S&P Global
Ratings

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DZ HYP AG

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DZ HYP AG

SACP	bbb-

Anchor	a-	
Business Position	Moderate	-1
Capital and Earnings	Moderate	-1
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

\+

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

\+

Additional Factors	0

Issuer Credit Rating

AA-/Negative/A-1+

Major Rating Factors

Strengths:	Weaknesses:
• Membership of, and mutual support among core group members of, the German cooperative banking sector and a comprehensive protection scheme • Solid expertise and leading bank in Germany's commercial and residential real estate lending market • Important contribution to the cooperative banking sector's full offering of financial services	• Niche player with limited earnings and business diversification, owing to its niche market position in real estate and public-sector lending • Moderate stand-alone capitalization despite a concentrated and cyclical real estate business, and continued risks from a large legacy sovereign security portfolio

Outlook: Negative

S&P Global Ratings' negative outlook on DZ HYP AG reflects the negative outlook on the Cooperative Banking Sector Germany (Genossenschaftliche FinanzGruppe; entities collectively rated AA-/Negative/A-1+.)

Our negative outlook on DZ HYP indicates the possibility of a downgrade if increasing economic and industry risks put additional pressure on the cooperative banking sector's risk exposures and risk-adjusted profitability in the medium term. The outlook further indicates that we could lower our ratings within the next two years.

More specifically, if we revise our anchor for German banks to 'bbb+' from 'a-', we could lower our 'AA-' issuer credit rating on the cooperative banking sector's core members including DZ HYP, and our related issue ratings on the banks' senior preferred debt, senior subordinated debt, and regulatory capital instruments. We could also lower the ratings if the sector's market position and ability to cover normalized credit losses weakened, its overall risk-adjusted capital (RAC) ratio declined to less than 10%, the sector shifted into higher-risk areas, or underwriting quality loosened.

We could also consider a negative rating action if, contrary to our base-case expectations, DZ HYP's strategic importance to the sector weakened significantly, leading us to change our view of its core group status. However, we see this scenario as highly unlikely.

We could revise our outlook to stable over the next 24 months if we were to see stable economic and industry risk trends for the German banking industry. Moreover, we could revise the outlook to stable if the sector's business model and risk profile remain robust, and the sector displays much higher resilience to a weakening economic cycle than other German banks or similarly rated international peers. We also believe a more holistic strategy and material progress in addressing structural weaknesses, such as cost efficiency and below-average market positions in corporate and private banking, remain pivotal credit factors.

Rationale

Our ratings on DZ HYP move in tandem with those on other core group members of Germany's cooperative banking sector, reflecting our firm expectation that DZ HYP would receive extraordinary group support from its majority owner, DZ Bank AG Deutsche Zentral-Genossenschaftsbank (DZ BANK; AA-/Negative/A-1+), and ultimately the Cooperative Banking Sector Germany under any foreseeable circumstances if needed.

We expect that DZ HYP will maintain its solid real estate lending franchise and management quality. In line with its narrower business focus, we expect DZ HYP to prudently contribute domestic commercial real estate (CRE), residential mortgage financing, and public-sector lending in its specialized function for Germany's Cooperative Banking Sector. We continue to see increasing risks for operating business conditions for core sector members, including DZ HYP, due to the coronavirus pandemic and the global economy's sudden halt, which has led us to revise our GDP forecast for the eurozone markedly in 2020. We expect that this will also affect the German economy and likely lead to rising loan loss provisions for German banks over 2020.

We continue to consider DZ HYP's profitability a key weakness, and we expect it to remain subpar by international standards as indicated, for example, by its increased and about 6% return on equity at year-end 2019. We view the bank's capitalization as weaker than that of peer banks, owing to the relative low RAC ratio, our main measure of capitalization, which we project at about 6.5% for the coming 18-24 months. DZ HYP's tail risk from its concentrated exposure in real estate financing and remaining large stock of legacy investments in sovereign securities in Portugal, Italy, and Spain (PIS) remain weaknesses for its stand-alone risk profile particularly affected by the pandemic. The bank's funding and liquidity profiles are neutral for the rating because we expect ongoing support from DZ BANK, while we view its mixed funding base, consisting of unsecured debt and covered bond issuances, as positive factors.

Anchor:'a-', reflecting DZ HYP's main operations in Germany's diverse and resilient economy

Our bank criteria use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating predominantly in Germany, as DZ HYP does, is 'a-', based on an economic risk score of '1' and an industry risk score of '3'. We view the economic risk trend and the industry risk trend in the German banking industry as credit negative.

Our 'a-' anchor for DZ HYP reflects its domicile in Germany, where it is regulated, and our view of the weighted-average exposure at default in the market it operates. The anchor is based on our understanding that DZ HYP's strategy will remain largely focused on Germany. About 90% of the bank's corporate and retail loan exposure is domestic. This has a favorable impact on the anchor because we view Germany as having the lowest economic risk of all banking systems globally.

Despite strengthening headwinds for Germany's economy from the pandemic, potential trade tensions with the U.S. and a potentially disruptive Brexit, we maintain our view of the country's economy as highly diversified, competitive, and resilient. A strong fiscal and sizable net external creditor position provide important buffers in a shock. That said, the high degree of openness, with exports accounting for almost 50% of GDP in 2018, greatly exposes Germany to external risks. Moreover, risks of economic imbalances are starting to emerge. Real house price growth returned to 6.3%, after 3.9% in 2017 and price pressures remain high thanks to low unemployment levels and rising wages, very high levels of net immigration, and supply shortages. Given the emerging pockets of weakness in Germany's corporate sector, we expect the very favorable cycle of minimal- or nonexistent-risk costs will end, although overall private-sector debt remains low at 107% of GDP in 2018.

As is the case for many European banking industries, industry risk in Germany is intermediate, in our view. However, returns in the German banking industry are trailing the Northern and Eastern European banking sectors. In addition, the lower-for-longer interest rate environment and very strong competition will continue to drag down profitability, while progress in cost-reducing and efficiency-enhancing measures has been slow to translate into meaningful savings. Of importance, the need for significant investment in core banking systems and digital customer services will keep cost pressure high. Overall, German banks compare poorly in terms of cost efficiency with their European peers, and are increasingly exposed to the risks of tech disruption. The country's retail banking market will continue to be dominated by well-funded and strongly capitalized savings and cooperative banking groups that have about 50% of the market in this segment. Large banks consequently typically carry higher concentration and business risk, but have become significantly less vulnerable to economic risks due to substantial deleveraging, de-risking, and recapitalization in recent years. We continue to view the institutional framework for the German banking system as intermediate, because regulatory reforms and expected progress are resolving major deficiencies and improving accountability and transparency in the German banking system.

Table 1

DZ HYP AG--Key Figures

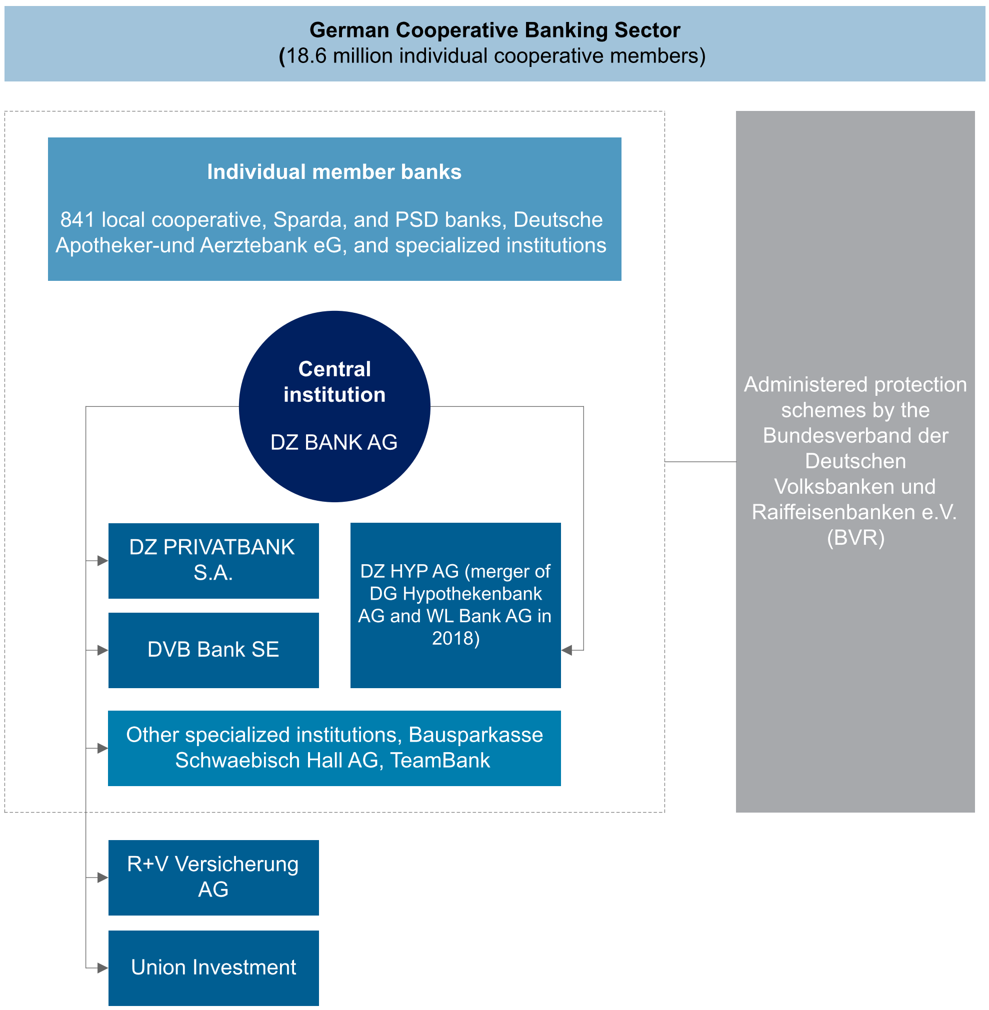
	--Year ended Dec. 31--				
(Mil. €)	**2019***	**2018**	**2017**	**2016**	**2015**
Adjusted assets	76,054.0	75,889.0	36,824.7	36,694.1	39,820.1
Customer loans (gross)	61,559.0	60,250.7	27,500.2	28,175.4	28,101.4
Adjusted common equity	1,620.0	1,592.1	1,068.0	1,027.8	928.3
Operating revenues	258.3	562.6	329.3	337.7	215.2
Noninterest expenses	134.8	314.2	149.9	126.3	136.1
Core earnings	66.0	116.3	106.1	196.8	143.3

*Data as of June 30.

Business position: Concentrated and cyclical franchise in real estate lending, but positive impact from merger with WL Bank

Particularly given the difficult market, we consider DZ HYP's narrow business focus with core activities in CRE and residential real estate, and to a small extent, public sector lending, a relative weakness. Business stability and loan diversification has strengthened after the merger with WL Bank in July 2018 (see chart), in our view, but we think the bank remains more vulnerable to adverse economic scenarios because of its niche focus in real estate and public-sector lending within the Cooperative Banking Sector Germany. DZ HYP has also a large legacy sovereign securities portfolio concentrated in the PIS countries. This creates inherent tail risks for its market-sensitive income, which is under particular pressure from credit spread widening due to the impact from COVID-19.

German Cooperative Banking Sector Simplified Structure,Year-End 2019



We believe that the focus on real estate lending makes the bank dependent on support from its parent, DZ BANK, through economic cycles. This is because its business model and funding remain highly sensitive to investor confidence, attract tail risk from concentrated exposures, are vulnerable to cyclicality, and build upon a limited mix of business lines and revenues.

In addition, we believe DZ HYP's market-sensitive income proved volatile, with significant write-offs from its securities investments in the past years. Potential credit spread development of its legacy sovereign securities portfolio can contribute to earnings volatility, however, with a decreasing effect, in line with the portfolio rundown.

With total assets of €76 billion and a real estate loan portfolio of €47.3 billion as of June 30, 2019, DZ HYP ranks among Germany's midsize financial institutions and is one of the largest real estate finance banks. The bank has evolved into one of Germany's largest pure CRE lenders, with €3.7 billion of new business written in the first half of

2019. It also enjoys a good reputation among clients because of its solid expertise in the commercial and residential real estate market in Germany. DZ HYP's existing clients are private and institutional investors, housing companies, commercial and residential real estate developers, and public-sector clients. We think there is a longstanding customer relationship because of DZ HYP's recognized expertise in the real estate market.

On July 27, 2018, DZ HYP was formed following the merger of WL Bank with DG HYP, which combined a large share of Cooperative Banking Sector Germany's real estate capability into one legal entity. DZ HYP combines the four major business lines of the merged real estate banks: CRE investors; retail clients; public-sector clients; and housing sector. We think the four business lines contribute to the full financial services offering to the local cooperative banks' clients and fully serve the sector's needs.

In our view, the merger is positive for the newly formed bank's business profile, thanks to the streamlined expertise and combined real estate portfolios of WL Bank and DG HYP. In addition, we think that the merger has strengthened the predictability and stability of DZ HYP's business volumes and revenues, making the income base more resilient to economic fluctuations in Germany's real estate market. The contributions from the enlarged business lines are a positive diversifier for DZ HYP's operations, in our opinion.

Table 2

DZ HYP AG--Business Position					
	--Year ended Dec. 31--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Total revenues from business line (currency in millions)	258.3	562.6	329.3	337.7	215.2
Other revenues/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	N/A	5.4	6.3	9.9	15.4

*Data as of June 30. N/A--Not applicable.

Capital and earnings: Implicit group support mitigates the risks from relatively low capitalization

We anticipate that DZ HYP will maintain its lower capital and earnings position, mainly reflecting our expectation that the bank's RAC ratio will remain between 6.5%-6.9% over the next 18-24 months.

However, we expect that implicit group support will continue to mitigate risks arising from the bank's relatively low capitalization for the foreseeable future. We understand that DZ HYP's capital is at the discretion of the parent. The bank also has a control and profit and loss agreement with DZ BANK, which leads to a transfer of any loss or profit to its parent.

Based on the regulatory waiver, DZ HYP does not need to fulfil regulatory capital requirements; rather, DZ BANK must fulfil them on a consolidated basis under International Financial Reporting Standards (IFRS). We think this explains DZ HYP's relatively low capital ratios, considering the bank's concentrated risk profile and higher-than-average standard risk costs compared with other rated banks.

For the next two years, we expect an increase in DZ HYP's risk-weighted assets as a result of new loan generation in a more difficult market environment, which we expect to outpace capital build up via general banking risk reserves according to §340g of the German Commercial Code (HGB). Apart from the undisclosed hidden reserves (§340f of the

HGB) that we classify as part of equity, we incorporate the large share of hybrid instruments of capital, consisting of silent contributions injected in 2005 and 2010 to the former entity, DG HYP, with a value of €635 million. We consider a large share of it as loss-absorbing equity in our total adjusted capital, S&P Global Rating's key definition of capital.

We estimate that net interest income will gradually increase in the next two years, owing to higher volumes in loan generation, which only somewhat offsets low net interest margins and low-yielding sovereign bonds. We also expect DZ HYP's noninterest expenses to increase on the back of further integration costs during 2019 because of the merger with WL Bank. Cost of risk will also increase in difficult market, in our view.

Table 3

DZ HYP AG--Capital And Earnings

	--Year ended Dec. 31--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Tier 1 capital ratio	9.9	10.4	11.0	9.8	10.4
S&P Global Ratings' RAC ratio before diversification	N/A	6.9	5.7	5.7	5.5
S&P Global Ratings' RAC ratio after diversification	N/A	5.7	4.8	4.7	5.0
Adjusted common equity/total adjusted capital	75.2	75.2	75.2	75.2	75.2
Net interest income/operating revenues	102.1	92.6	83.1	79.3	121.2
Fee income/operating revenues	(3.2)	(4.9)	10.4	12.2	13.7
Market-sensitive income/operating revenues	0.2	6.8	0.5	3.0	(42.5)
Noninterest expenses/operating revenues	52.2	55.9	45.5	37.4	63.2
Preprovision operating income/average assets	0.3	0.4	0.5	0.6	0.2
Core earnings/average managed assets	0.2	0.2	0.3	0.5	0.3

*Data as of June 30. N/A--Not applicable.

Table 4

DZ HYP AG--Risk-Adjusted Capital Framework Data

(€ 000s)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government and central banks	24,173,983	231,435	1.0	2,149,097	8.9
Of which regional governments and local authorities	17,687,458	198,442	1.1	1,190,842	6.7
Institutions and CCPs	5,800,354	203,817	3.5	1,033,616	17.8
Corporate	31,205,550	11,458,166	36.7	21,191,084	67.9
Retail	19,633,196	2,354,652	12.0	4,056,402	20.7
Of which mortgage	19,432,516	2,325,353	12.0	3,935,904	20.3
Securitization§	520,567	1,155,809	222.0	1,160,272	222.9
Other assets†	41,057	41,095	100.1	36,951	90.0
Total credit risk	81,374,706	15,444,974	19.0	29,627,422	36.4
Credit valuation adjustment					
Total credit valuation adjustment	--	176,198	--	0	--
Market risk					
Equity in the banking book	0	0	0	0	0

Table 4

DZ HYP AG--Risk-Adjusted Capital Framework Data (cont.)					
Trading book market risk	--	0	--	0	--
Total market risk	--	0	--	0	--
Operational risk					
Total operational risk	--	825,804	--	904,129	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	16,773,951	--	30,531,551	100.0
Total Diversification/ Concentration Adjustments	--	--	--	6,420,775	21.0
RWA after diversification	--	16,773,951	--	36,952,326	121.0
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		1,779,729	10.6	2,116,517	6.9
Capital ratio after adjustments‡		1,779,729	10.4	2,116,517	5.7

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31 2018, S&P Global Ratings.

Risk position: Concentration on CRE lending and tail risks from the legacy sovereign securities portfolio

We view DZ HYP's risk position as a relatively lesser credit weakness, because of concentration risks from its CRE lending and remaining large, but gradually declining, legacy securities exposure in Southern Europe, with inherent credit spread risks.

DZ HYP expects its new loan loss provisions to increase to manageable levels in difficult market environments, but were low or contributed a profit in the past two years. Its asset quality is strong compared with other rated banks in Germany with a nonperforming asset ratio of only 0.1% as of year-end 2019. This is lower than the German average of 1.6%. We think credit losses are unsustainably low, given the very favorable economic cycle until early 2020. That said, the control and profit and loss transfer agreement with DZ BANK shields DZ HYP from any financial loss. We think this ongoing support commitment from its majority parent is an important factor for DZ HYP's risk profile.

The bank has a higher loan book concentration in Germany's real estate lending market than other larger banks in the country. However, it benefits from its unseasoned real estate loan book because a large part of it went on DG HYP's and WL Bank's books after the financial crisis of 2007-2009, after which risk-adjusted margins have generally improved. Its housing loan portfolio is concentrated in North Rhine-Westphalia and Berlin, while the CRE portfolio is more diversified with the largest stakes in Berlin and Bavaria. The rest of the portfolio is more evenly spread across Germany. DZ HYP's real estate lending is tilted toward residential, office, and retail properties. Lending and underwriting standards are prudent, in our view, as demonstrated by sound collateralization and an average loan-to-value ratio of about 55% for its real estate loan book.

We view credit spread volatility on DZ HYP's foreign sovereign, supranational, and bank bond portfolio of €6.0 billion as of year-end 2019, as a material tail risk, particularly given hefty COVID-19-related volatility. Most of the securities in the portfolio mature after more than 10 years. The bank has concentration risks in the southern part of the eurozone, with country exposure to PIS of €3.9 billion in book value and unrealized losses of €506 million as of year-end 2019. DZ HYP's remaining mortgage backed securities portfolio continues to be in runoff. The book value amounts to about €449 million as of year-end 2019, but with continued decline and a negligible amount of unrealized losses. We expect DZ HYP to behave opportunistically if it comes to sale of parts of its PIS bond portfolio and do not expect a rapid decline in the next years.

Risks other than credit risk are contained. We believe that DZ HYP's funding is largely maturity matched, so that interest rate risk in the banking book is comparably small. Because of its regulatory capital waiver and the application of German generally accepted accounting principles, there is no negative impact from Basel III refinements.

Table 5

DZ HYP AG--Risk Position

	--Year ended Dec. 31--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Growth in customer loans	4.3	119.1	(2.4)	0.3	(5.2)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	21.0	19.3	20.5	9.1
Total managed assets/adjusted common equity (x)	46.9	47.7	34.5	35.7	42.9
New loan loss provisions/average customer loans	0.1	0.2	0.0	0.0	(0.2)
Gross nonperforming assets/customer loans + other real estate owned	N/A	0.2	0.2	1.0	1.5
Loan loss reserves/gross nonperforming assets	N/A	167.4	254.5	60.0	37.0

*Data as of June 30. N/A--Not applicable.

Funding and liquidity: Benefits from membership in Cooperative Banking Sector Germany

We continue to see DZ HYP's funding and liquidity as neutral for the ratings, based on our view of expected ongoing support from DZ BANK, and Cooperative Banking Sector Germany's protection scheme that fosters investor confidence. Funding costs of its unsecured and secured issuances substantially benefit from the system of solidarity within the sector, in our view.

DZ HYP funds its business almost solely with wholesale instruments. We believe the bank would find it difficult to replace DZ BANK as a source of unsecured funding through a full economic cycle. Its stable funding ratio is average compared with that of other rated banks in Germany, at 101% as of June 30, 2019.

DZ HYP's reported refinancing volume was €7.4 billion in the first nine months of 2019, and was split between secured funding (€3.6 billion) and unsecured funding (€3.8 billion). Secured funding was 60% of the total funding base as of June 30, 2019, by our own measure. We see the bank's mixed funding structure and access to capital markets as benefiting the funding and liquidity profile, but the ongoing support commitment from DZ BANK is key for refinancing needs and funding costs. The major stake of unsecured funding comes from parent DZ BANK, and the Cooperative Banking Sector in general, whereas the secured covered bond funding comes from a wide circle of domestic and international investors.

The share of short-term wholesale funding as of June 30, 2019, was relatively low at about 14% of the total funding base. For the coming years, we expect DZ HYP to issue more covered bonds because of its status as the largest German Pfandbrief (covered bond) issuer and its well-established investor base. We think the bank's wholesale instruments are adequately diversified by maturities and well aligned with the long-term nature of assets. Asset liability mismatches are therefore immaterial.

DZ HYP's sound liquidity management benefits from its sizable and generally sound portfolio of unencumbered high-quality securities eligible for refinancing by the European Central Bank (ECB). Its ratio of broad liquid assets to short-term wholesale funding was at 1.2x as of June 30, 2019, which is in line with that of other rated German peers. The bank's liquidity coverage ratio is volatile but remains comfortably above the regulatory requirement. We understand that liquidity risk models, stress tests, and contingency plans comply with DZ BANK's requirements and models. We assume that DZ HYP could likely survive under stressful conditions for more than six months, but we think that dependence on ECB funding could become significant in such an environment. If necessary, and during financial stress, we would expect the Cooperative Banking Sector Germany to further support the bank's liquidity.

In our view, international funding and capital resources remain scarce for narrow wholesale business models like DZ HYP's, particularly those concentrated on highly cyclical businesses such as CRE financing. We therefore expect the bank's funding costs to depend principally on its standing in the capital markets and that it will continue to benefit from its position as a reliable issuer of covered bonds in the German market.

Table 6

DZ HYP AG--Funding And Liquidity

	--Year ended Dec. 31--				
(%)	**2019***	**2018**	**2017**	**2016**	**2015**
Core deposits/funding base	3.2	3.1	2.1	3.2	3.8
Customer loans (net)/customer deposits	2,633.0	2,610.7	3,683.5	2,529.5	1,933.1
Long-term funding ratio	86.4	86.7	81.1	82.9	78.8
Stable funding ratio	101.2	103.1	101.6	101.2	102.0
Short-term wholesale funding/funding base	14.1	13.7	19.9	17.9	22.1
Broad liquid assets/short-term wholesale funding (x)	1.2	1.3	1.2	1.2	1.2
Net broad liquid assets/short-term customer deposits	63.1	116.4	86.7	59.9	54.3
Short-term wholesale funding/total wholesale funding	14.4	14.1	19.9	18.1	22.6

*Data as of June 30.

Support: Six notches of support as a core group member of Germany's Cooperative Banking Sector

We equalize the long-term rating on DZ HYP with that on its parent, DZ BANK. This is based on our view that DZ HYP is a core institute to DZ BANK, according to our group rating methodology. The six-notch uplift from DZ HYP's 'bbb-' SACP incorporates our expectation that the bank would receive additional extraordinary support, under any foreseeable circumstances, from DZ BANK and ultimately from the Germany's Cooperative Banking Sector, if needed.

Our view of DZ HYP's core group status is based on its membership in the Cooperative Banking Sector's protection scheme; a control and profit-and-loss transfer agreement with majority owner DZ BANK; and our continued view of ongoing support from the parent consisting of funding, liquidity, and capital. DZ HYP's regulatory capital waiver, resulting from its relation to DZ BANK, and the unrestricted letter of comfort from DZ BANK support our view of its important standing within the group. We think DZ HYP operates in line with the overall sector strategy and benefits from a long-term commitment of support from the group's senior management. DZ HYP contributes to the full financial servicing offering to the local cooperative banks' clients and fully serves the sector's need with its real estate expertise, in our view.

While we regard DZ HYP's importance to the German banking system as moderate, we do not incorporate notches of uplift for additional loss-absorbing capacity. This is because of a lack of clarity with regard to the resolution scenario for the German Cooperative Banking Sector. In any case, we consider group support the strongest support element in our ratings on individual group members.

Additional rating factors:None

No additional factors affect this rating

Issue credit ratings: We expect the sector to support payments on DZ HYP's subordinated debt securities

We notch down the 'A+' issue rating on DZ HYP's senior subordinated debt and 'A' issue rating on its nondeferrable subordinated debt from our 'AA-' issuer credit rating, given that the bank is a core subsidiary of the German cooperative banking sector and because we expect the overall group will support these instruments. The senior subordinated debt instruments are regular unsecured term obligations by DZ HYP, which have been statutorily subordinated to other senior unsecured debt in liquidation and resolution under the German Credit Act, paragraph 46f, since January 2017. We believe Germany's legal and regulatory framework allows authorities to instigate restructuring of a failing bank to the detriment of subordinated debt.

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	**a-**	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of April 3, 2020)*

DZ HYP AG	
Issuer Credit Rating	AA-/Negative/A-1+
Senior Secured	A-1+
Senior Secured	AAA/Stable
Senior Subordinated	A+
Senior Unsecured	AA-
Short-Term Debt	A-1+
Short-Term Secured Debt	A-1+
Subordinated	A
Issuer Credit Ratings History	
17-Sep-2019	AA-/Negative/A-1+
10-Mar-2017	AA-/Stable/A-1+
05-Dec-2011	A+/Stable/A-1
Sovereign Rating	
Germany	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.