bonds in 2022, DZ HYP's tail risks from South European sovereigns have somewhat reduced. At the end of last year, the entity's total exposure declined to €1.5 billion, compared with €1.6 billion in 2022, but these securities continue to account for the bulk of hidden burden (Stille Lasten) from credit spread developments, at around €206 million at the end of 2023 (2022: €164 million). We expect that DZ HYP will only reduce these non-strategic exposures as they mature, meaning that around half of it will persist beyond 2033.

Close integration into DZ BANK exempts DZ HYP from standalone capital requirements

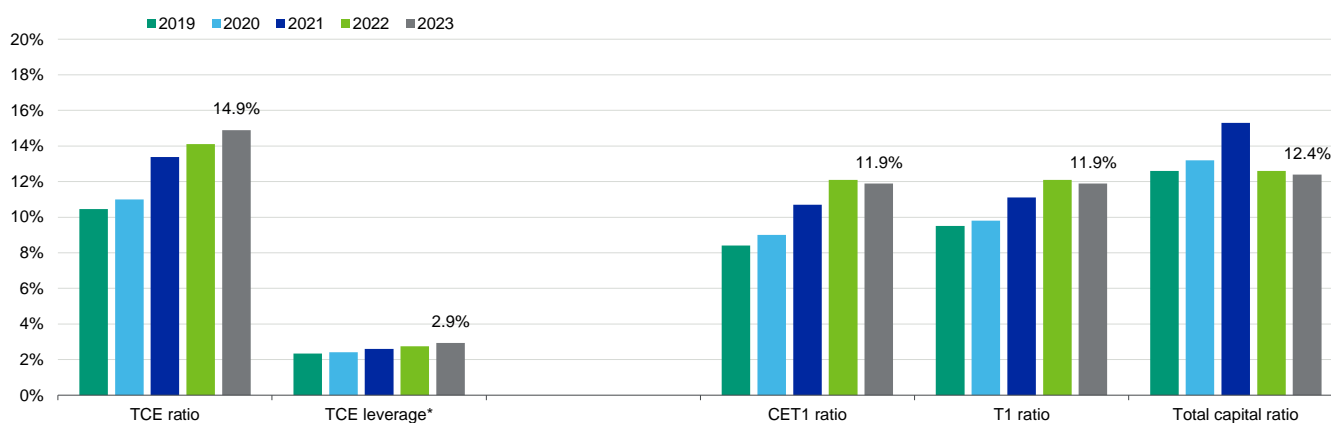
DZ HYP's assigned Capital score of a3 is aligned with the Capital score of DZ BANK. Our assessment reflects that DZ HYP is exempt to comply with standalone capital requirements (so-called "waiver"), reflecting the control- and profit-and-loss transfer agreements with its parent. These agreements are in place since 2012 and strongly support the alignment of DZ HYP's Adjusted BCA with that of DZ BANK.

Despite the waiver, DZ HYP reports standalone regulatory capital ratios to foster transparency (see Exhibit 6) and can increase reserve accounts to strengthen its standalone capital. These include fully-taxed additions in accordance with Article 340g and 340f of the German Banking Act. The latter are not considered Common Equity Tier 1 (CET1) but included in our Tangible Common Equity (TCE) ratio of DZ HYP, which further increased to 14.9% at the end of 2023 and include €171 million of Article 340f reserves, equivalent to around 8% of total TCE.

Exhibit 6

Additions to capital reserves triggered better standalone capital ratios for DZ HYP, while its TCE leverage ratio remains very low

Data in percent of risk-weighted assets, except TCE leverage ratio*



Note: * The leverage ratio compares Tangible Common Equity (TCE) to tangible banking assets. CET1 = Common Equity Tier 1.

Source: Moody's Ratings and company filings

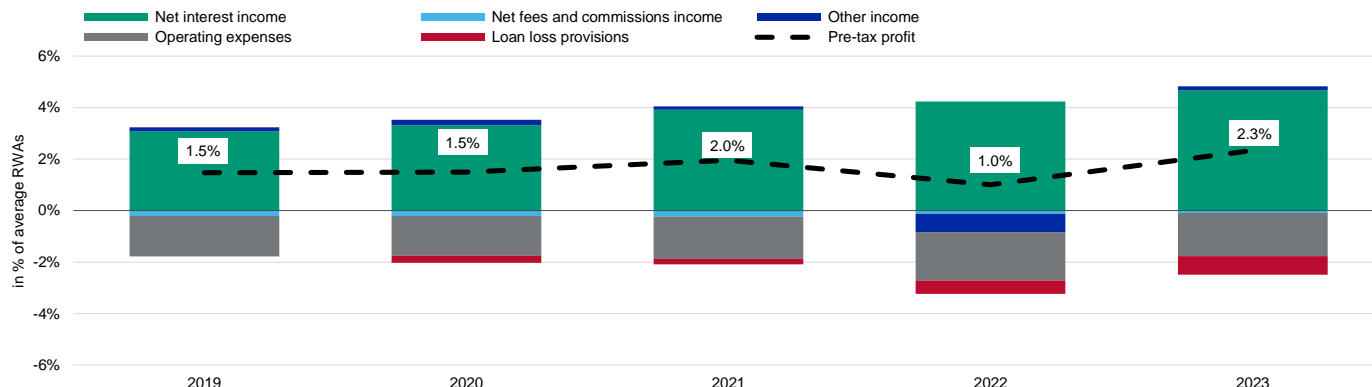
Robust operating performance which balances elevated credit costs

DZ HYP's assigned score for Profitability is ba3, one notch above its initial b1 score. We believe that the covered bond bank's robust operating performance will continue to mitigate higher credit costs, leading to broadly stable return on assets (ROA)² of between 20-30 basis points (bps). Our assessment considers DZ HYP's ability to increase its capital reserves despite the existing profit-and loss transfer agreement with DZ BANK, which means that its reported net income under local GAAP is always zero.³

Since the merger in 2018, DZ HYP has reported an average annual ROA of around 20 bps. However, as a dedicated CRE lender, the entity's profitability is strongly affected by the level of credit costs, which increased to 16 bps of gross loans in 2023, compared with 12 bps in 2022 and 4-7 bps for the two prior years (see Exhibit 7).

Exhibit 7

Rising net interest income and declining operating expenses helped DZ HYP to balance elevated credit costs last year
Data in percent of risk-weighted assets (RWA)



Note: *Our adjusted pretax profit figure adds back provisions for general banking risks and excludes interest expenses for silent participation capital.
Sources: Moody's Ratings and company filings

Very high market funding dependence, mitigated by an established covered bond franchise and access to funding from Germany's cooperative sector

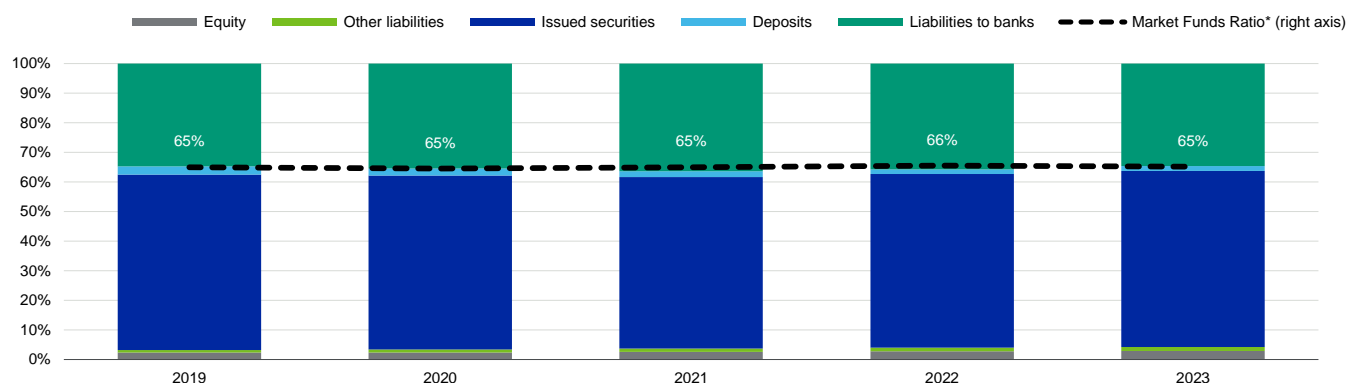
DZ HYP' assigned Market Funding score is ba1, six notches above the caa1 initial score. Our large positive adjustment captures DZ HYP's well-established proprietary covered bond franchise which fosters the matched duration of its assets and liabilities, as well as access to funding from Germany's cooperative sector which we consider less confidence-sensitive.

DZ HYP's very high market funding dependence reflects its business model as an exclusive covered bond bank (*Pfandbriefbank*), which sources funding primarily from issued covered bonds and senior unsecured debt. However, as a subsidiary of DZ BANK and member of the cooperative institutional protection scheme (IPS), DZ HYP's funding is only to a limited degree sensitive to changes in market confidence. A very high share of unsecured funding is directly provided by DZ BANK or from Germany's cooperative banking sector, which exhibits sizeable excess deposits provided by its country-wide retail and SME customers.

As a major subsidiary of DZ BANK, DZ HYP's funding includes loss-absorbing liabilities in order to meet the minimum requirements of own funds and eligible liabilities (MREL), reflecting the regulator's single-point-of-entry (SPE) approach. DZ HYP must comply with these MREL requirements since 1 January 2022 and has issued an undisclosed amount of non-preferred senior unsecured debt to its parent bank.

Exhibit 8

As a licensed covered bond bank, DZ HYP sources its funding primarily from its parent DZ BANK, included in liabilities to banks, and issued covered bonds
Liabilities in percent of tangible banking assets



Note: *The Market Funds ratio compares market funds to tangible banking assets.
Source: Moody's Ratings and company filings

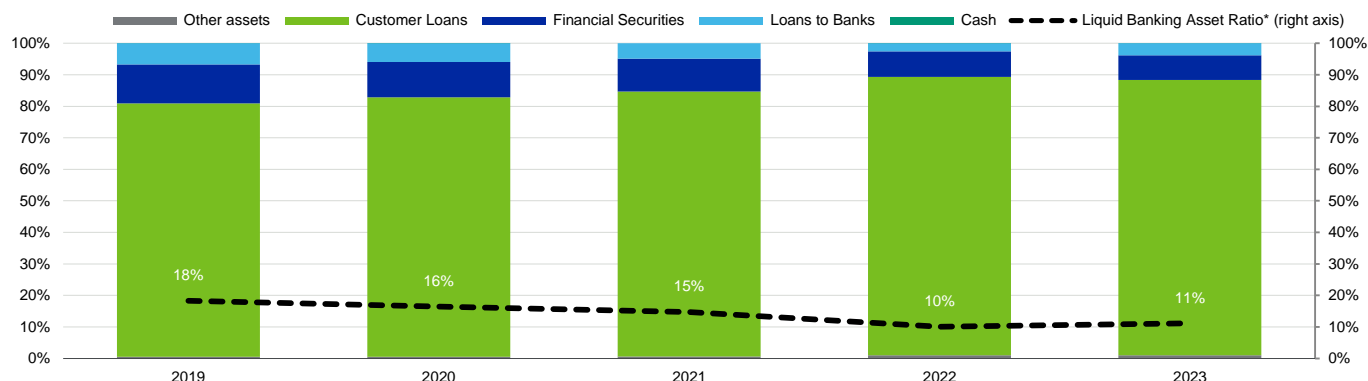
Moderate liquidity with access to intragroup resources, as demonstrated by a regulatory liquidity waiver

Similar to our capital assessment, we have aligned DZ HYP's a3 Liquidity score with the score of DZ BANK. Our assessment reflects that DZ HYP is exempt from the compliance of standalone regulatory liquidity requirements in accordance with Article 8 of the CRR since 31 December 2021. Our view also reflects that DZ HYP's loans to banks are less liquid because they mostly relate to member institutions of the cooperative banking sector G-Finanzgruppe, and thus cannot be liquidated at short notice, asset encumbrance of some financial securities, and that DZ HYP has additional liquidity leeway under its covered bond programs because of sizeable overcollateralization, in case of need.

The new regulatory waiver reflects the covered bond bank's close integration into DZ BANK and triggered the disclosure of a Liquidity Coverage Ratio (LCR) which only applies to the parent and DZ HYP. Similar to our Liquid Banking Assets ratio, which was fairly stable at around 11% last year, the "subgroup" LCR ratio also remained broadly unchanged at around 143% in 2023. DZ HYP's liquidity needs mainly arise because of covered bond maturities that need to be pre-funded through liquid assets within the cover pools six months ahead.⁴

Exhibit 9

DZ HYP operates with moderate liquid resources but benefits from its close integration into DZ BANK, as demonstrated by the relatively new regulatory liquidity waiver
Assets as percent of tangible banking assets



Source: Moody's Ratings and company filings

Qualitative adjustment captures limited business diversification

We reduce the weighted average outcome of DZ HYP's assigned Financial Profile factor score by one notch. This adjustment reflects the covered bond bank's low revenue and income diversification outside the CRE lending activities.

Business diversification is an important gauge of a bank's sensitivity to stress in a single business line. It is related to earnings stability in the sense that earnings diversification across distinct and relatively uncorrelated lines of business increases the reliability of a bank's earnings streams and its potential to absorb shocks affecting a business line.

As a dedicated CRE lending specialist, DZ HYP is exposed to a rather volatile banking business through the cycle. We consider CRE lending highly cyclical and, therefore, a higher-risk sector exposure. The bank's position as a specialist lender benefits its sector-specific risk management know-how, but at the same time, it naturally limits the potential for (earnings) diversification.

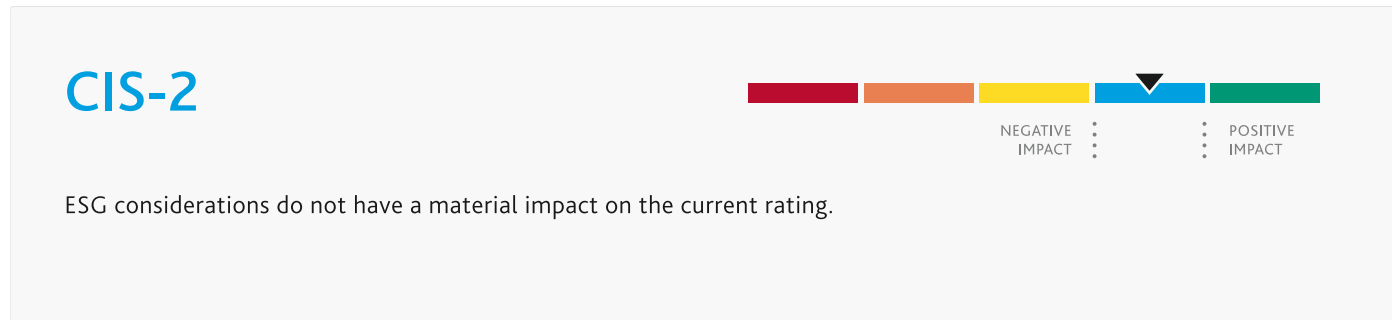
Because CRE exposures can cause high losses in times of financial market stress, DZ HYP's high reliance on CRE-related earnings streams exposes it to unexpected shocks that are likely to hurt its income statement in an adverse scenario. As a result, we classify DZ HYP as a monoline bank according to our approach for business diversification.

ESG considerations

DZ HYP AG's ESG credit impact score is CIS-2

Exhibit 10

ESG credit impact score

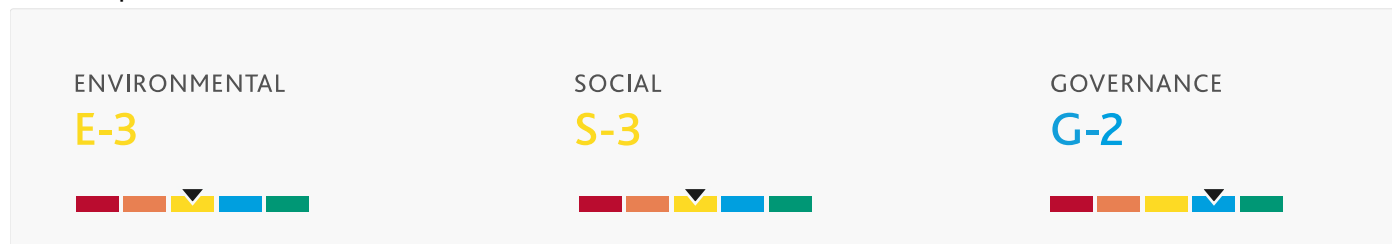


Source: Moody's Ratings

DZ HYP's **CIS-2** indicates that ESG considerations do not have a material impact on the current rating. This reflects the mitigating rating impact of affiliate support from DZ BANK and Genossenschaftliche FinanzGruppe over DZ HYP's ESG risk profile. The bank's low corporate governance risks mainly reflect its low profitability in the context its highly cyclical business model as a dedicated commercial real estate lender. Environmental and social factors have a limited credit impact on the rating to date.

Exhibit 11

ESG issuer profile scores



Source: Moody's Ratings

Environmental

DZ HYP faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk as a large commercial real estate lender. In line with its peers, DZ HYP is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, DZ HYP is engaging in transforming its lending book towards less carbon-intensive assets and is part of cooperative group-wide initiatives to further develop its comprehensive risk management and climate risk reporting frameworks.

Social

DZ HYP faces moderate social risks related to customer relations and associated regulatory risks, litigation costs and high compliance standards, and from demographic and societal trends. Risks related to the distribution of financial products are mitigated by the bank's developed policies and procedures; cyber and personal data risks are mitigated by the bank's IT framework and cyber security, and by continued investment in digitalization. Banks in Germany face long-term economic and fiscal pressures from adverse demographic trends, impacting demand for certain products, or lowering economic growth. Product diversity as well as an ability to adapt to consumer preferences, regulatory changes and societal trends will help mitigate these risks.

Governance

DZ HYP's faces low governance risks, despite concentration risks inherent in its focused business model as a commercial real estate lender in Germany, and its risk management, policies and procedures are in line with industry practices. Because DZ HYP is effectively

controlled by DZ BANK through its 96.4% shareholding, we have aligned the subsidiary's board structure, policies and procedures score with that of its parent, given the bank's strategic importance and public affiliation with the cooperative group, the parent's oversight of its subsidiary board and the regulated nature of both entities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support

DZ HYP's a3 Adjusted BCA benefits from our assessment that the bank is affiliate backed by DZ BANK, as well as the strong fundamentals of and our assessment of a very high probability of support from the German cooperative banking association, G-Finanzgruppe, which provides support to all members through its institutional protection scheme.

As a member of the cooperative banking sector, DZ HYP is highly likely to receive affiliate support in case of need. This support significantly reduces the probability of default because the cooperative group's cross-sector support mechanism aims to stabilise its members by avoiding any form of loss participation by creditors or bail-ins. Our affiliate support assumptions result in four notches of rating uplift from the ba1 BCA, benefitting the bank's issuer and deposit ratings, and CRRs.

Loss Given Failure (LGF) analysis

DZ HYP is subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. Therefore, we apply our Advanced LGF analysis, under which we consider the risks faced by the different debt and deposit classes across the liability structure should the bank enter resolution. DZ HYP is a domestic subsidiary of DZ BANK, and we include it in the parent's resolution perimeter for the purpose of our Advanced LGF analysis, which is based on the liability structure at the DZ BANK level.

In line with our standard assumptions, we further assume a residual tangible common equity of 3%, post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits and a 5% runoff in preferred deposits. Because we use private data provided by DZ BANK to determine current amounts of senior unsecured and junior senior debt, as well as our future new issuance expectations, we do not disclose the underlying volumes of the liability tranches included in our Advanced LGF analysis for the group.

For DZ HYP's deposits and senior unsecured debt ratings, our LGF analysis indicates an extremely low loss given failure, leading to a three-notch uplift from its a3 Adjusted BCA.

For DZ HYP's junior senior unsecured debt, our LGF analysis indicates a moderate loss given failure, leading to no uplift from its a3 Adjusted BCA.

Government support considerations

We assume one notch of rating uplift in our senior unsecured debt and deposit ratings for members of the cooperative banking group, reflecting our assumptions of a moderate support probability.

Our government support assumptions, which are included in DZ HYP's ratings, reflect the size and high systemic relevance at the domestic level of the group of cooperative banks. Such support would probably not be provided to the bank directly but rather to G-Finanzgruppe, in the unlikely event that the group either cannot provide the required support or cannot provide it quickly enough, based on the sector's combined financial strength.

Methodology and scorecard

Methodology

The principal methodology used in rating DZ HYP was the [Banks Methodology](#), published in March 2024.

About Moody's Bank Scorecard

Our Banks scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong

divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 12

Rating Factors

Macro Factors							
Weighted Macro Profile		Strong +	100%				
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	0.8%	aa2	↔	ba1	Sector concentration	Expected trend	
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	14.9%	a1	↔	a3	Nominal leverage	Expected trend	
Profitability							
Net Income / Tangible Assets	0.2%	b1	↔	ba3	Return on assets	Expected trend	
Combined Solvency Score		a2		baa3			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	65.2%	caa1	↔	ba1	Term structure	Extent of market funding reliance	
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	11.1%	ba1	↔	a3	Asset encumbrance	Stock of liquid assets	
Combined Liquidity Score		b1		baa2			
Financial Profile				baa3			
Qualitative Adjustments				Adjustment			
Business Diversification				-1			
Opacity and Complexity				0			
Corporate Behavior				0			
Total Qualitative Adjustments				-1			
Sovereign or Affiliate constraint				-			
BCA Scorecard-indicated Outcome - Range				baa3 - ba2			
Assigned BCA				ba1			
Affiliate Support notching				4			
Adjusted BCA				a3			

Balance Sheet is not applicable.

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned LGF	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	-	-	-	-	-	-	-	3	0	aa3
Counterparty Risk Assessment	-	-	-	-	-	-	-	3	0	aa3 (cr)
Deposits	-	-	-	-	-	-	-	3	0	aa3
Senior unsecured bank debt	-	-	-	-	-	-	-	3	0	aa3
Junior senior unsecured bank debt	-	-	-	-	-	-	-	0	0	a3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa3	1	Aa2	Aa2
Counterparty Risk Assessment	3	0	aa3 (cr)	1	Aa2(cr)	
Deposits	3	0	aa3	1	Aa2	Aa2
Senior unsecured bank debt	3	0	aa3	1	Aa2	(P)Aa2

Junior senior unsecured bank debt 0 0 a3 0 A3 (P)A3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Ratings

Ratings

Exhibit 13

Category	Moody's Rating
DZ HYP AG	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa2/P-1
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa2
Senior Unsecured -Dom Curr	Aa2
Junior Senior Unsecured -Dom Curr	A3
Junior Senior Unsecured MTN	(P)A3
ST Issuer Rating	P-1
PARENT: DZ BANK AG	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa2
Senior Unsecured	Aa2
Junior Senior Unsecured	A3
Junior Senior Unsecured MTN -Dom Curr	(P)A3
Subordinate	Baa1
Commercial Paper	P-1
Other Short Term -Dom Curr	(P)P-1

Source: Moody's Ratings

Endnotes

- 1 The ratings shown are DZ BANK's deposit ratings, senior unsecured debt ratings and outlook, and BCA.
- 2 The ROA ratio compares net income to assets.
- 3 For our analysis, we consider the bank's net income before the earnings transfer due to this agreement and the allocation to funds for general banking risks, in accordance with §340g HGB.
- 4 For a discussion of this requirement, please refer to [Germany: Legal framework for covered bonds](#), published in July 2021.

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