German Bank Ratings Affirmed Under Revised Financial Institutions Criteria

January 28, 2022

- We have reviewed our ratings on 11 German banks or banking groups under our revised "Financial Institutions Rating Methodology".
- We have affirmed the ratings on these banks or banking groups, and the outlooks are unchanged.

FRANKFURT (S&P Global Ratings) Jan. 28, 2022--S&P Global Ratings today said that it has affirmed its issuer and issue credit ratings on the following 11 banks or banking groups and their subsidiaries. The affirmations follow a revision to our criteria for rating banks and nonbank financial institutions and for determining a Banking Industry Country Risk Assessment (BICRA) (see "Financial Institutions Rating Methodology," published Dec. 9, 2021 and "Banking Industry Country Risk Assessment Methodology And Assumptions," published Dec. 9, 2021). The affirmations include:

- The Cooperative Banking Sector Germany (issuer credit rating [ICR] A+/Stable/A-1) and its related core members including DZ Bank AG
- Core members of S-Finanzgruppe Hessen-Thueringen (ICR A-/Stable/A-2) including Landesbank Hessen-Thueringen Girozentrale (Helaba) and local savings banks
- DekaBank Deutsche Girozentrale (ICR A/Stable/A-1)
- Deutsche Bank AG (ICR A-/Stable/A-2, resolution counterparty rating [RCR] A/A-1)
- Commerzbank AG (ICR BBB+/Negative/A-2, RCR A-/A-2)
- UniCredit Bank AG (ICR BBB+/Negative/A-2, RCR A-/A-2)
- Volkswagen Bank GmbH and other captive finance subsidiaries under Volkswagen Financial Services AG (ICR BBB+/Stable/A-2)
- Deutsche Pfandbriefbank AG (ICR BBB+/Negative/A-2, RCR A-/A-2)
- Hamburg Commercial Bank (ICR BBB/Developing/A-2, RCR BBB+/A-2)
- Wuestenrot Bausparkasse AG (ICR A-/Stable/A-1)
- KfW-IPEX Bank GmbH (ICR AA+/Stable/A-1+)

Our outlooks on the 11 banks or banking groups remain unchanged.

Our assessments of economic risk and industry risk in Germany also remain unchanged at '1' and '4', respectively. These scores determine the BICRA and the anchor, or starting point, for our ratings on financial institutions that operate primarily in that country. The trends we see for

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economic risk and industry risk remain both stable.

In addition, the group stand-alone credit profiles of the 11 German banks or banking groups, and our assessment of the likelihood of extraordinary external support, remain unchanged under our revised criteria. Consequently, we have affirmed all our ratings on these banks, including our ratings on their subsidiaries.

In an unrelated rating action, we raised our ratings on DZ Bank's regulatory additional Tier 1 (AT1) instruments to 'BBB' from 'BBB-'. The upgrade reflects our view of the bank showing a sustainably higher common equity Tier 1 (CET1) ratio than we had previously expected, increasing the buffer above the 7% CET1 trigger.

Cooperative Banking Sector Germany / DZ Bank AG

Primary analyst: Heiko Verhaag

We affirmed our ratings on the Cooperative Banking Sector Germany, including DZ Bank AG. The ratings continue to reflect our expectation that the sector's asset quality will hold up relatively well through 2022. We generally expect the sector will maintain its leading business position as the second-largest financial services group in Germany, and one of the largest in Europe, which is a key strength. Additionally, we see an increase in digitalization efforts, albeit lagging those of peers, focusing on efficiency gains and customer value.

Outlook

Our stable outlook on the Cooperative Banking Sector Germany, including all core group members, reflects our expectation that while a part of the client base and revenue streams could be lost to competitors, the sector's further investments into its digital competencies will substantially defend its strong market position and avoid material reduction in earnings over the next two years.

Upside scenario: We could raise the ratings if we conclude that structural challenges in German retail and small and midsize enterprise (SME) banking have eased such that we would raise the anchor for domestic banks to 'a-', or if we believe the sector masters the competitive environment better than peers. This would require material progress in digital banking products and the addressing of structural weaknesses, such as weak cost efficiency and modest profitability.

We could also consider a higher rating if the consolidated capitalization of the sector improves further, leading our risk-adjusted capital (RAC) ratio to sustainably rise above 15%, while at the same time we consider capital to be fungible within the sector to support weaker-capitalized primary banks if needed.

Downside scenario: While a fairly remote prospect, over time we could lower our ratings on the sector's core members if its market position deteriorates materially, weakening its revenue pool and risk-adjusted profitability, or if competitive pressure leads to material signs of increasing risk appetite.

Ratings Score Issuer Credit Rating: A+/Stable/A-1

Stand-alone credit profile: a+

- Anchor: bbb+
- Business Position: Strong (+1)

- Capital and Earnings: Strong (+1)
- Risk Position: Adequate (0)
- Funding and Liquidity: Strong and strong (+1)
- Comparable Rating Analysis: 0

Support: 0

- ALAC Support: 0
- GRE Support: 0
- Group Support: 0
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

Deutsche Apotheker- und Aerztebank eG

Primary analyst: Harm Semder

Our affirmation of Deutsche Apotheker- und Aerztebank eG (Apobank) reflects that our ratings on the bank move in tandem with those on other core members of the Cooperative Banking Sector Germany. This reflects our expectation that Apobank would receive extraordinary group support from the sector under any foreseeable circumstances. Similarly, our assessment of Apobank's 'bbb' stand-alone credit profile (SACP) is unchanged, reflecting competitive pressures on Apobank in its leading and niche position in the German medical sector.

Outlook

Our stable outlook on Apobank mirrors the stable outlook on the Cooperative Banking Sector and its horizon over the next two years, and our expectation that Apobank will remain a core member of the group for the foreseeable future.

Upside scenario: We could raise the ratings if we conclude that structural challenges in German retail and SME banking have eased such that we would revise upward the anchor for domestic banks to 'a-', or if we believe the sector masters the competitive environment better than peers. This would require material progress in digital banking products and addressing structural weaknesses, such as weak cost efficiency and modest profitability.

We could also consider a higher rating if the consolidated capitalization of the sector improves further, leading our risk-adjusted capital (RAC) ratio to sustainably rise above 15%, while at the same time we consider capital to be fungible within the sector to support weaker capitalized primary banks if needed.

Downside scenario: While a fairly remote prospect, over time we could lower our ratings on the sector's core members, including Apobank, if its market position deteriorates materially, weakening its revenue pool and risk-adjusted profitability, or if competitive pressure leads to material signs of increasing risk appetite. We could also consider a negative rating action if, contrary to our base-case expectations, we observe significant weakening of Apobank's strategic importance to the sector, leading us to change our view of its core group status. However, we currently see this scenario as highly unlikely.

Ratings Score Snapshot

Issuer Credit Rating: A+/Stable/A-1

Stand-alone credit profile: bbb

- Anchor: bbb+
- Business Position: Adequate (0)
- Capital and Earnings: Adequate (0)
- Risk Position: Moderate (-1)
- Funding and Liquidity: Adequate/Adequate (0)
- Comparable Rating Analysis: 0

Support: +4

- ALAC Support: 0
- GRE Support: 0
- Group Support: +4
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

DZ HYP AG

Primary analyst: Harm Semder

Our affirmation of DZ HYP AG reflects that our ratings on the bank move in tandem with those on other core members of the Cooperative Banking Sector Germany. This reflects our expectation that DZ HYP would receive extraordinary group support from the sector under any foreseeable circumstances. Similarly, our assessment of DZ HYP's 'bbb-' SACP is unchanged, reflecting DZ HYP's demonstrated resilience against difficult markets and our view that ultimately the Cooperative Banking Sector Germany would shelter DZ HYP if unexpected major asset quality or capital problems were to emerge.

Outlook

Our stable outlook on DZ HYP mirrors the stable outlook on the Cooperative Banking Sector and its horizon over the next two years, and our expectation that DZ HYP will remain a core member of the group for the foreseeable future.

Upside scenario: We could raise the ratings if we conclude that structural challenges in German retail and SME banking have eased such that we would revised upward the anchor for domestic banks to 'a-', or if we believe the sector masters the competitive environment better than peers.

This would require material progress in digital banking products and addressing structural weaknesses, such as weak cost efficiency and modest profitability.

We could also consider a higher rating if the consolidated capitalization of the sector improves further, leading our risk-adjusted capital (RAC) ratio to sustainably rise above 15%, while at the same time we consider capital to be fungible within the sector to support weaker-capitalized primary banks if needed.

Downside scenario: While a fairly remote prospect, over time we could lower our ratings on the sector's core members, including DZ HYP, if its market position deteriorates materially, weakening its revenue pool and risk-adjusted profitability, or if competitive pressure leads to material signs of increasing risk appetite. We could also consider a negative rating action if, contrary to our base-case expectations, we observe significant weakening of DZ HYP's strategic importance to the sector, leading us to change our view of its core group status. However, we currently see this scenario as highly unlikely.

Ratings Score Snapshot

Issuer Credit Rating: A+/Stable/A-1

Stand-alone credit profile: bbb-

- Anchor: bbb+
- Business Position: Moderate (-1)
- Capital and Earnings: Moderate (-1)
- Risk Position: Adequate (0)
- Funding and Liquidity: Adequate/Adequate (0)
- Comparable Rating Analysis: 0

Support: +5

- ALAC Support: 0
- GRE Support: 0
- Group Support: +5
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

S-Finanzgruppe Hessen-Thueringen / Landesbank Hessen-Thueringen Girozentrale

Primary analyst: Harm Semder

We affirmed our ratings on core members of S-Finanzgruppe Hessen-Thueringen (SFHT) including Landesbank Hesse-Thueringen (Helaba) and local savings banks. The ratings reflect the group's solid aggregate business position, supported by the savings banks' dominant position in regional retail banking in two German states and a risk-averse relationship-based business approach by its central institution Helaba and by its more wholesale-oriented businesses. This is balanced by a relatively high cost base and the sensitivity of the savings banks to ongoing margin pressure in a sustained negative interest rate environment and the structural challenges in Germany, particularly from increasing competition from digital players in standard banking services.

Outlook

Our stable outlook on SFHT's core members reflects our view that over the next two years the group will successfully defend the solid retail market position of the member savings banks in two German states, capitalization will remain robust, and the group will improve its cost efficiency and digitalization.

Upside scenario: An upgrade would depend on improvement in the industry risk of the German banking industry, or SFHT demonstrating enhanced profitability amid a difficult operating environment and franchise breadth or sustainably very strong capitalization.

Downside scenario: While a more remote prospect, we could lower our ratings on SFHT's core members if its profitability were to erode more materially than we anticipate, such that the group's preprovision earnings do not cover its normalized credit losses. A downgrade could also follow if unexpectedly high losses from Helaba's sizable exposure to more cyclical and concentrated lending emerge, or there is a material delay in the group's planned cost and digitalization initiatives.

Ratings Score Snapshot

Issuer Credit Rating: A-/Stable/A-2

- Anchor: bbb+
- Business Position: Adequate (0)
- Capital and Earnings: Strong (+1)
- Risk Position: Adequate (0)
- Funding and Liquidity: Adequate/Adequate (0)
- Comparable Rating Analysis: 0

Support: 0

- ALAC Support: 0
- GRE Support: 0
- Group Support: 0
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

DekaBank Deutsche Girozentrale

Primary analyst: Benjamin Heinrich

We affirmed our ratings on DekaBank Deutsche Girozentrale. The ratings continue to rest on its importance and integration to the German savings banks, which are DekaBank's sole owner, and we expect them to serve as the principal source of extraordinary support in times of stress in the unlikely event this were needed. Unless we revise our view of the integral role of DekaBank to its owners, in particular, or the prospects that it would receive support in case of need, our ratings will move in tandem with our group credit profile (GCP) on the German savings banks association (DSGV) of 'a'.

Outlook

The stable outlook on DekaBank reflects our view that the German savings banks--which own 100% of DekaBank--are well placed to withstand the ongoing effects of the COVID-19 pandemic over the next two years. The outlook also reflects our assumption that a material shift in DekaBank's strategy following its integration with the German savings banks is unlikely.

Downside scenario: Although it is a remote prospect, we could lower our ratings on DekaBank if the German savings banks' competitiveness and profitability were to erode more materially than we anticipate, preventing the group from covering its normalized credit losses, or if payouts to the savings banks' public-sector backers were to increase substantially and weaken the group's aggregate capitalization. We could also take a negative rating action if the savings banks deprioritized their sales of DekaBank's products over a prolonged period.

Upside scenario: An upgrade would require the German savings banks to strengthen their competitive position, franchise, and profitability. The improvement in competitive position could materialize if the fee-based businesses made stronger earnings contributions, or if the sector's central banks and product providers provided a more unified offering. Although less likely, an upgrade could also follow if we see the savings banks building very strong and sustainable capitalization.

Ratings Score Snapshot

Issuer Credit Rating: A/Stable/A-1

Stand-alone credit profile: bbb

- Anchor: bbb+
- Business Position: Moderate (-1)
- Capital and Earnings: Strong (+1)
- Risk Position: Moderate (-1)
- Funding and Liquidity: Adequate and adequate (0)
- Comparable Rating Analysis: 0

Support: +3

- ALAC Support: 0
- GRE Support: 0
- Group Support: +3
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

Deutsche Bank AG

Primary analyst: Richard Barnes

We affirmed our ratings on Deutsche Bank AG and related entities. The ratings reflect the bank's diversified franchise, improving performance and strategic execution, and solid capital and liquidity profiles. We additionally take account of its ongoing restructuring process, its inherent complexity, and challenges posed by the COVID-19 pandemic.

Outlook

The stable outlook reflects our view that Deutsche Bank is set to maintain its improved strategic focus and execution. We expect that the bank's 2022 earnings will strengthen meaningfully, which would narrow the performance gap to peers and improve its resilience to unexpected stresses. We also assume the maintenance of sound capital and liquidity buffers, in line with management guidance.

Upside scenario: We could consider raising the ratings over our two-year outlook horizon if Deutsche Bank continues to deliver on its strategy and positions its creditworthiness closer to peers with 'bbb+' group stand-alone credit profiles or 'A' issuer credit ratings. In particular, we would look for evidence that the bank is set to sustain stronger, more consistent earnings, and has a clear plan to move on from its transformation program to a more business-as-usual approach. We would also take account of divisional earnings and whether the investment bank's outsize contribution to current group profitability is likely to be balanced by stronger performances from the private bank and corporate bank in particular.

Downside scenario: We could lower the ratings if the bank fails to complete its transformation plan and deliver stronger earnings, resulting in further upheaval of the business and operating models.

Ratings Score Snapshot

Issuer Credit Rating: A-/Stable/A-2

Stand-alone credit profile: bbb

- Anchor: bbb+
- Business Position: Adequate (0)
- Capital and Earnings: Adequate (0)
- Risk Position: Moderate (-1)

- Funding and Liquidity: Adequate and adequate (0)
- Comparable Rating Analysis: 0

Support: +2

- ALAC Support: +2
- GRE Support: 0
- Group Support: 0
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-3

Commerzbank AG

Primary analyst: Benjamin Heinrich

We affirmed our ratings on Commerzbank. The ratings continue to reflect its sound market position in domestic small and midsize corporate banking, sound capital buffers, and a healthy balance sheet. It also considers its main rating constraint of structurally weak profitability and our view of material challenges for the management to restructure Commerzbank toward a sustainable long-term business model. We also add one notch of uplift to arrive at the long-term issuer credit rating (ICR) of 'BBB+' to reflect the bank's sizeable amounts of additional loss-absorbing capacity (ALAC) of senior non-preferred and Tier 2 instruments above our 3% threshold.

Outlook

The negative outlook reflects the significant challenges management faces in the next two years to return to more solid and sustainable profitability amid weak operating conditions.

Downside scenario: We could lower our ratings if we observe a material setback in the bank's transformation, for example because of a significant delay in anticipated cost savings or increasing uncertainty over whether Commerzbank can widely preserve its revenue base during the restructuring process. While less likely, a downgrade could follow if asset quality was to develop materially weaker than we anticipate.

Upside scenario: We could revise our outlook to stable if we saw tangible progress in the restructuring process. This would require improved structural profitability and reduced execution risk. We could also revise the outlook to stable if we were to believe that the bank will sustainably hold a larger ALAC buffer than we currently project, exceeding our 6% threshold for two notches.

Ratings Score Snapshot

Issuer Credit Rating: BBB+/Negative/A-2

Stand-alone credit profile: bbb

- Anchor: bbb+

- Business Position: Moderate (-1)
- Capital and Earnings: Adequate (0)
- Risk Position: Adequate (0)
- Funding and Liquidity: Adequate and adequate (0)
- Comparable Rating Analysis: 0

Support: +1

- ALAC Support: +1
- GRE Support: 0
- Group Support: 0
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

UniCredit Bank AG

Primary analyst: Heiko Verhaag

We affirmed our ratings on UniCredit Bank AG. The ratings continue to reflect the bank's solid market position in domestic corporate banking and to a lesser extent in SME and retail banking. However, tail risk from strategic, financial, and operational interaction with the lower-rated parent UniCredit Group results in downside risk to our capital projection and continues to weigh on the rating.

We reflect this risk in an adequate capital and earnings assessment, despite an expected RAC ratio of 11%-12% in our base case.

Outlook

The negative outlook continues to reflect some uncertainties around the resolution approach for UniCredit Group, and the related mixed implications for UniCredit Bank AG. Within the next 12-24 months, we expect the strategy to become clearer and that the bank will take material steps to implement it.

Downside scenario: If we conclude that the preferred resolution approach for UniCredit Group envisages a unified, single process involving all subsidiaries, this would alter our current view that the stronger subsidiaries would have meaningfully different prospects from those of the weaker parent. As a result, we would no longer rate UniCredit Bank AG above the parent, and would lower our ratings on the bank by one notch to the level of the UniCredit 'bbb' GCP, all else being equal.

Upside scenario: We would revise the outlook to stable if it was clear that the current setup will persist, whereby UniCredit Bank AG could be resolved separately from its parent.

We could also revise the outlook to stable if we were to upgrade UniCredit SpA.

Ratings Score Snapshot

Issuer Credit Rating: BBB+/Negative/A-2

Stand-alone credit profile: bbb+

- Anchor: bbb+
- Business Position: Adequate (0)
- Capital and Earnings: Adequate (0)
- Risk Position: Adequate (0)
- Funding and Liquidity: Adequate and adequate (0)
- Comparable Rating Analysis: 0

Support: 0

- ALAC Support: 0
- GRE Support: 0
- Group Support: 0
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

Volkswagen Bank GmbH

Primary analyst: Heiko Verhaag

We have affirmed our ratings on Volkswagen Bank GmbH. The ratings continue to reflect its core strategic business purpose of promoting the sales of Volkswagen AG, including supporting VW dealers and fostering stronger customer relationships.

Although we generally view VW Bank's default risk as closely tied to that of its parent, we believe its current reorganizational setup ensures regulatory restrictions regarding liquidity, capital, and funding that could prevent the subsidiary from supporting the group. Therefore, we believe that it would be operationally and financially resilient, even in times of parental stress.

Outlook

Our stable outlook indicates our expectations that the bank will maintain fairly steady financial performance over the next two years and very strong capitalization, while continuing to play an important role in Volkswagen's financing solutions.

Upside scenario: We would consider an upgrade if an improving credit profile of the parent would indicate stronger capacity to provide extraordinary support to VW Bank if needed.

While more remote, we could also consider an upgrade if VW Bank manages to improve its business stability through further diversification or to materially improve its risk-adjusted profitability through more efficient operations.

Downside scenario: We consider a downgrade a remote scenario as long as its parent Volkswagen maintains its credit strengths. We would only consider downgrading VW Bank if we observed that its strategic relevance to the group, expressed in its core group status, was weakening, along with its stand-alone creditworthiness. A negative rating action on the parent alone would likely not lead to a downgrade of the bank, reflecting our assessment of it as an insulated entity.

Ratings Score Snapshot

Issuer Credit Rating: BBB+/Stable/A-2

Stand-alone credit profile: bbb+

- Anchor: bbb+
- Business Position: Constrained (-2)
- Capital and Earnings: Very strong (+2)
- Risk Position: Adequate (0)
- Funding and Liquidity: Adequate and adequate (0)
- Comparable Rating Analysis: 0

Support: 0

- ALAC Support: 0
- GRE Support: 0
- Group Support: 0
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

Deutsche Pfandbriefbank AG

Primary analyst: Michal Selbka

We affirmed our ratings on Deutsche Pfandbriefbank AG (pbb). The ratings reflect the monoline business model with concentration in commercial real estate (CRE) financing. Our assessment is supported by the high level of collateralization of pbb's lending and the high portion of ALAC on top of the meaningful capital buffers, protecting senior preferred investors of the bank. We believe that sound underwriting standards should support pbb's portfolio quality at least in the short-to-medium term, before the longer-term effects of the pandemic on some more vulnerable CRE segments or locations become more visible.

Outlook

The negative outlook reflects uncertainty around the regulator's stance toward pbb's resolution strategy and whether this would reliably support full and timely payment for all senior preferred creditors. This could lead us to reduce or remove the bank's ALAC uplift within the next 12 months.

Downside scenario: We would likely lower the 'BBB+' long-term issuer credit rating and withdraw the 'A-/A-2' resolution counterparty ratings if we were to conclude that pbb would not undergo a well-defined bail-in-led resolution that would ensure the full and timely payment on the bank's senior preferred obligations. This would not affect our issue ratings on the bank's senior nonpreferred and other hybrid capital instruments, because they are notched with reference to our 'bbb-' assessment of pbb's SACP.

Although a remote possibility, we could downgrade pbb following a negative revision in our capital projection, for example, because impairments appear likely to bring the bank's RAC ratio below the 10% threshold.

Upside scenario: A revision of the outlook to stable would follow if we conclude that the resolution strategy for pbb would likely ensure full and timely payment on the bank's senior preferred obligations. A stable outlook would also depend on pbb maintaining its existing high ALAC buffer comfortably above our 6% threshold. We would also need to be convinced that pbb will sustainably maintain a favorable capital position and asset quality.

Ratings Score Snapshot

Issuer Credit Rating: BBB+/Negative/A-2

Stand-alone credit profile: bbb-

- Anchor: bbb+
- Business Position: Constrained (-2)
- Capital and Earnings: Strong (+1)
- Risk Position: Moderate (-1)
- Funding and Liquidity: Adequate and adequate (0)
- Comparable Rating Analysis: 0

Support: +2

- ALAC Support: +2
- GRE Support: 0
- Group Support: 0
- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

Hamburg Commercial Bank AG

Primary analyst: Heiko Verhaag

We affirmed our ratings on Hamburg Commercial Bank. We expect to have more clarity on the regulator's stance toward midsize banks like HCOB and the potential role of subordinated MREL buffers in a resolution scenario over the next 12 months.

While HCOB holds large buffers of subordinated MREL instruments that would support a two-notch ALAC uplift, we are uncertain that the resolution strategy would reliably support full and timely payment for all senior preferred creditors and only assign a one-notch uplift.

We continue to expect that the bank's capitalization will remain very strong over the coming two years, and that the bank will finalize its transformation and consider options to deploy the excess capital.

Outlook

Our developing outlook reflects the uncertainty around the regulator's stance toward HCOB. We expect to update our view on the eligibility of ALAC uplift for HCOB over the next 12 months. Should we remove the ALAC uplift, we could still affirm the current issuer credit ratings if we observe further improvements in the bank's efficiency and further progress in the development of its currently moderate funding profile.

Downside scenario: We could lower the 'BBB/A-2' issuer credit ratings and withdraw the 'BBB+/A-2' resolution counterparty ratings if we conclude that HCOB would not be targeted for a well-defined bail-in-led resolution that would ensure the full and timely payment on the bank's senior preferred obligations and we see no compensating improvement in our 'bbb-' assessment of HCOB's SACP.

Although a far less likely prospect, we could revise downward the stand-alone credit profile (SACP) and lower all the ratings if HCOB's very strong capitalization deteriorates faster and more significantly than we currently expect.

Upside scenario: We would consider an upgrade should we conclude that the resolution strategy for HCOB would likely ensure full and timely payment on the bank's senior preferred obligations. This also would depend on HCOB maintaining its existing high ALAC buffer to support a two-notch uplift.

Ratings Score Snapshot

Issuer Credit Rating: BBB/Developing/A-2

Stand-alone credit profile: bbb-

- Anchor: bbb+
- Business Position: Constrained (-2)
- Capital and Earnings: Very strong (+2)
- Risk Position: Moderate (-1)
- Funding and Liquidity: Moderate and adequate (-1)
- Comparable Rating Analysis: 0

Support: +1

- ALAC Support: +1
- GRE Support: 0
- Group Support: 0

- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

Wuestenrot Bausparkasse AG

Primary analyst: Harm Semder

We affirmed our ratings on Wuestenrot Bausparkasse AG (WBSK)as a core member of diversified bank insurance group Wuestenrot & Wuerttembergische (W&W). WBSK's 'bbb' SACP remains unchanged, reflecting our expectation that WBSK will maintain its prudent approach to the domestic real estate lending market, despite its narrow business focus making it at relatively more vulnerable to unexpected adverse economic scenarios.

Our assessment of the wider W&W group combines our views on both the insurance and the banking subgroups. Our view of W&W's business risk profile reflects the group's unique bancassurance structure and dual-brand strategy based on its strong and diverse tied-agent network. Furthermore, we believe the W&W group continues to benefit from strong capital adequacy levels, backed by solid retained earnings mainly thanks to the solid performance of property/casualty (P/C) insurance.

Outlook

Our outlook on building-savings bank WBSK is stable on a 24-month horizon because we consider that solid earnings contribution from W&W's stronger insurance subgroup will continue to support W&W's aggregate creditworthiness, which we assess at 'a-'. We see WBSK's main bank product as particularly vulnerable to prolonged period of low interest rates, owing to the Bauspar product's option-like features and difficulty to market it in an difficult market environment.

Ratings Score Snapshot

Issuer Credit Rating: A-/Stable/A-1

Stand-alone credit profile: bbb

- Anchor: bbb+
- Business Position: Moderate (-1)
- Capital and Earnings: Strong (+1)
- Risk Position: Moderate (-1)
- Funding and Liquidity: Adequate/Adequate (0)
- Comparable Rating Analysis: 0

Support: +2

- ALAC Support: 0
- GRE Support: 0
- Group Support: +2

- Sovereign Support: 0

ESG Credit Indicators E-2 S-2 G-2

KfW IPEX-Bank GmbH

Primary Analyst: Lukas Freund

We affirmed our ratings on KfW IPEX-GmbH, reflecting its integration into the KfW Group and the support by its ultimate owner, the German government. We believe that the bank continues to benefit from KfW in terms of funding and liquidity and that the entity will also be an important building block of Germany's export strategy in the future, providing exposure guarantees together with export credit agencies and other sovereign-related entities worldwide.

Outlook

The stable outlook on Germany-based IPEX reflects our expectation that the bank's ownership structure and its sole owner KfW's strong commitment to the bank will keep IPEX's business profile unchanged over the next two years. Moreover, we believe that the likelihood of timely and sufficient support for IPEX from the German government will remain extremely high over the same period.

Considering our assessment of an extremely high likelihood of support by Germany (AAA/Stable/A-1+), we do not anticipate that potential moderate movements in the bank's SACP would affect the ratings.

Downside scenario: We could downgrade IPEX if we considered that support from Germany through KfW was weakening, and that IPEX had no alternative forms of support. We do not anticipate that this will occur, however. We could consider a negative rating action if, for example, any EU regulatory initiatives were to introduce meaningful barriers to extraordinary government support for IPEX, but we do not see any at present.

Upside scenario: We consider any further positive rating action unlikely at this stage, absent an unexpected increase in IPEX's role for the German government or any substantial strengthening of IPEX's SACP.

Ratings Score Snapshot

Issuer Credit Rating: AA+/Stable/A-1+

Stand-alone credit profile: bbb+

- Anchor: bbb+
- Business Position: Moderate (-1)
- Capital and Earnings: Strong (+1)
- Risk Position: Moderate (-1)
- Funding and Liquidity: Strong/Strong (+1)
- Comparable Rating Analysis: 0

Support: +6

- ALAC Support: 0
- GRE Support: +6
- Group Support: 0
- Sovereign Support: 0

Related Criteria

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
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Ratings List

*** * * * * * * * * * * * * * * Commerzbank AG * * * * * * * * * * * * * * ***		
Ratings Affirmed		
Commerzbank AG		
Issuer Credit Rating	BBB+/Negative/A-2	
Resolution Counterparty Rating	A-/--/A-2	
*** * * * * * * * * * Cooperative Banking Sector Germany * * * * * * * * * ***		
Ratings Affirmed		
Ratings Affirmed		
Cooperative Banking Sector Germany		
Deutsche Apotheker- und Aerztebank eG		
DZ HYP AG		
DZ BANK AG Deutsche Zentral-Genossenschaftsbank		
Issuer Credit Rating	A+/Stable/A-1	
Upgraded		
	To	**From**
DZ BANK AG Deutsche Zentral-Genossenschaftsbank		
Junior Subordinated	BBB	BBB-
*** * * * * * * * * * * * * * * Deutsche Bank AG * * * * * * * * * * * * * * ***		
Ratings Affirmed		
Deutsche Bank AG		
Issuer Credit Rating	A-/Stable/A-2	
Turkey National Scale	trAAA/--/trA-1+	
Resolution Counterparty Rating	A/--/A-1	
*** * * * * * * * * * * * Deutsche Pfandbriefbank AG * * * * * * * * * * * ***		
Ratings Affirmed		
Deutsche Pfandbriefbank AG		
Issuer Credit Rating	BBB+/Negative/A-2	
Resolution Counterparty Rating	A-/--/A-2	
*** Deutscher Sparkassen- und Giroverband e.V.* * * * * * * * * * * * * * * * * * * ***		
Ratings Affirmed		
DekaBank Deutsche Girozentrale		
Issuer Credit Rating	A/Stable/A-1	

* * * * * * * * * * * S-Finanzgruppe Hessen-Thueringen * * * * * * * * * *
Ratings Affirmed
Frankfurter Sparkasse
Wartburg-Sparkasse
Taunus-Sparkasse
Staedtische Sparkasse Offenbach am Main
Stadtsparkasse Schwalmstadt
Stadtsparkasse Grebenstein
Stadtsparkasse Borken
Stadt- und Kreis-Sparkasse Darmstadt
Sparkasse Wetzlar
Sparkasse Werra-Meissner
Sparkasse Waldeck-Frankenberg
Sparkasse Unstrut-Hainich
Sparkasse Starkenburg
Sparkasse Sonneberg
Sparkasse Rhoen-Rennsteig
Sparkasse Odenwaldkreis
Sparkasse Oberhessen
Sparkasse Mittelthueringen
Sparkasse Marburg-Biedenkopf
Sparkasse Laubach-Hungen
Sparkasse Langen-Seligenstadt
Sparkasse Jena-Saale-Holzland
Sparkasse Hanau
Sparkasse Gruenberg
Sparkasse Giessen
Sparkasse Gera-Greiz
Sparkasse Fulda
Sparkasse Dillenburg
Sparkasse Dieburg
Sparkasse Bensheim
Sparkasse Battenberg
Sparkasse Bad Hersfeld-Rotenburg
Sparkasse Arnstadt-Ilmenau
Sparkasse Altenburger Land
Nassauische Sparkasse
Landesbank Hessen-Thueringen Girozentrale

Kyffhaeusersparkasse	
Kreissparkasse Weilburg	
Kreissparkasse Schwalm-Eder	
Kreissparkasse Schluechtern	
Kreissparkasse Saalfeld-Rudolstadt	
Kreissparkasse Saale-Orla	
Kreissparkasse Nordhausen	
Kreissparkasse Limburg	
Kreissparkasse Hildburghausen	
Kreissparkasse Gross-Gerau	
Kreissparkasse Gotha	
Kreissparkasse Gelnhausen	
Kreissparkasse Eichsfeld	
Kasseler Sparkasse	
Issuer Credit Rating	A-/Stable/A-2
*** * * * * * * * * * * * Hamburg Commercial Bank AG * * * * * * * * * * * ***	
Ratings Affirmed	
Hamburg Commercial Bank AG	
Issuer Credit Rating	BBB/Developing/A-2
Resolution Counterparty Rating	BBB+/--/A-2
*** * * * * * * * * * * * * * * * * * KfW * * * * * * * * * * * * * * * * * ***	
Ratings Affirmed	
KfW IPEX-Bank GmbH	
Issuer Credit Rating	AA+/Stable/A-1+
*** * * * * * * * * * * * * * * UniCredit SpA * * * * * * * * * * * * * * ***	
Ratings Affirmed	
UniCredit Bank AG	
Issuer Credit Rating	BBB+/Negative/A-2
Resolution Counterparty Rating	A-/--/A-2
*** * * * * * * * * * * * * * * Volkswagen AG * * * * * * * * * * * * * * ***	
Ratings Affirmed	
Volkswagen Bank GmbH	
Volkswagen Financial Services AG	
Issuer Credit Rating	BBB+/Stable/A-2
Volkswagen Finans Sverige AB	
Issuer Credit Rating	
Nordic Regional Scale	--/--/K-1

*** * * * * * * * * * Wuestenrot & Wuerttembergische AG * * * * * * * * * ***

Ratings Affirmed	
Wuestenrot Bausparkasse AG	
Issuer Credit Rating	A-/Stable/A-1

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