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DZ HYP AG

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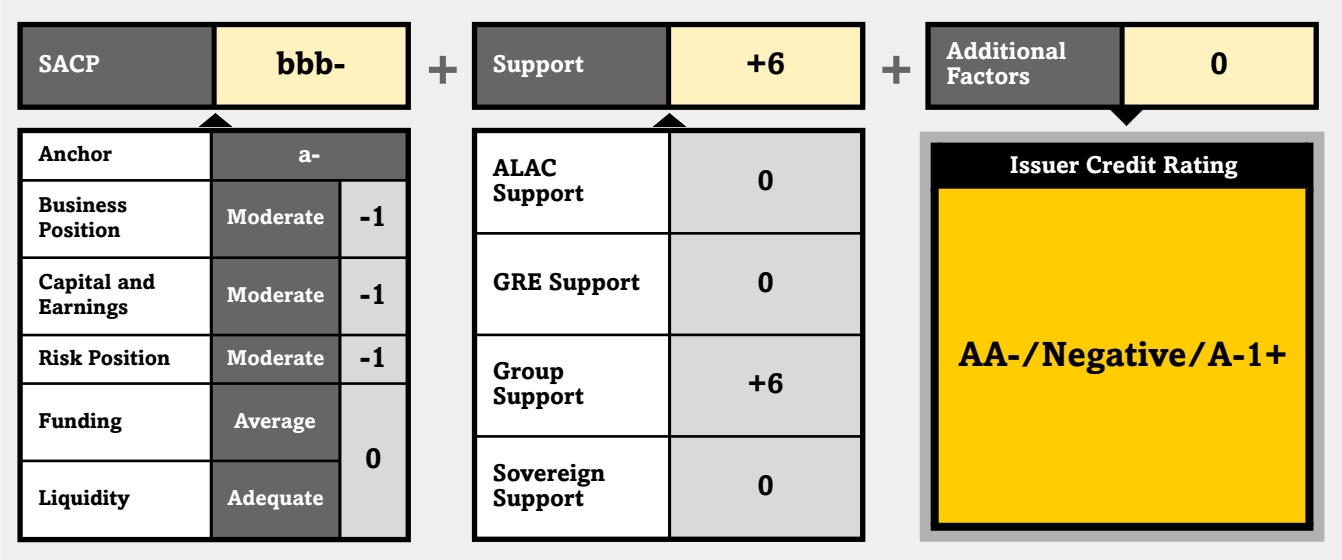
Outlook

Rationale

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Related Research

DZ HYP AG



Major Rating Factors

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Membership of German cooperative banking sector, mutual support among core group members, 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 financial services offering. 	<ul style="list-style-type: none"> • Niche player with limited earnings and business diversification owing to its focused market position in real estate and public-sector lending. • Moderate stand-alone capitalization and continued tail risks from large legacy sovereign security portfolio. • Concentration risk in its loan portfolio amid its real-estate centered business model.

Outlook: Negative

S&P Global Ratings' negative outlook on DZ HYP AG mirrors its outlooks on core entities of the Cooperative Banking Sector Germany, and reflects growing economic and industry risks for the German banking market, which the COVID-19 pandemic has accentuated. This puts continued pressure on the sector's risk exposures and risk-adjusted profitability, meaning that we could lower our ratings on DZ BANK, and consequently DZ HYP, within the next two years.

Downside scenario

- 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, if we revise our anchor for German banks to 'bbb+' from 'a-'. This could occur, for example, if we conclude that the incumbent German banking groups will suffer increasingly from intensifying competition and a further deterioration in profitability.
- While it is a more remote prospect, we could, in time, also lower the ratings if the sector's market position deteriorates materially, weakening its risk-adjusted profitability.
- We could also consider a negative rating action if, contrary to our base-case expectations, we observed 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.

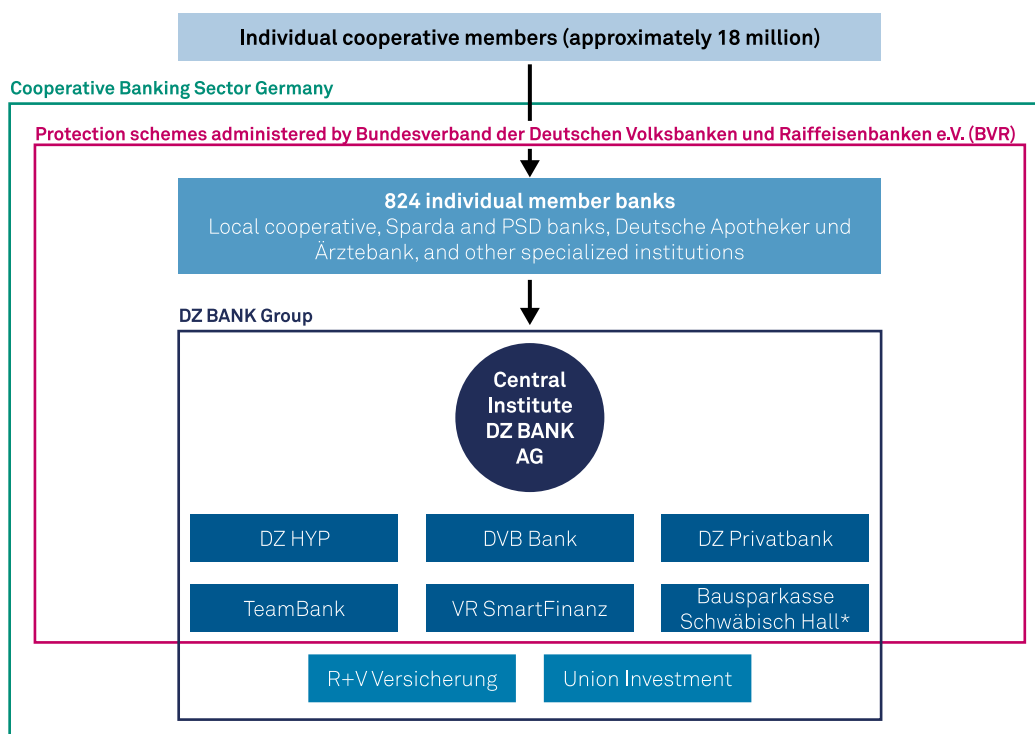
Upside scenario

We could revise our outlook to stable over the next 24 months if downside risks stemming from the COVID-19 pandemic reduce, and the economic and industry risk trends for the German banking industry stabilize. The sector's business model and risk profile would have to remain robust and resilient relative to other German banks or similarly rated international peers. We believe that material progress in digitalization and addressing structural weaknesses, such as cost efficiency and below-average market positions in corporate and private banking, remain pivotal to the sector's creditworthiness.

Rationale

Our ratings on DZ HYP move in tandem with those on other core group members of Germany's cooperative banking sector (see chart 1), 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.

Cooperative Banking Sector Germany -- Organizational Structure



*Not rated. Source: S&P Global Ratings.

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We expect DZ HYP will maintain its leading domestic real estate lending franchise. In line with its narrower business focus, we expect DZ HYP will 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 see difficult operating business conditions for DZ HYP due to the pandemic and resulting economic uncertainties. We expect this will continue to drag on DZ HYP's asset quality and forecast somewhat higher loan loss provisions over 2021-2022. Certain exposures to clients in the CRE sector including hotels, offices, and shopping centers are a particular weak spot in the wake of the pandemic, in our view. That said, we have not seen a major hit to DZ HYP's CRE portfolio so far and understand that the bank has initiated proper risk management processes to monitor these exposures.

We consider DZ HYP's profitability as somewhat weaker than that of rated peers in Germany, and we expect it will remain subpar by international standards. Its capitalization is materially below the consolidated group average, owing to the regulatory capital waiver granted to the bank. We project DZ HYP's risk-adjusted capital (RAC) ratio, our main measure of capitalization, will remain at 6.0%-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. The bank's funding and liquidity profiles are neutral for the rating because we expect ongoing support from DZ BANK, while we view its diversified funding base, consisting of unsecured debt and more stable 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'. 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.

Our assessment of economic risk considers the strengths from Germany's highly diverse and competitive economy, with a demonstrated ability to absorb economic and financial shocks. Due to the COVID-19 pandemic, Germany's real GDP contracted by 4.9% in 2020, which in our view will be compensated by a strong rebound of 3.2% in 2021, and 3.7% in 2022. We see the damage to the economy, household wealth, and various corporate sectors from COVID-19, but anticipate that Germany's ample fiscal and monetary measures will mitigate the cyclical shock to the economy, the banking system, retail and corporate customers, and will limit German banks' credit losses. That said, the high degree of openness, with exports accounting for 50% of GDP, makes the trajectory of recovery also dependent on broad-based international developments. Reviving housing demand and sector-specific challenges, for example in the automotive industry, will also continue to represent a downside risk to growth post-COVID-19. Our negative trend on economic risk signals that there is some risk a weaker recovery could drive credit losses higher than we currently expect.

Our assessment of industry risk considers the material improvements that have been made to improve transparency and harmonize banking supervision and regulation. However, we note that the German banks entered the crisis already suffering from pressure on profitability, due to intense competition, low interest rates, and a relatively high cost base. Challenges to profitability could intensify further as a result of COVID-19 pressure, as reflected in our negative trend on industry risk. In addition to expected increasing, albeit manageable risk cost, we see cost pressure from the imperative for the German banking industry to significantly invest in core banking systems and digital customer services that are essential to avoid the risks of tech disruption and franchise damage from cyber-attacks and customer data mismanagement.

Table 1

DZ HYP AG--Key Figures					
	--Fiscal year end Dec. 31-				
(Mil. €)	2020	2019	2018	2017	2016
Adjusted assets	81,916.1	79,434.9	75,889.0	36,824.7	36,694.1
Customer loans (gross)	66,394.6	63,995.0	60,250.7	27,500.2	28,175.4
Adjusted common equity	1,768.4	1,692.2	1,592.1	1,068.0	1,027.8
Operating revenues	596.3	544.9	562.6	329.3	337.7
Noninterest expenses	271.5	273.5	314.2	149.9	126.3
Core earnings	148.4	174.9	116.3	106.1	196.8

Business position: Concentrated and cyclical franchise in real estate lending

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. This is particularly relevant in difficult market conditions such as

during the pandemic. Business stability and loan diversification strengthened after the merger with WL Bank in July 2018, in our view, but we think the bank remains more vulnerable to adverse economic scenarios because of its niche focus.

We believe 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 cyclicity, and build upon a limited mix of business lines and revenue.

With total assets of €82 billion and a real estate loan portfolio of €53 billion as of Dec. 31, 2020, 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 leading pure CRE lenders, with the majority of the €8.0 billion of new business written with clients operating in the CRE market in 2020. We think the bank also enjoys a good reputation and longstanding relationship with clients because of its solid and reliable expertise in the commercial and residential real estate market in Germany.

Table 2

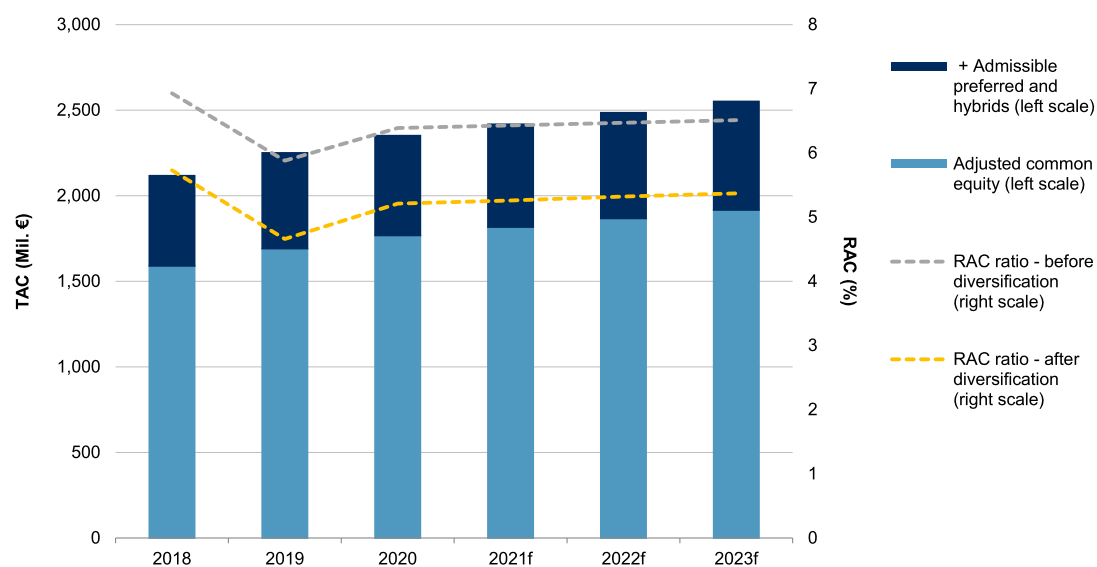
DZ HYP AG--Business Position					
	--Fiscal year end Dec. 31--				
(%)	2020	2019	2018	2017	2016
Total revenues from business line (currency in millions)	602.8	544.9	562.6	329.3	337.7
Commercial and retail banking/total revenues	100.0	100.0	100.0	100.0	100.0
Return on average common equity	4.2	4.0	5.4	6.3	9.9

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

We anticipate DZ HYP will maintain its weaker capital and earnings position, mainly reflecting our expectation that the bank's RAC ratio will remain close to 6.5% over the next 18-24 months (see chart 2). We have somewhat revised down our RAC ratio forecast from initially 7% because of anticipated lower earnings that could otherwise be used for a capital buildup with profit allocations to its fund for general banking risk (§340g of German accounting standards [HGB]).

Chart 2**DZ HYP's Risk-Adjusted Capital Ratio Will Likely Be Close To 6.5% In The Next 12-24 Months**

DZ HYP's risk adjusted capital developments 2018-2023f



TAC--Total adjusted capital. RAC--Risk-adjusted capital. f--forecast.

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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 has a control and profit and loss agreement with DZ BANK, which leads to a transfer of net losses or profits 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 those of other rated banks.

In addition to the undisclosed hidden reserves (§340f of the HGB) that we classify as part of equity, we also 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 estimate that net interest income will somewhat decrease in the next two years, owing to lower margins and low-yielding sovereign bonds. We expect DZ HYP's risk costs will peak in 2021 with 10 basis points compared to eight basis points in 2020. This is materially lower than many international banks', but we note that the figure is reported

under HGB and prone to management discretion. It is therefore not comparable to other banks. Noninterest expenses will remain flat, in our view, as we understand that the bank will focus on cost containment in the next years after its merger with WL Bank. As a result, we project net profits of €60 million-€70 million in 2021 and 2022.

Table 3

DZ HYP AG--Capital And Earnings					
	--Fiscal year end Dec. 31--				
(%)	2020	2019	2018	2017	2016
Tier 1 capital ratio	9.8	9.5	10.4	11.0	9.8
S&P Global Ratings' RAC ratio before diversification	6.4	5.9	6.9	5.7	5.7
S&P Global Ratings' RAC ratio after diversification	5.2	4.7	5.7	4.8	4.7
Adjusted common equity/total adjusted capital	75.2	75.2	75.2	75.2	75.2
Net interest income/operating revenues	101.0	101.3	92.6	83.1	79.3
Fee income/operating revenues	(6.4)	(6.6)	(4.9)	10.4	12.2
Market-sensitive income/operating revenues	N/A	N/A	6.8	0.5	3.0
Cost to income ratio	45.5	50.2	55.9	45.5	37.4
Preprovision operating income/average assets	0.4	0.3	0.4	0.5	0.6
Core earnings/average managed assets	0.2	0.2	0.2	0.3	0.5

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 & central banks	20,593,171.6	247,902.0	1.2	1,728,998.3	8.4
Of which regional governments and local authorities	16,657,102.3	231,050.3	1.4	985,108.3	5.9
Institutions and CCPs	7,918,122.0	410,409.0	5.2	1,297,603.9	16.4
Corporate	45,216,571.1	13,745,676.3	30.4	29,004,585.3	64.1
Retail	12,814,410.8	1,052,785.0	8.2	2,595,463.5	20.3
Of which mortgage	12,810,365.5	1,047,416.9	8.2	2,592,930.5	20.2
Securitization§	360,316.7	417,548.5	115.9	757,700.3	210.3
Other assets†	321,851.1	252,113.3	78.3	303,766.3	94.4
Total credit risk	87,224,443.4	16,126,434.0	18.5	35,688,117.6	40.9
Credit valuation adjustment					
Total credit valuation adjustment	--	169,291.6	--	--	--
Market Risk					
Equity in the banking book	2,502.6	7,443.5	297.4	21,897.7	875.0
Trading book market risk	--	0.0	--	0.0	--
Total market risk	--	7,443.5	--	21,897.7	--
Operational risk					
Total operational risk	--	939,631.7	--	1,118,066.3	--

Table 4

DZ HYP AG--Risk-Adjusted Capital Framework Data (cont.)					
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	17,651,177.3	--	36,828,081.5	100.0
Total Diversification/ Concentration Adjustments	--	--	--	8,338,295.4	22.6
RWA after diversification	--	17,651,177.3	--	45,166,376.9	122.6
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		1,721,157.6	9.8	2,351,995.9	6.4
Capital ratio after adjustments†		1,721,157.6	9.8	2,351,995.9	5.2

*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 2020', S&P Global Ratings.

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

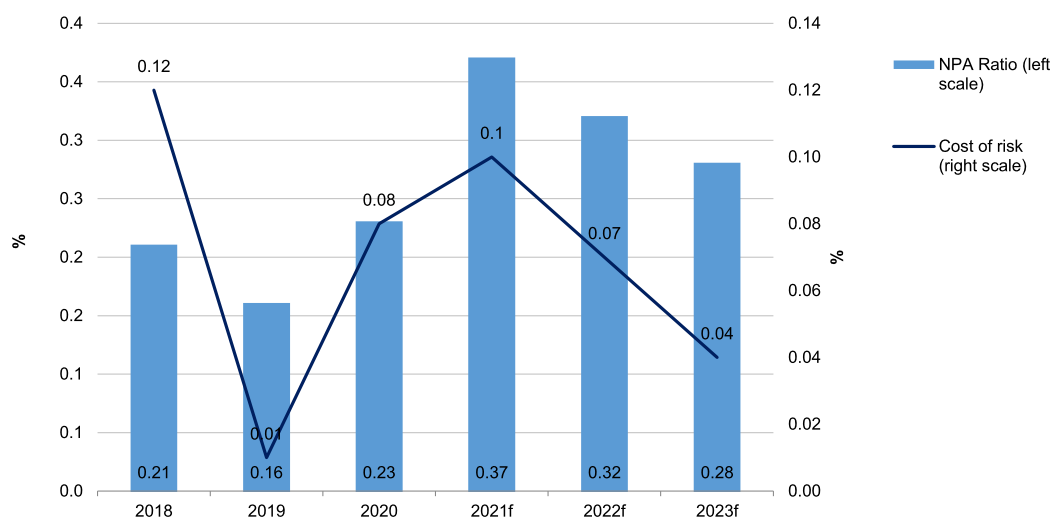
We view DZ HYP's risk profile as a relative credit weakness, because of concentration risks from its CRE lending and large-but-gradually-declining legacy securities exposure in Southern Europe, with inherent credit spread risks.

The bank has a higher loan book concentration in Germany's commercial real estate lending market than other larger rated banks in the country (Commerzbank or Hamburg Commercial Bank, for example). 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 54% for its mortgage loan book as of December 2020.

DZ HYP's asset quality is strong compared with that of other rated banks in Germany, with a nonperforming asset ratio of 0.2% as of December 2020. This is lower than the German average of 1.4% at the same point in time. We think credit losses were unsustainably low during the last decade, given the highly favorable economic cycle until early 2020 and expect a moderate increase (see chart 3).

Chart 3**DZ HYP's Asset Quality And Cost Of Risk Performance Will Slightly Deteriorate Due To The Pandemic**

NPA ratio and cost of risk between 2018 and 2023f



Source: S&P Global Ratings. Cost of risk defined as new loan loss provisions as % of average customer loans.

NPA ratio defined as gross nonperforming assets as % of customer loans + other real estate owned.

f--forecast.

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We view the sensitivity to credit spread developments on DZ HYP's foreign sovereign, supranational, and bank bond portfolio of €5.8 billion as of September 2020, as a material tail risk, particularly given hefty COVID-19-related market volatility. The portfolio has a relatively high duration with most of the securities in the portfolio mature after more than 10 years. The bank has concentration risks to Southern members of the eurozone, with country exposure to Portugal, Italy, and Spain (PIS) of €3.7 billion in book value and unrealized losses of €533 million as of September 2020. We expect DZ HYP will behave opportunistically if it comes to sale of parts of its PIS bond portfolio and do not expect a rapid decline in the next few years.

Risks other than credit risk are contained. Its funding is largely maturity matched, so that interest rate risk in the banking book is comparably small. Because of DZ HYP's regulatory capital waiver and the application of German generally accepted accounting principles, there is no expected negative impact from Basel III refinements. Non-financial risks are immaterial and we expect compliance and risk governance will be in line with that of its parent bank DZ BANK.

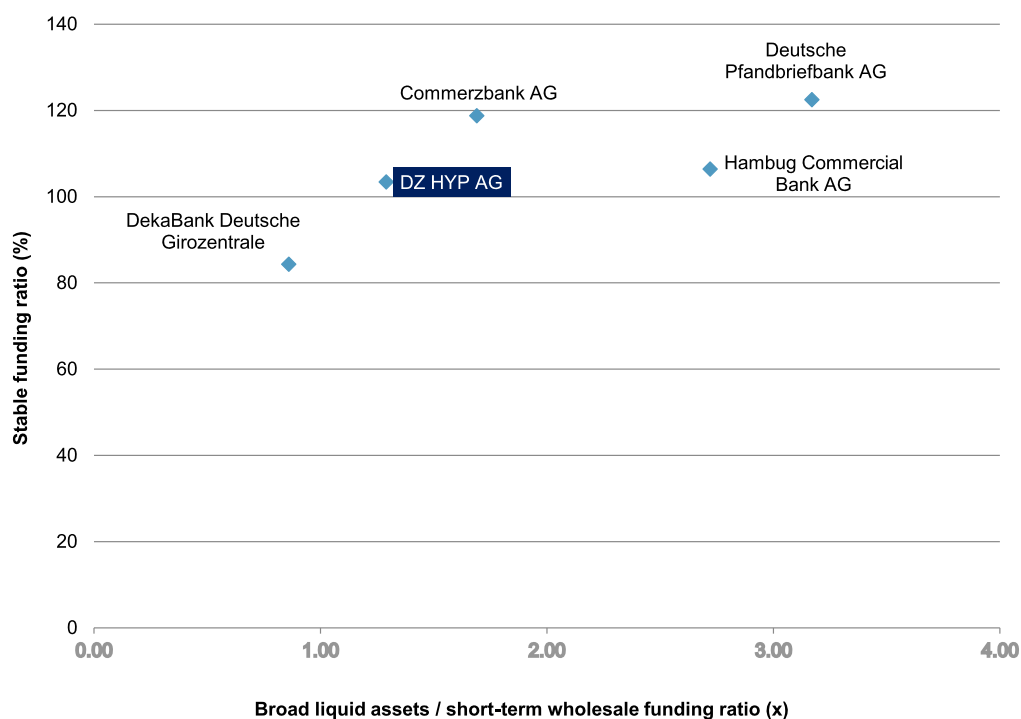
Table 5

DZ HYP AG--Risk Position					
	--Fiscal year end Dec. 31--				
(%)	2020	2019	2018	2017	2016
Growth in customer loans	3.7	6.2	119.1	(2.4)	0.3
Total diversification adjustment/S&P Global Ratings' RWA before diversification	22.6	26.1	21.0	19.3	20.5
Total managed assets/adjusted common equity (x)	46.3	46.9	47.7	34.5	35.7
New loan loss provisions/average customer loans	0.1	0.0	0.2	0.0	0.0
Gross nonperforming assets/customer loans + other real estate owned	0.2	0.2	0.2	0.2	1.0
Loan loss reserves/gross nonperforming assets	179.4	213.7	167.4	254.5	60.0

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

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 the 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 moved below that of other rated banks in Germany, at 95% as of December 2020, because we classified DZ HYP's €3 billion participation in the ECB's Targeted Longer Term Refinance Operations III (TLTRO III) as short-term bank funding that we deduct from available stable funding. (see chart 4).

Chart 4**DZ HYP's Funding And Liquidity Profile Is In Line With Most Domestic Peers'**
S&P global's key funding and liquidity metrics as of June 30, 2020

Source: S&P Global Ratings.

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DZ HYP's reported refinancing volume was €6.9 billion in the 2020, and was split between secured funding (€4.4 billion) and unsecured funding (€2.5 billion). We see the bank's diversified 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 wider Cooperative Banking Sector in general, whereas the secured covered bond funding comes from a wide circle of domestic and international investors.

DZ HYP's sound liquidity management benefits from its sizable and generally sound portfolio of unencumbered high-quality securities eligible for refinancing by the ECB. Its ratio of broad liquid assets to short-term wholesale funding was at a record-low of 0.8x as of December 2020, mainly because of some larger debt maturities in 2021, but we expect it will return to the historical average of 1.1x-1.3x in the next few years. 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.

Table 6

DZ HYP AG--Funding And Liquidity					
	--Fiscal year end Dec. 31--				
(%)	2020	2019	2018	2017	2016
Core deposits/funding base	2.5	2.9	3.1	2.1	3.2
Customer loans (net)/customer deposits	3,428.9	2,889.6	2,610.7	3,683.5	2,529.5
Long-term funding ratio	81.4	87.3	86.7	81.1	82.9
Stable funding ratio	95.0	102.0	103.2	101.7	101.4
Short-term wholesale funding/funding base	19.2	13.1	13.7	19.9	17.9
Broad liquid assets/short-term wholesale funding (x)	0.8	1.2	1.3	1.2	1.2
Net broad liquid assets/short-term customer deposits	(122.7)	116.7	120.1	88.9	62.6
Short-term wholesale funding/total wholesale funding	19.5	13.4	14.1	19.9	18.1

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 of 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-' stand-alone credit profile (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. The bank 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 (ALAC). Apart from DZ BANK, it is unlikely that individual members of the Cooperative Banking Sector Germany, including DZ HYP, would be subject to a well-defined bail-in resolution process. In addition, we see a bail-in scenario as highly unlikely, because that would imply a lack of solidarity within the sector. In any case, we consider group support the strongest support element in our ratings on individual group members.

Environmental, social, and governance (ESG) factors

We think DZ HYP's ESG standards are in line with those of other banks. ESG considerations do not affect the bank's credit quality differently from industry peers. We understand that ESG efforts are aligned with its parent bank DZ BANK and note some measures in transitioning into a greener bank. We understand, for example, that DZ HYP is preparing for its first green bond issuance that we expect during 2021-2022.

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 non-preferred 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 would support these instruments.

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,
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- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Banking Industry Country Risk Assessment: Germany, Nov. 11, 2020
- Negative Rating Actions Taken On Multiple German Banks On Deepening COVID-19 Downside Risks, April 23, 2020
- Outlooks On Various German Banks Revised To Negative On Rising Banking Sector Risks; Ratings Affirmed, Sept. 18, 2019

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 28, 2021)***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+
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*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.

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