

Transaction Update:

DZ HYP AG (Mortgage Covered Bond Program)

February 13, 2026

Reference rating level	aa	Jurisdiction-supported rating level	aaa	Maximum achievable CB rating	aaa	Covered bond rating	
Resolution regime uplift	+2	Assigned jurisdictional support uplift	+2	Assigned collateral support uplift	0	AAA/Stable/A-1+	
Systemic importance	Very Strong	Jurisdictional support assessment	Very Strong	Over-collateralization adjustment	0	Rating constraints	aaa
Resolution counterparty rating	N/A			Liquidity adjustment	0	Sovereign risk	aaa
Issuer credit rating	A+			Potential collateral-based uplift	+4	Counterparty risk	aaa

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Credit Highlights

Key strengths

The high issuer credit rating (ICR) on DZ HYP AG (DZ HYP) allows for 'AAA' ratings based on the jurisdiction-supported rating level (JRL) and the coverage of the legal minimum overcollateralization (2%).

The required overcollateralization equivalent to the regulatory minimum, the mitigation of short-term refinancing risk, and an available overcollateralization above the target credit enhancement (TCE) allow for four notches of collateral uplift.

The program benefits from five unused notches of ratings uplift comprising one notch of jurisdictional support and four notches of collateral-based support that would protect the covered bond ratings if we were to lower the long-term ICR on DZ HYP.

The program's asset-liability profile is well matched, considering both maturity and interest rate profiles.

The application of our updated covered bonds criteria allows the covered bonds to achieve 'AAA' ratings based on the JRL and the coverage of the legal minimum overcollateralization (2%). This is below the required 6.3% coverage of 'AAA' credit risk in our previous analysis (see "[Methodology For Rating Covered Bonds](#)," July 25, 2025).

Our updated covered bonds criteria had limited impact on our assessment of 'AAA' credit risk and TCE. Our collateral support analysis is based on stratified cover pool data as of Sept. 30, 2025, and asset-liability cash flow projections as of Dec. 31, 2025. Compared to our previous

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review, the cover pool notional amount, the volume of outstanding covered bonds, the cover pool's composition and our credit metrics remained broadly stable. Given the well-matched asset-liability maturity profile, the application of lower target and base-case asset spreads did not impact the TCE. At the same time the removal of spread compression and commingling risk stresses, benefited both metrics. The benefit is partially offset by a lower excess spread in the program.

The program benefits from five unused notches of ratings uplift. We derive the starting point of our analysis from the long-term ICR on [DZ HYP](#) (A+/ Stable/A-1). The unused notches of ratings uplift protect the covered bond ratings if we were to lower the ICR on DZ HYP.

The economic risk trend for Germany's banking sector is stable. After three years of near-zero growth, we project a real GDP increase of 1.1% in 2026 and 1.6% in 2027, which could be supported by additional investments in infrastructure and defense production. This forecast is balanced against a backdrop of high geopolitical uncertainty and Germany's vulnerability to tariff impacts. Additionally, a key structural risk to Germany's long-term economic outlook includes an aging population, which is more pronounced than in most European countries and will therefore likely exacerbate skilled labor shortages and strain social security systems. Our stable economic risk trend signals our expectation that, in addition to Germany's economic resilience, robust corporate balance sheets and capital buffers provide meaningful stability to German banks. Our economic risk assessment reflects the country's wealth and its ability to absorb large economic shocks and to adapt to structural challenges. Accordingly, our base-case scenario considers that German banks can navigate through risks to the country's export-led economic model, higher trade sensitivities, and an aging population (see "[Banking Industry Country Risk Assessment: Germany](#)", Sept. 19, 2025).

Our trend for banking industry risks in Germany is stable. This reflects that German banks will likely remain behind peers in terms of structural profitability, despite materially improved earnings. We expect high competition to continue to weigh on the sector's longer-term profitability. We believe German banks operate in a highly competitive and structurally overbanked market and consider weaknesses in revenue diversification and digitalization while maintaining an outstanding strength in funding from deposits and covered bonds.

Outlook

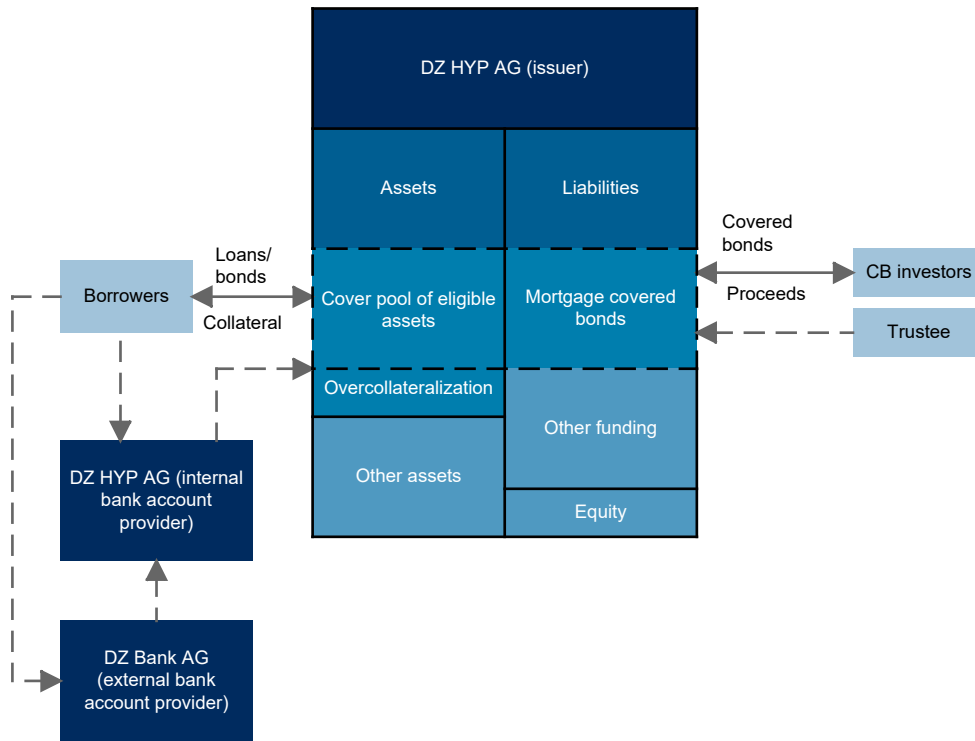
The stable outlook on [DZ HYP](#)'s mortgage covered bonds ("Hypothekendarlehenbriefe") reflects the cushion of five unused notches--comprising one notch of jurisdictional support and four notches of collateral-based support--that would protect the ratings on the covered bonds if we were to lower the long-term ICR on DZ HYP.

Program Description

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. Its core activities are in commercial and residential real estate, and to a lesser extent public sector lending.

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. Covered bond investors have recourse to DZ HYP and to a portfolio of mortgage and substitute assets assigned to the cover pool as collateral.

Program structure



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Table 1

Program overview*

Jurisdiction	Germany
Legal framework	German Covered Bond Act
Redemption profile	Hard bullet, extendable by up to 12 months subject to certain conditions
Underlying assets	Commercial mortgages, residential mortgages, substitute assets and cash
Outstanding covered bonds (bil. €)	35.06
Available credit enhancement (%)	18.07
Credit enhancement commensurate with current rating (%)	2.00
Legal overcollateralization (%)	2.00
Number of unused notches	5

*As of Dec. 31, 2025

Table 2

Program participants

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

Our quarterly surveillance reports for this cover pool can be found [here](#).

Rating Analysis

Legal and regulatory risks

We base our analysis of legal risk on our "[Asset Isolation And Special-Purpose Entity Methodology](#)," published on May 29, 2025.

The German Covered Bond Act (Pfandbriefgesetz; "PfandBG") and the relevant secondary legislation provide the legal framework for the issuance of German covered bonds ("Pfandbriefe"). We consider that the German covered bond legal framework satisfies the relevant legal aspects of our covered bonds criteria, specifically the cover pool assets' isolation from the risk of an issuer's bankruptcy or insolvency, so that covered bond payments continue on their scheduled dates (see "[Methodology For Rating Covered Bonds](#)," July 25, 2025). This allows us to rate the covered bonds above the long-term ICR on DZ HYP.

Covered bond investors have a preferential claim to a cover pool of assets which, for mortgage covered bonds, may comprise exposure to properties and rights equivalent to real property located in a member state of the EU/European Economic Area, the United Kingdom of Great Britain and Northern Ireland, Switzerland, Canada, the U.S., Japan, Australia, New Zealand, or Singapore. Mortgages can be used to cover only up to the first 60% of the property's mortgage lending value, as estimated in accordance with the Covered Bond Act. The cover pool can also include substitute assets including public-sector exposures, bank claims and derivatives, subject to the specific eligibility requirements under the German Covered Bond Act.

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

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.

The cover pool administrator can extend all outstanding covered bonds' maturity, subject to certain conditions, including avoiding imminent insolvency of the ringfenced covered bonds, confirming it is not overindebted, and having no reason to believe it will not be solvent when the extension period ends. In addition, the extension cannot affect the covered bond investors' ranking or invert the sequencing of the covered bond programs' original maturities.

Resolution regime analysis

DZ HYP AG (Mortgage Covered Bond Program)

Our analysis considers whether the applicable resolution regime in Germany increases the likelihood that the issuer will continue servicing its covered bonds even following a default on its senior unsecured obligations.

DZ HYP is domiciled in Germany, which is subject to the EU's Bank Recovery and Resolution Directive. We assess the systemic importance of German mortgage covered bonds as very strong. Under our covered bonds criteria, we determine the reference rating level (RRL) as the greater of (i) two notches above the long-term ICR; and (ii) the resolution counterparty rating (RCR) on the issuing bank, where applicable. Given the 'A+' long-term ICR on DZ HYP and absent an assigned RCR, the RRL is 'aa'.

Jurisdictional support analysis

Our jurisdictional support analysis assesses the likelihood that a covered bond program facing stress would receive support from a government-sponsored initiative instead of from the liquidation of collateral assets in the open market. For banks in countries that are member of a monetary union, we also consider support from supranational entities such as the European Central Bank in the eurozone. Our assessment of the expected jurisdictional support for German mortgage covered bonds is very strong, resulting in a jurisdictional support uplift from the RRL of 'aa' up to three notches. DZ HYP's covered bonds use two notches to achieve a 'aaa' JRL, resulting in one unused notch of jurisdictional support.

The cover pool is granular without major asset concentration and specific risk factors. The covered bonds achieve 'AAA' ratings based on the JRL and the coverage of the legal minimum overcollateralization (2%).

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 on the issuer. DZ HYP voluntarily maintains overcollateralization levels that exceed both the legal minimum requirement and the overcollateralization level, which we deem commensurate with the maximum potential collateral-based uplift of four notches.

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.

Collateral support analysis

While we assign our 'AAA' ratings based on the JRL and the coverage of the legal minimum overcollateralization (2%), we perform a collateral support analysis to determine the number of unused notches. This analysis is based on stratified data as of Sept. 30, 2025, and asset and liability cash flow projections as of Dec. 31, 2025. Since our last review, the cover pool composition has remained stable, comprising predominantly German commercial mortgage loans with a focus on multifamily homes, residential mortgage loans, and substitute assets (see table 3).

Mortgage market overview. German residential real estate prices have fallen roughly 25% in real terms since 2022, although they have stabilized, and new business is recovering. We do not

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foresee a return in mortgage financing volumes to pre-2022 levels due to persistently higher mortgage rates. However, prices are supported by strong structural housing demand, driven by demographic shifts and migration toward larger cities, as well as constrained new supply due to high construction costs. We project a return to substantial nominal growth from this year onward. Overall, we anticipate minimal credit costs and nonperforming loans in German residential mortgage lending also due to overall conservative underwriting. Lenders typically require 20%-30% equity and fixed mortgage rates (10-15 years) to shield existing borrowers from the impact of higher interest rates at refinancing. However, limited loan-to-value (LTV) ratio data and anecdotal evidence of increased leverage during prior low-rate periods pose a risk. Germany's relatively low homeownership rate (below 50% versus the 70% EU average) also concentrates debt, alongside a large, regulated rental market.

After nominal prices for commercial real estate (CRE) fell by about 18% in 2022 and 2023, they stabilized at materially lower levels, however, based on low transaction volumes. This reflects ongoing differing price expectations and could pose downside risks if broad-based forced sales occur at steep discounts. Particularly, non-prime offices and those with low energy efficiency, along with the retail sector, continue to face challenges (see "[Banking Industry Country Risk Assessment: Germany](#)," Sept. 19, 2025).

We analyzed the commercial assets based on our covered bonds CRE criteria, the residential mortgage loans based on our global residential loans criteria, and the substitute assets under our public sector criteria (see "Related Criteria").

For the combined portfolio of commercial and residential mortgage assets, our weighted-average foreclosure frequency (WAFF) is 19.53% (previously 19.60%) and weighted-average loss severity (WALS) is 26.92% (previously 26.49%). The combination of the foreclosure frequency and loss severity as the measure of the cover pool's overall credit quality (expected losses: WAFF x WALS) has marginally increased to 5.26% (5.19% previously), due to higher loss assumptions for the commercial loans.

The composition of the CRE subpool has remained stable. Multifamily housing represents the largest property type with about 45.8% of commercial mortgages, the remaining properties are mainly offices and retail exposures. For the CRE portfolio, our WAFF remained unchanged at 24.89% while the WALS increased to 33.51% (32.55% previously). The higher WALS is mainly due to a slight increase in current whole LTV ratios, albeit from a relatively low level.

Under our CRE criteria, we apply the largest obligor test to address portfolio concentration risk. The result of this test remained stable at 3.6% (3.7% previously).

The residential portfolio is well-seasoned, with low LTV ratio loans. We estimate a residential WAFF of 7.95% (7.62% previously), while the WALS is broadly unchanged at 12.70%. The higher WAFF is mainly due to slightly higher original loan to value ratios. As we receive stratified data on DZ HYP's cover pool, we continue applying our standard €500,000 jumbo valuation limit for the entire residential loan sub-pool.

The cover pool includes 3.5% of substitute assets comprising three obligors, to manage liquidity and overcollateralization requirements. Considering the 'AAA' ratings on these obligors, we assume that these assets are fully available to make payments under the covered bonds.

The below tables summarize the cover pool's composition and key characteristics.

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Table 3

Pool composition

Asset type	As of Sept. 30, 2025		As of Sept. 30, 2024	
	Value (mil. €)	Cover pool (%)	Value (mil. €)	Cover pool (%)
Residential mortgages	12,510.85	30.32	12,234.00	29.56
Commercial mortgages	27,020.06	65.48	27,737.74	67.02
Substitute assets	1,434.00	3.48	1,416.00	3.42
Cash	300.00	0.73	-	-
Total	41,264.90	100	41,387.74	100

Table 4

Key credit metrics

	As of Sept. 30, 2025	As of Sept. 30, 2024
Commercial mortgages		
Balance of loans in arrears (%)	0.00	0.00
Multifamily housing exposures (%)	45.75	44.29
Weighted-average whole LTV ratio (%)	48.85	48.27
Weighted-average current LTV ratio (%)	37.55	37.10
WAFF (%)	24.89	24.88
WALS (%)	33.51	32.55
Residential mortgages		
Weighted-average original LTV (%)	69.09	67.96
Weighted-average current LTV (%)	45.83	45.79
Weighted-average loan seasoning (years)*	6.09	6.00
WAFF (%)	7.95	7.62
WALS (%)	12.70	12.75
Credit analysis results for combined pool		
WAFF (%)	19.53	19.60
WALS (%)	26.92	26.49
'AAA' credit risk (%)	5.18	6.27

*Seasoning refers to the elapsed loan term. LTV--Loan-to-value. WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Table 5

Loan-to-value ratios

	As of Sept. 30, 2025	As of Sept. 30, 2024
WAFF-effective LTV/whole-loan LTV ratios (%)		
Commercial mortgages – whole-loan LTV (%)		
0-40	31.36	32.45
40-60	52.96	52.36
60-80	14.77	14.69

Loan-to-value ratios

	As of Sept. 30, 2025	As of Sept. 30, 2024
WAFF-effective LTV/whole-loan LTV ratios (%)		
80-90	0.87	0.42
90-100	0.01	0.08
Above 100	0.04	0.01
Weighted-average whole loan LTV ratio	48.85	48.27
Residential mortgages - effective LTV (%)		
0-40	7.84	8.22
40-60	29.79	31.24
60-80	43.35	44.26
80-90	9.77	9.02
90-100	7.15	5.52
Above 100	2.11	1.73
Weighted-average effective LTV ratio	69.09	67.96
WALS-current LTV ratios (%)		
Commercial mortgages – indexed cover pool LTV (%)		
0-40	71.24	72.74
40-50	26.40	24.91
50-60	2.36	2.35
Above 60	0.00	0.00
Weighted-average current LTV ratio	37.55	37.10
Residential mortgages - indexed cover pool LTV (%)		
0-40	32.19	31.93
40-50	27.64	28.59
50-60	40.17	39.48
Above 60	0.00	0.00
Weighted-average current LTV ratio	45.83	45.79

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

Table 6

Geographic distribution of loan assets

Borrower location	As of Sept. 30, 2025		As of Sept. 30, 2024	
	German commercial mortgages (%)	German residential mortgages (%)	German commercial mortgages (%)	German residential mortgages (%)
Baden-Wuerttemberg	7.09	9.31	7.13	9.41
Bavaria	13.48	12.23	13.46	11.12
Berlin	14.62	4.38	14.80	4.13
Brandenburg	3.18	2.03	3.14	1.90
Bremen	0.88	0.29	0.89	0.29
Hamburg	6.80	1.10	6.84	1.09
Hesse	12.32	4.74	11.32	4.57
Lower Saxony	5.24	10.38	5.47	10.11

Geographic distribution of loan assets

Borrower location	As of Sept. 30, 2025		As of Sept. 30, 2024	
	German commercial mortgages (%)	German residential mortgages (%)	German commercial mortgages (%)	German residential mortgages (%)
Mecklenburg-Vorpommern	1.80	0.71	1.69	0.76
North Rhine-Westphalia	21.95	44.98	22.53	46.71
Rhineland-Palatinate	1.94	4.18	1.86	4.32
Saarland	0.44	0.15	0.50	0.09
Saxony	4.85	1.18	4.63	1.18
Saxony-Anhalt	1.66	0.45	1.79	0.45
Schleswig-Holstein	2.64	3.74	2.94	3.70
Thuringia	1.10	0.16	1.02	0.16
Total	100	100	100	100

Table 7

Property type distribution (commercial mortgages)

Property type	As of Sept. 30, 2025	As of Sept. 30, 2024
	Commercial mortgages (%)	
Investment properties	93.03	92.86
Office	28.34	28.95
Retail	14.02	14.01
Multi-family housing	45.75	44.29
Industrial	4.10	4.75
Land	0.81	0.87
Operating companies	6.97	7.14
Total	100	100

Table 8

Loan seasoning distribution (residential mortgages)

Loan seasoning (years)	As of Sept. 30, 2025	As of Sept. 30, 2024
	Residential mortgages (%)	
0 and <=5	49.24	50.62
>5 and <=6	7.61	9.18
>6 and <=7	8.52	8.34
>7 and <=8	7.72	7.90
>8 and <=9	7.23	7.46
>9 and <=10	6.72	5.41
>10 years	12.94	11.10
Weighted-average loan seasoning years)	6.09	6.00

DZ HYP AG (Mortgage Covered Bond Program)

The application of our updated covered bonds criteria had a very limited impact on our cash flow results. Considering the well-matched asset-liability maturity profiles, our lower refinancing cost assumptions do not affect the TCE, which we determined as 6.7% slightly up (from 6.4% previously). The increase in TCE results from lower excess spread in the program compared to our last review. Our 'AAA' credit risk reduced to 5.2% (6.3% previously) driven by the removal of the spread compression and commingling risk stress previously applied. The benefit is partially offset by a lower excess spread.

With an available credit enhancement of 18.1% above the TCE, the maximum potential collateral-based uplift above the JRL is four notches. We do not reduce the total collateral-based uplift owing to the availability of at least 180 days of liquidity coverage and the possibility of maturity extension of the covered bonds. Additionally, as 'AAA' ratings are reached based on jurisdictional support with a required overcollateralization equal to the legal minimum, we do not adjust for the lack of an overcollateralization commitment. As a result, the covered bonds benefit from four unused notches of collateral-based uplift.

Table 9

Collateral uplift metrics

	As of Dec. 31, 2025	As of Dec. 31, 2024
Asset WAM (years)	5.58	5.98
Liability WAM (years)	6.41	6.50
Maturity gap (years)	-0.83	-0.52
Available credit enhancement (%)	18.07	19.94
'AAA' credit risk (%)	5.18	6.27
Required credit enhancement for first notch of uplift (%)	5.18	6.30
Required credit enhancement for second notch of uplift (%)	5.18	6.34
Required credit enhancement for third notch of uplift (%)	5.92	6.37
Target credit enhancement for maximum uplift (%)	6.66	6.40
Credit enhancement commensurate with rating (%)	2.00	6.27
Potential collateral-based uplift (notches)	4	4
Adjustment for liquidity (Y/N)	N	N
Adjustment for committed overcollateralization (Y/N)	N	Y
Collateral support uplift (notches)	4	3

WAM--Weighted-average maturity.

Table 10

DZ HYP AG (mortgage covered bonds)

Program name	DZ Hyp AG Deutsche Apotheker und Aerztebank eG		Wuestenrot Bausparkasse AG
Overview			
Jurisdiction	Germany	Germany	Germany
Covered bond type	LCB/Mortgage covered bonds	LCB/Mortgage covered bonds	LCB/Mortgage covered bonds
Outstanding assets (mil. €)	41,094.47	7,595.83	5,419.07
Outstanding covered bonds (mil. €)	35,057.92	3,558.60	4,985.00

DZ HYP AG (Mortgage Covered Bond Program)

DZ HYP AG (mortgage covered bonds)

Program name	DZ Hyp AG Deutsche Apotheker und Aerztebank eG		Wuestenrot Bausparkasse AG
Cover pool composition	Residential: 30.3% Commercial: 65.5% Substitute assets: 3.5% Cash: 0.7%	Residential: 74.5% Commercial: 17.7% Substitute/public finance assets: 7.8%	Residential: 68.4% Commercial: 19.9% Substitute assets: 11.7%
Rating details			
Issuer credit rating	A+	A+	A-
Reference rating level	aa	aa	a+
Jurisdictional-supported rating level	aaa	aaa	aa+
Covered bond rating	AAA	AAA	AAA
Total unused notches	5	5	3
Credit analysis			
Mortgage WAFF (%)	19.53	27.26	19.57
Mortgage WALs (%)	26.92	24.39	20.73
Overcollateralization (OC)			
Available OC (%)	18.07	119.19	23.46
Asset default risk (%)	5.18	4.46	8.05
Target credit enhancement (%)	6.66	4.46	12.90
OC consistent with current rating (%)	2.00	2.00	8.05
Cash-flow analysis as of	Dec. 31, 2025	March 31, 2025	March 31, 2025

OC--Overcollateralization. WAFF--Weighted-average foreclosure frequency. WALs--Weighted-average loss severity. LCB--Legislation-enabled covered bonds.

Counterparty risk

We analyze counterparty risk under our covered bonds criteria. The ratings on the program and related issuances are not constrained by counterparty risk.

DZ HYP is the bank account provider for the covered bond program. While we understand that under the German covered bond law cash collections received post-issuer insolvency will be isolated for the benefit of the covered bondholders, cash collections received pre-issuer insolvency could be exposed to commingling risk if they are not reinvested into cover pool assets or used for covered bond payments.

As part of our analysis of operational and administrative risks, we apply a forward-looking assessment of the issuer's maintenance of credit support. Since rating inception, DZ HYP has maintained overcollateralization levels well above the level required for 'AAA' ratings. We expect DZ HYP to continue maintaining credit support for its covered bonds and therefore currently do not stress commingling risk in our cash flow analysis.

DZ HYP's mortgage covered bonds also rely on bank accounts, which DZ BANK provides. Accounts held at DZ BANK are swept intraday so that there is no overnight exposure. Furthermore, under our covered bonds criteria, when an issuer's RRL is at least 'BBB-', we rely on the issuer's ability to manage the counterparty risk associated with its bank account providers and do not constrain the covered bond rating.

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

Sovereign risk

DZ HYP AG (Mortgage Covered Bond Program)

We analyze sovereign risk under our structured finance sovereign risk criteria (see "[Global Methodology And Assumptions: Assessing Pools Of Residential Loans](#)," Jan. 30, 2019).

This is a multi-jurisdictional pool of loans that mainly contains German commercial and residential mortgage assets. The issuer is located in Germany, which is part of a monetary union, and liquidity risk is covered for 12 months via the potential maturity extensions of the covered bonds. This results in a low sensitivity to refinancing risk, which implies a maximum rating differential of five notches between the covered bonds and the host sovereign.

The multi-jurisdictional treatment for covered bonds under the sovereign risk criteria, including the supplemental tests--largest sovereign test and largest transfer and convertibility test-- results in the rating on the program not being constrained by sovereign default risk.

Environmental, Social, And Governance

Governance factors are now a neutral consideration in our credit analysis of DZ HYP's mortgage covered bonds. The 'AAA' ratings are reached based on jurisdictional support and the required overcollateralization corresponds to the legal minimum. Additionally, we do not adjust the number of notches of potential collateral-based uplift or the number of unused notches of collateral-based uplift due to the lack of an overcollateralization commitment. Furthermore, the bonds' 12 months maturity extension and the provisions of the German covered bond legislation mitigate liquidity risk.

Environmental and social credit considerations are neutral factors in our ratings analysis. DZ HYP provides financing solutions for energy-efficient commercial real estate, enabling the cooperative, municipal, and church-owned housing companies to provide affordable housing. As of Sept. 31, 2025, the cover pool included €10.291 billion loans (26% of the mortgage cover pool) financing green assets, most of them are in Bavaria and North Rhine-Westphalia.

Related Criteria

- [Methodology For Rating Covered Bonds](#), July 25, 2025
- [Asset Isolation And Special-Purpose Entity Methodology](#), May 29, 2025
- [Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement](#), April 4, 2024
- [Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities](#), Dec. 22, 2020,
- [Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions](#), Jan. 30, 2019
- [Global Methodology And Assumptions: Assessing Pools Of Residential Loans](#), Jan. 25, 2019
- [Methodology And Assumptions: Analyzing European Commercial Real Estate Collateral In European Covered Bonds](#), March 31, 2015
- [Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities](#), Dec. 9, 2014
- [Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [S&P Global Ratings Definitions](#), Dec. 16, 2025
- [Global Covered Bond Insights Q1 2026](#), Dec. 11, 2025
- [Covered Bonds Outlook 2026: Rating Trends Broadly Balanced](#), Dec. 2, 2025
- [Banking Industry Country Risk Assessment: Germany](#), Sept. 19, 2025
- [Covered Bonds Primer](#), Sept. 2, 2025
- [DZ HYP AG](#), July 25, 2025
- [European Housing Markets: Strong Demand And Weak Supply Will Keep Prices High](#), July 10, 2025
- [Glossary Of Covered Bond Terms](#), April 27, 2018

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