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Deutsche Apotheker- und Aerztebank eG

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Deutsche Apotheker- und Aerztebank eG

Ratings Score Snapshot

Issuer Credit Rating
A+/Stable/A-1

SACP: bbb → **Support: +4** → **Additional factors: 0**

Anchor	bbb+	
Business position	Adequate	0
Capital and earnings	Adequate	0
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	+4
Sovereign support	0

Issuer credit rating
A+/Stable/A-1

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Key strengths	Key risks
Membership of the German Cooperative Banking Sector, mutual support from other core cooperative group members, and a comprehensive protection scheme.	Relatively low risk-adjusted profitability, primarily due to weak cost efficiency
Strong and stable market share in its niche segment of providing financial services to medical sector professionals in Germany.	Business is narrowly focused and dependent on developments in the broader health care industry.
Sound risk management and robust asset quality with a low nonperforming loan book.	Failure to restore customer satisfaction could diminish the bank's franchise value over time.

Our ratings on Deutsche Apotheker- und Aerztebank (Apobank) move in tandem with those on other core group members of Germany's cooperative banking sector ("Genossenschaftliche FinanzGruppe"). This reflects Apobank's integration into the sector and S&P Global Ratings' firm expectation that Apobank would receive extraordinary group support from the German Cooperative Banking Sector under any foreseeable circumstances.

Continued digitalization efforts and improvements in efficiency remain key to both Germany's cooperative banking sector and Apobank. We expect Apobank will continue to successfully maintain its solid franchise and remain a market leader in its niche segment. We anticipate that the bank will continue its efforts to remedy reputational damage and improve customer satisfaction following material IT migration issues in mid-2020. We also consider a successful delivery on Apobank's planned digitalization and efficiency improvements as pivotal to future market success.

We think Apobank's strong reliance on the resilient domestic medical sector will limit direct adverse effects on credit losses from the war in the Ukraine. We consider that Apobank has higher regional and sector concentration risks than more diversified banks, but it should manage this well with its solid expertise, prudent risk management, and contained risk appetite underscored by historically low credit losses.

We consider Apobank's capitalization to be a neutral factor to its stand-alone creditworthiness. We forecast that our S&P Global Ratings' risk-adjusted capital (RAC) ratio before diversification will remain at about 8.5%-9.5% over the next two years.

Outlook

Our stable outlook on Apobank mirrors the stable outlook on the German Cooperative Banking Sector ("Genossenschaftliche FinanzGruppe" entities, which are collectively rated at 'A+/Stable/A-1'), and our expectation that Apobank will remain a core member of the group for the foreseeable future.

Our stable outlook on Apobank also incorporates our expectation that the cooperative banking sector will further invest to support its digital competencies and substantially defend its strong market position and earnings over the next two years.

Downside scenario

While a fairly remote prospect, we could lower our ratings on the cooperative banking 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.

Upside scenario

We could raise the ratings if we conclude that structural challenges in German retail and small and midsized (SME) banking have eased such that we would raise the anchor for domestic banks to 'a-' from 'bbb+', or if we believe the cooperative banking sector is mastering the competitive environment better than its peers. This will require material progress in digital banking products and addressing structural weaknesses, such as weak cost efficiencies and modest profitability. We could also consider a higher rating if the consolidated capitalization of the sector improves further, leading our RAC ratio to rise sustainably above 15%, while at the same time we consider capital to be fungible within the sector to support weaker capitalized primary banks if needed. An upgrade would also depend on peer relativities supporting a higher rating.

Key Metrics

Deutsche Apotheker- und Aerztebank eG--Key Ratios And Forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
Growth in operating revenue	8.6	(7.1)	5.0-6.0	3.0-4.0	5.0-6.0
Growth in customer loans	2.6	(1.4)	1.5-2.5	1.5-2.5	1.5-2.5
Net interest income/average earning assets (NIM)	1.5	1.4	1.3-1.5	1.3-1.5	1.4-1.5
Cost to income ratio	77.0	82.3	80.0-84.0	78.0-82.0	76.0-80.0
Return on average common equity	2.4	2.3	2.0-2.5	2.0-2.5	2.0-2.5

Deutsche Apotheker- und Aerztebank eG--Key Ratios And Forecasts (cont.)					
	--Fiscal year ended Dec. 31--				
(%)	**2020a**	**2021a**	**2022f**	**2023f**	**2024f**
New loan loss provisions/average customer loans	0.1	(0.1)	0.08-0.12	0.08-0.12	0.08-0.12
Gross nonperforming assets/customer loans	1.6	1.8	1.5-2.0	1.5-2.0	1.0-2.0
Risk-adjusted capital ratio	8.6	9.0	8.5-9.5	8.5-9.5	8.5-9.5

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb+' Reflecting Apobank's Operations In Germany's Diverse And Resilient Economy

Under our Banking Industry Country Risk Assessment (BICRA) our anchor for a commercial bank operating only in Germany is 'bbb+', based on an economic risk score of '1' and an industry risk score of '4' on a scale of 1-10 (where '1' is the lowest risk and '10' is the highest). Since June 2021 we have regarded the trend as stable, both on our economic risk and our industry risk scores.

Our assessment of economic risk considers the strengths of Germany's highly diverse and competitive economy, with a demonstrated ability to absorb economic and financial shocks. We also anticipate that Germany's fiscal and monetary measures will continue to mitigate the cyclical shock of the coronavirus pandemic on the economy, the banking system, and retail and corporate customers, as well as helping to limit German banks' credit losses. That said, the high degree of openness, with exports accounting for 50% of GDP, means the trajectory of recovery is also dependent on broad-based international developments. Our assessment of a stable trend on economic risk reflects that we have confidence that German households, corporates, and public finances will remain well-cushioned against negative effects from the war in the Ukraine and the continuing pandemic. Similarly, despite German house prices strong gains in recent years, we consider a rapid market correction unlikely in the medium term.

Our assessment of industry risk considers the twin pressures on banks' balance sheets of the pandemic, and the banking sector's longer-term profitability challenges due to poor cost efficiency, rising risks from technology disruption, and low interest rates. We believe that German banks operate in a highly competitive and structurally overbanked market with low gross margins, and that some banks' progress in improving their structural revenue diversification, cost bases, and digitalization has widened the gap between the laggards and the leading banking systems. We believe interest rates are likely to remain unsupportive for longer, putting further pressure on German banks' already depressed interest income. At the same time, the pandemic has accelerated the move toward digital banking services, an area in which we see German banks as lagging peers. We see cost pressures arising from the imperative for the German banking industry to invest significantly in the core banking systems and digital customer services that are essential to avoid the risks of tech disruption and franchise damage from cyberattacks and customer data mismanagement.

Business Position: German Market Leader In The Medical Profession Niche With Predictable Revenue And A Stable Client Base

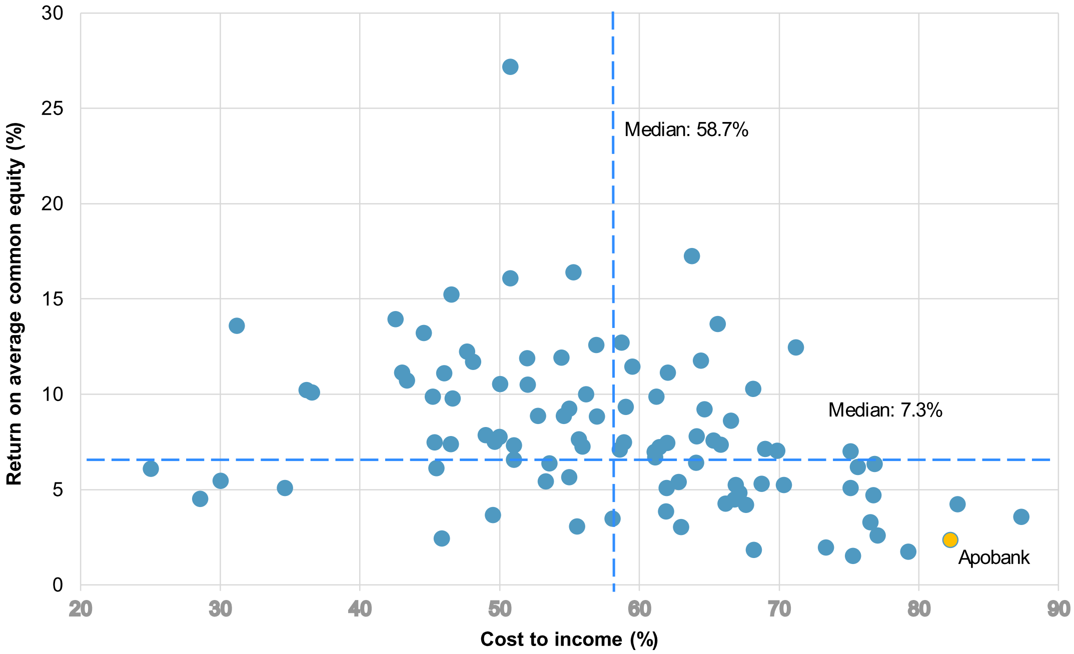
Apobank is easily the largest of the 781 cooperative banks in Germany, with assets totaling €67 billion at the end of 2021, representing about 6% of the total assets of the cooperative banks. We expect it to successfully defend its position as a niche market leader with a strong franchise in lending and payment services for the medical sector in Germany. This comes with comparably higher concentration risk, which is partly mitigated by the resilience of the German health care sector, as demonstrated throughout past difficult cycles. Accordingly, Apobank has demonstrated better revenue predictability, also due to a more stable client base than many other banks with similarly concentrated franchises.

We think management is well equipped with the sector expertise needed to master future trends in the medical profession market. In our view, Apobank is adapting well to changes in the German health care system, including through a steady diversification into related corporate lending to medical organizations, hospitals, long-term care facilities, and to corporations operating in the pharmaceuticals, medical technology, and dentistry sectors. The bank is also focusing on private wealth management, with the aim of better using its cross-selling potential. We consider Apobank's continued investment in digital health content, and subsequently IT infrastructure, to be very important, as it allows the bank to meet clients' changing needs and the competitive threat of other players in the industry.

However, by leveraging its superior niche market position the bank could sustainably improve its cost efficiency and profitability. Apobank's return on average common equity (RoACE) of 2.3% in 2021 is very low compared to peers. Its revenue base depends heavily on net interest income, and we expect support from interest rates normalization will come into play only gradually. Persistently low interest rates squeezed Apobank's net interest margin (NIM) to a low of 1.35% at year-end 2021. Similarly, Apobank's cost-to-income ratio (82% at year-end 2021) is high relative to peers (see chart 1). Apobank is seeking to improve its digital offerings and IT infrastructure to meet changing customer expectations, attract new business, and improve efficiency. These efforts are set against a back drop of increasing digital competition, the risk of further digital disruption, and the need to mend reputational damage caused by serious disruptions to IT-related services in 2020.

Chart 1

Apobank's Profitability And Efficiency Lags European Peers
European top 100 banks and Apobank



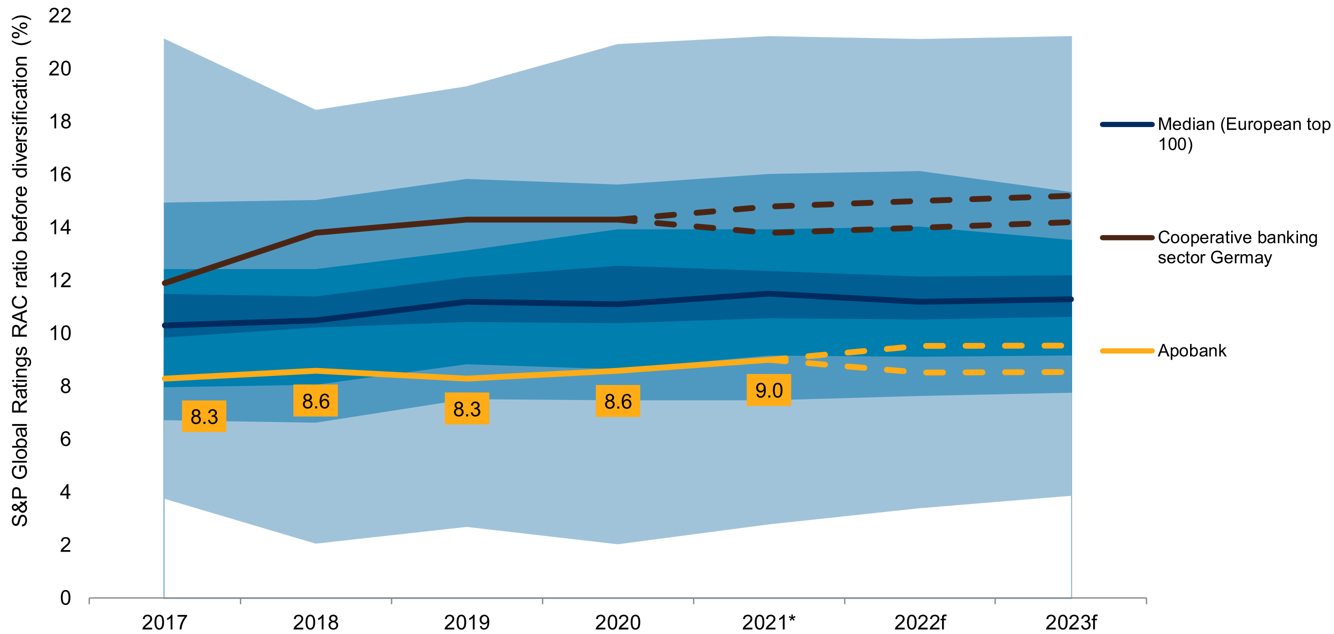
Based on latest available year-end figures (2020 or 2021). Axis cutoff excludes outliers included in median calculation
Source: S&P Global Ratings.

Capital And Earnings: Neutral Factor On A Stand-Alone Basis, But The Phasing In Of New Rules Puts Pressure On Future Regulatory Capital Ratios

We anticipate that Apobank's capitalization will remain a neutral factor on a stand-alone basis, as demonstrated by our forecast that the bank's consolidated RAC ratio will be about 8.5%-9.5% over the next 18-24 months. This is below the average capitalization of the consolidated German Cooperative Banking Sector and that of many other large European banks (see chart 2).

Chart 2

Apobanks' Capitalization Is Below Average For Its Peer Groups



Outliers (defined as top and bottom decile) excluded. Colored bands represent deciles and lighten as they move away from the median. Dashed lines indicate forecast ranges. * Includes expected RAC data for some peer banks. a--Actual. f--Forecast. RAC--Risk-Adjusted Capital.
Source: S&P Global Ratings.

Our stable RAC forecast for Apobank reflects that its S&P Global Ratings-adjusted risk-weighted assets and capital base move largely in tandem, and is based on the following main assumptions:

- We expect more muted core business expansion along with a reduced securities portfolio due to the upcoming targeted long-term refinancing operations (TLTRO) maturity.
- Noninterest expenses, among others, are likely to increase due to ongoing strategic transformation costs and upward pressure on wages due to rising inflation expectations.
- Cost of risk will remain in line with historical values, at about 8-10 basis points (bps) over the next two-to-three years, after 2021 saw a net reversion of loan loss provisions.
- We expect the bank's dividend payout ratio will remain in line with historical averages of 65%-75%.

Apobank exceeds current regulatory capital requirements, with a Tier 1 ratio of 15.9% as of year-end 2021. Apobank uses internal models to calculate its capital requirement and might be negatively affected by the agreed Basel III compromise that still needs to be translated into law. Therefore, its future regulatory capital ratios might decline over the long term, but we do not currently think this will constrain the bank's development.

Apobank's capacity for earnings to cover our estimate of its normalized losses is weaker than that of its universal bank peers. This capacity is measured by our earnings buffer metric, which we expect to hover around negative 20bps of our estimate of Apobank's risk-weighted assets over the forecast horizon to the end of 2024. However, we consider this weakness to be offset by our positive view on Apobank's quality of earnings and financial flexibility. This is due to the bank's high quality of capital given that its S&P Global Ratings-adjusted total capital only comprises equity that is loss absorbing in all circumstances, and no hybrid instruments. Furthermore, we view Apobank as having sufficient financial flexibility to strengthen its capital base should there be need, not least due to its membership in the cooperative banking sector network.

Risk Position: Concentration In Health Care Business With Solid Asset Quality

We consider that Apobank's focus on a single sector leads to concentration risks and a potentially higher sensitivity of credit risk costs to single adverse scenarios than more diversified retail banks.

Strategically, the bank's future risk profile will remain largely dependent on developments in the broader health care industry. In our view, this makes Apobank susceptible to regulatory changes that negatively affect the German health care sector. That said, we think the sector will experience long-term expansion due to Germany's aging population and the subsequent increasing importance of medical care.

We also consider that Apobank's risk profile is less sensitive to the general economic cycle than that of larger commercial banks. The German health care market is relatively insulated from macroeconomic cycles and, particularly, financial market swings. This is underpinned by Germany's mandatory health insurance system. In our view, Apobank's good market knowledge and proximity to its customers also helps to mitigate concentration risks. These factors are reflected in Apobank's sound asset quality, as demonstrated by its low gross nonperforming asset ratio of 1.8% at the end 2021, which was only moderately higher than a year earlier.

We continue to expect that the loan portfolio will benefit from Apobank's focus on high-income borrowers, its long-standing experience within its niche segment, and a good proportion of residential mortgage collateral. Single-name concentrations in the bank's loan book are low, despite the expanding health care sector and sizable borrowers' demand for larger loans.

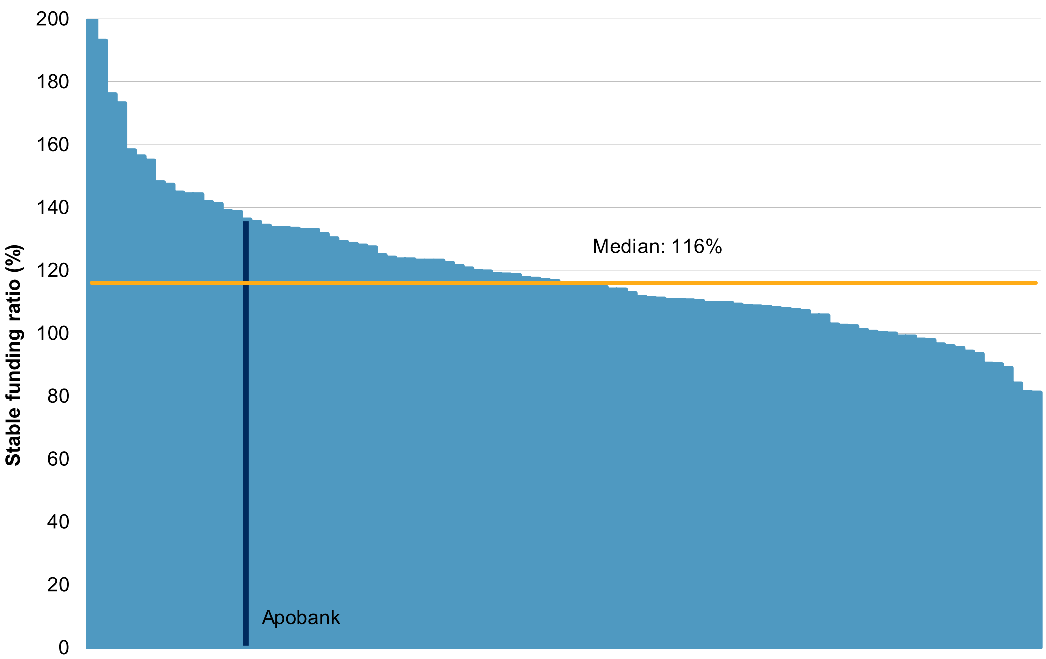
Funding And Liquidity: Apobank Benefits From Its Membership Of The German Cooperative Banking Sector

We continue to anticipate that Apobank's funding and liquidity will remain neutral for its standalone creditworthiness. The bank benefits from the cooperative banking sector's comprehensive protection scheme and system of solidarity, underpinned by supportive measures for member banks. That said, Apobank acts relatively independently from the rest of the cooperative sector, not least because of its distinctive customer structure and brand name.

Apobank's funding benefits from the bank's retail branch network and close relationships with domestic institutional clients related to the health care sector, which provide a majority of customer deposits. Although this represents some concentration risk in funding compared with pure retail deposit funding, we view positively the bank's funding profile and deposit stability, considering its historically close association with these relatively price-insensitive customer groups. We also note the high volume of liquid assets that could offset sudden swings in deposits. Core deposits accounted for 56% of Apobank's funding base in 2021. At the same time, the bank's customer loan-to-deposit ratio fell to 105% by the end of 2021.

Chart 3

Apobank's Stable Funding Ratio Exceeds The Average Of Europe's Top 100 Banks

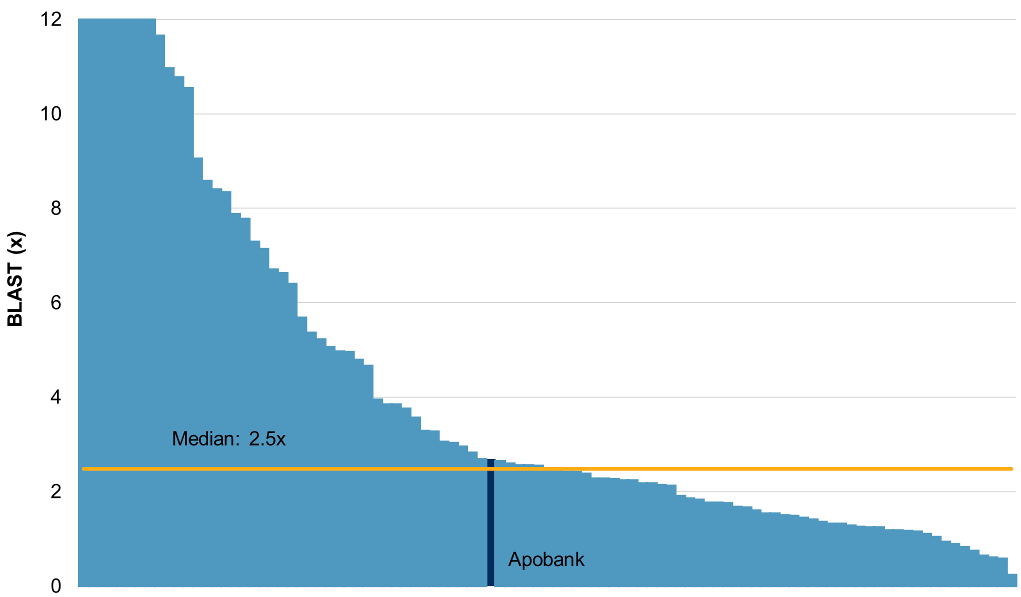


As of year-end 2021. Y-axis cuts off at 200 and excludes outliers.
Source S&P Global Ratings.

Apobank's stable funding ratio, a measure of our estimate of available stable funding over stable funding needs, was 136% at year-end 2021, versus 137% a year earlier. This was slightly higher than average of the bank's European peers (see chart 3). Apobank has further diversified its access to stable funding tools through a right to issue German covered bonds ("Pfandbriefe"), which we view as positive for the bank's funding profile. Asset-liability mismatches are immaterial in light of what we see as well-diversified funding sources that are appropriate for the bank's asset profile. With the upcoming TLTRO maturity, Apobank's ratio of broad liquid assets over short-term wholesale funding has fallen to about its historical average, and stood at 2.68x at the end of 2021, which is in line with its peers (chart 4).

Chart 4

Apobank's Liquidity Metrics Are Near The Average Of Europe's Top 100 Banks



As of year-end 2021. Y-axis cuts off at 12 and excludes outliers. BLAST -- broad liquid assets over short term wholesale fund
Source: S&P Global Ratings.

Support: Four Notches Of Uplift As A Core Group Member Of Germany's Cooperative Banking Sector

The 'A+' long-term issuer credit rating on Apobank is four notches higher than its 'bbb' stand-alone credit profile (SACP) because we align the rating with that on the German Cooperative Banking Sector. This is based on our view of Apobank as a core strategic member of the cooperative banking sector, according to our group rating methodology.

This four-notch uplift from Apobank's SACP incorporates our expectation that Apobank would likely receive additional extraordinary support in the future, under any foreseeable circumstances, from the German Cooperative Banking Sector, if needed. Our group classification is based on Apobank's role as the largest cooperative bank in Germany and its core membership of the cooperative banking sector's protection scheme.

Although we regard Apobank's importance to the German banking system as moderate, we do not incorporate any notches of uplift for additional loss-absorbing capacity. We consider group support to be the strongest support element in our ratings on individual group members.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	**E-2**	E-3	E-4	E-5	S-1	**S-2**	S-3	S-4	S-5	G-1	**G-2**	G-3	G-4	G-5

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

ESG factors are an overall neutral consideration in our credit rating alaysis of Apobank.

We think ESG credit factors influence Apobank's credit quality similarly to that of the overall cooperative banking sector, its industry, and German peers. We view positively its entrenchment within the medical profession and continued application of the cooperative principles requiring all cooperative banks, including Apobank, to support their owners' economic, social, and cultural interests. We think this supports the stronger alignment of the owners' interests with those of management and customers, and thus reduces incentives for myopic business behavior at the expense of any stakeholder.

The cooperative banking sector's decentralized structure delays data gathering and makes financial reporting more complex. The sector voluntarily publishes consolidated accounts based on International Financial Reporting Standards, but the financial reporting only takes place once a year, which distinguishes the group negatively from international peers in transparency terms.

Key Statistics

Table 4

Deutsche Apotheker- und Aerztebank eG--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	21,394,683.0	0.0	0.0	150,190.2	0.7
Of which regional governments and local authorities	2,998,294.0	0.0	0.0	107,938.6	3.6
Institutions and CCPs	4,048,761.0	563,857.0	13.9	766,836.8	18.9
Corporate	6,572,983.0	3,913,259.0	59.5	4,077,812.6	62.0
Retail	41,389,875.0	8,517,697.0	20.6	19,090,770.8	46.1
Of which mortgage	14,422,788.0	1,781,916.0	12.4	2,910,518.6	20.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	278,221.0	278,298.0	100.0	250,398.9	90.0
Total credit risk	73,684,523.0	13,273,111.0	18.0	24,336,009.3	33.0

Table 4

Deutsche Apotheker- und Aerztebank eG--Risk-Adjusted Capital Framework Data (cont.)					
Credit valuation adjustment					
Total credit valuation adjustment	--	36,986.0	--	0.0	--
Market risk					
Equity in the banking book	395,467.0	713,485.0	180.4	3,218,811.5	813.9
Trading book market risk	--	0.0	--	0.0	--
Total market risk	--	713,485.0	--	3,218,811.5	--
Operational risk					
Total operational risk	--	1,370,875.0	--	1,671,274.5	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	15,427,229.0	--	29,226,095.3	100.0
Total diversification/ Concentration adjustments	--	--	--	3,622,970.8	12.4
RWA after diversification	--	15,427,229.0	--	32,849,066.0	112.4
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		2,446,361.7	15.9	2,633,988.8	9.0
Capital ratio after adjustments‡		2,446,361.7	15.9	2,633,988.8	8.0

*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, 2021, S&P Global Ratings.

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
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: February 2022, Feb. 25, 2022
- Banking Industry Country Risk Assessment: Germany, Oct. 05, 2021
- Various German Banks Downgraded On Persistent Profitability Challenges And Slow Digitalization Progress, June 24, 2021
- German Bank Ratings Affirmed Under Revised Financial Institutions Criteria, Jan. 28, 2022

Table 1

Deutsche Apotheker- und Aerztebank eG Key Figures

	--Year-ended Dec. 31--				
(Mil. €)	**2021**	**2020**	**2019**	**2018**	**2017**
Adjusted assets	67,220.8	59,272.7	49,464.1	45,313.9	41,353.2
Customer loans (gross)	38,015.0	38,539.3	37,555.0	34,914.5	32,258.5
Adjusted common equity	2,634.0	2,579.4	2,485.4	2,388.2	2,155.4
Operating revenues	893.0	961.3	885.5	812.5	788.7
Noninterest expenses	734.9	739.9	697.5	614.7	593.6
Core earnings	125.0	139.6	134.5	117.3	121.9

Table 2

Deutsche Apotheker- und Aerztebank eG Business Position

	--Year-ended Dec. 31--				
(Mil. €)	**2021**	**2020**	**2019**	**2018**	**2017**
Total revenues from business line	893.0	961.3	885.5	830.2	786.4
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity (%)	2.3	2.4	2.5	2.6	2.6

Table 3

Deutsche Apotheker- und Aerztebank eG Capital And Earnings

	--Year-ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	15.9	16.3	15.2	16.7	19.5
S&P Global Ratings' RAC ratio before diversification	9.0	8.6	8.3	8.6	8.3
S&P Global Ratings' RAC ratio after diversification	8.0	7.5	7.4	7.6	7.3
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	73.7	73.7	74.6	76.0	74.9
Fee income/operating revenues	21.6	19.2	19.8	20.3	19.8
Market-sensitive income/operating revenues	1.1	3.5	1.9	0.3	(3.9)
Cost to income ratio	82.3	77.0	78.8	75.7	75.3
Preprovision operating income/average assets	0.2	0.4	0.4	0.5	0.5
Core earnings/average managed assets	0.2	0.3	0.3	0.3	0.3

Table 4

Deutsche Apotheker- und Aerztebank eG Risk Position

	--Year-ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	(1.4)	2.6	7.6	8.2	8.2
Total diversification adjustment/S&P Global Ratings' RWA before diversification	12.4	14.2	12.3	12.8	12.9
Total managed assets/adjusted common equity (x)	25.6	23.0	20.0	19.0	19.2
New loan loss provisions/average customer loans	(0.1)	0.1	0.0	0.1	0.0
Gross nonperforming assets/customer loans + other real estate owned	1.8	1.6	1.3	1.3	1.4
Loan loss reserves/gross nonperforming assets	33.1	47.8	55.9	58.4	53.8

Table 5

Deutsche Apotheker- und Aerztebank eG Funding And Liquidity

	--Year-ended Dec. 31--				
(%)	**2021**	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	56.3	57.0	60.4	61.1	63.8
Customer loans (net)/customer deposits	104.8	119.4	133.3	133.9	130.5
Long-term funding ratio	86.0	97.4	95.0	95.0	93.5
Stable funding ratio	135.5	136.8	113.8	113.2	108.8
Short-term wholesale funding/funding base	14.6	2.7	5.3	5.3	6.9
Regulatory net stable funding ratio	133.3	117.9	112.8	111.1	N.A.
Broad liquid assets/short-term wholesale funding (x)	2.7	11.7	3.7	3.5	2.4
Broad liquid assets/total assets	37.1	29.6	18.0	17.3	15.5
Broad liquid assets/customer deposits	69.4	55.0	32.0	30.3	26.1
Net broad liquid assets/short-term customer deposits	45.4	52.5	24.4	22.7	16.2
Regulatory liquidity coverage ratio (LCR) (x)	2.7	1.9	1.4	1.4	N.A.
Short-term wholesale funding/total wholesale funding	33.4	6.3	13.4	13.5	19.1
Narrow liquid assets/3-month wholesale funding (x)	37.8	20.6	8.5	6.6	6.2

N.A.--Not available.

Ratings Detail (As Of June 2, 2022)*

Deutsche Apotheker- und Aerztebank eG	
Issuer Credit Rating	A+/Stable/A-1
Commercial Paper	
Local Currency	A-1
Senior Secured	AAA/Stable
Senior Subordinated	A
Senior Unsecured	A+
Short-Term Debt	A-1
Subordinated	A-
Issuer Credit Ratings History	
24-Jun-2021	A+/Stable/A-1
17-Sep-2019	AA-/Negative/A-1+
05-Dec-2011	AA-/Stable/A-1+

Ratings Detail (As Of June 2, 2022)*(cont.)	
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.