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Deutsche Apotheker- und Aerztebank eG

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Deutsche Apotheker- und Aerztebank eG

SACP	bbb+	+	Support	+4	+	Additional Factors	0

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

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

Issuer Credit Rating
AA-/Negative/A-1+

Credit Highlights

Overview

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 by international standards, with margins under increased pressure due to the lower-for-longer interest rate environment.
Robust superior market shares and proven expertise in dealing with medical professionals in Germany.	Business and exposures are narrowly focused and dependent on developments in the broader health care industry.
Sound risk management and robust asset quality with low nonperforming loan book.	Somewhat higher reliance on wholesale funding.

Our ratings on Apobank move in tandem with those on other core group members of Germany's cooperative banking sector. This reflects S&P Global Ratings' firm expectation that Apobank would receive extraordinary group support from the German Cooperative Banking Sector under any foreseeable circumstances.

Despite continued uncertainty about the full effect of the COVID-19 pandemic on the German economy, we expect the cooperative banking sector will remain resilient to the pandemic-induced economic shock. We also expect Apobank will continue to successfully maintain its solid franchise and remain the German medical sector's market leader. We also anticipate that the bank will make further progress to remedy its reputational damage from material IT migration issues encountered mid-2020.

We think Apobank's strong domestic bias and the resilient medical sector, together with significant government and regulatory support measures, have helped mitigate the pandemic's effect on sector credit losses and profitability in 2020. Although we expect the phasing out of government support programs, and that insolvency filings will fully resume in 2021, we expect the sector's and Apobank's asset quality will hold up fairly well. We see Apobank running higher domestic concentration risks compared to more diversified retail banks, but it should manage this well with its solid expertise, prudent risk management, and risk appetite underscored by historically low credit losses.

We consider Apobank's capitalization to be a neutral rating factor. We forecast that the bank's risk-adjusted capital (RAC) ratio, our main indicator for capital, will remain at about 8.0%-8.5% over next two years.

We forecast ongoing difficult markets, medium-term lower-for-longer interest rate environments, and high competition to put pressure on Apobank's mediocre profitability. Accordingly, we consider Apobank's planned digitalization efforts and efficiency improvements pivotal to improving the bank's high cost-to-income ratio, which stood at 77% in 2020.

Outlook: Negative

Our negative outlook on Apobank reflects the negative outlook on the Cooperative Banking Sector Germany ("Genossenschaftliche FinanzGruppe"; entities collectively rated AA-/Negative/A-1+) on a two-year horizon.

Our negative outlook on Apobank indicates the possibility of a downgrade if increasing economic and industry risks, accentuated by the COVID-19 pandemic, put additional pressure on the cooperative banking sector's risk exposures and risk-adjusted profitability in the medium term. The negative outlook indicates that we could lower our ratings within the next two years.

Downside scenario

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 Apobank, and our related issue ratings on the bank's senior preferred debt, senior subordinated debt, and regulatory capital instruments. This could arise, for example, if we conclude that incumbent German banking groups will suffer increasingly from intensifying competition and a further deterioration in profitability. Although more remote, we could 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 observe significant weakening of Apobank's strategic importance to the sector, leading us to change our view of its core group status. However, we currently see this scenario as highly unlikely.

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 we are able to see stable economic and industry risk trends for the German banking industry.

For the sector itself, its business model and risk profile would have to remain robust and resilient relative to other German banks or similarly rated international peers. We think 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.

Key Metrics

Deutsche Apotheker- und Aerztebank eG Key Ratios And Forecasts*

	--Fiscal year ended Dec-31 --				
	2018a	**2019a**	**2020f**	**2021f**	**2022f**
Growth in operating revenue (%)	3.0	9.0	1.8-2.2	4.0-4.9	3.7-4.5
Growth in customer loans (%)	7.4	7.6	2.7-3.3	2.7-3.3	1.8-2.2

Deutsche Apotheker- und Aerztebank eG Key Ratios And Forecasts* (cont.)					
	--Fiscal year ended Dec-31 --				
	2018a	**2019a**	**2020f**	**2021f**	**2022f**
Growth in total assets (%)	9.7	9.3	13.4-16.3	7.9-9.7	7.9-9.7
Net interest income/average earning assets (NIM) (%)	1.5	1.5	1.4-1.6	1.4-1.6	1.4-1.6
Cost to income ratio (%)	75.7	78.8	78.3-82.3	77.9-81.9	77.1-81.1
Return on equity (%)	2.6	2.5	2.1-2.3	2.2-2.4	2.4-2.6
New loan loss provisions/average customer loans (%)	0.1	0.0	0.1-0.1	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans (%)	0.0	0.0	1.3-1.5	1.3-1.5	1.3-1.5
Risk-adjusted capital ratio (%)	8.6	8.3	8.0-8.4	8.0-8.4	8.1-8.5

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast.

Anchor:'a-', Reflecting Apobank's Main Operations In Germany

Our bank criteria use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for banks operating mainly in Germany is 'a-'.

Our 'a-' anchor for Apobank reflects its domicile in Germany, where it is regulated, and our view of the exposures in the market it operates. The anchor is based on our understanding that Apobank's business will remain focused on Germany. This has a favorable impact on the anchor because we view Germany as having the lowest economic risk of all banking systems globally.

Our economic risk assessment considers Germany's highly diverse and competitive economy, with a demonstrated ability to absorb economic and financial shocks. For 2020, we expect German real GDP will have contracted by 5.6%, likely compensated by a strong rebound of 3.7% growth in 2021 and 3.2% in 2022. We note the damage to the economy, household wealth, and various corporate sectors caused by the COVID-19 pandemic, but anticipate that Germany's ample fiscal and monetary measures will mitigate the cyclical shock to the economy, the banking system, and retail and corporate customers, as well as limit German banks' credit losses. That said, the high degree of openness, with exports accounting for 50% of GDP, makes the trajectory of recovery 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 risk to growth after the pandemic has subsided. Our negative economic risk trend signals the possibility that a weaker recovery could drive higher credit losses than we currently expect.

Our assessment of industry risk considers material improvements in transparency and in harmonizing banking supervision and regulation. However, we note that German banks entered the crisis with their profitability under pressure due to intense competition, low interest rates, and a relatively high cost base. Challenges to profitability could further intensify as a result of COVID-19 pressure, reflected in our negative industry risk trend. In addition to an expected increase in risk costs, albeit manageable, we anticipate cost pressure will also stem from necessary investments in improving core banking systems and digital customer services. These are essential to avoid tech disruption and franchise damage from cyber-attacks and customer data mismanagement.

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

We expect Apobank to successfully defend its market leader position and superior franchise in its niche of lending business and payment services for the medical sector in Germany. This comes with comparably higher concentration risk, somewhat mitigated by the resilience of the German health care sector, as demonstrated throughout past difficult cycles. Accordingly, Apobank posted better revenue predictability and a more stable client base than many other banks with a similar concentrated franchise.

Apobank is the largest among 824 cooperative banks in Germany. The bank has assets totaling €59 billion and approximately 481,000 customers as of year-end 2020.

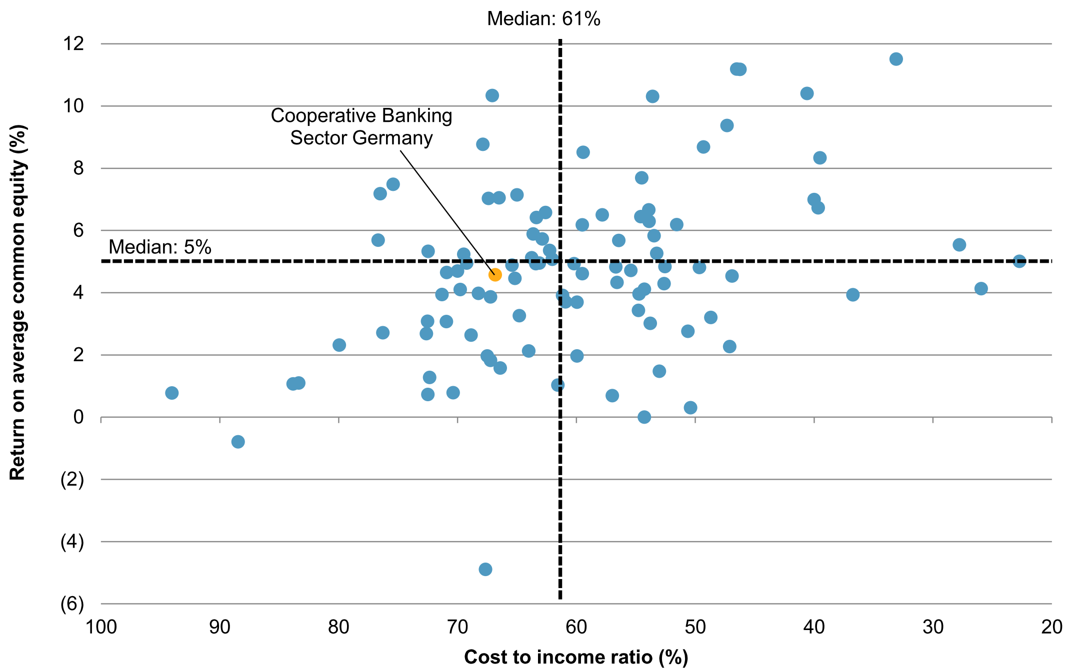
We think management is well equipped with sector expertise to master future trends in the medical profession market. With a very high market share of 60%, Apobank has expertise in the medical professions segment and a long-standing customer base in its core customer groups of self-employed doctors, dentists, and pharmacists. In our view, it is adapting well to changes in the German health care system, since it has steadily diversified into related corporate lending to medical organizations, hospitals, long-term care facilities, and corporations acting in pharmaceuticals, medical technology, and dentistry. To better use its cross-selling potential, the bank is also focusing on private wealth management. We consider Apobank's continued investment in digital health content and the subsequent IT infrastructure very important, allowing the bank to weather clients' changing habits and the competitive threat of other players in the industry.

However, we think Apobank needs to better monetize its superior niche market position in order to sustainably improve its profitability more in line with peers. Apobank's return on equity of 2.4% in 2020 is low by international standards, and we expect further pressures from low interest rates and difficult market conditions until at least 2023. Similarly, we think ApoBank needs to make further progress in its high cost-to-income ratio to reduce the efficiency gap between itself and the top 100 European banks. That said, we view positively Apobank's efforts to improve its digital offerings and IT infrastructure to meet changing customer demand, improve efficiency and avoid digital disruption.

Chart 1

Profitability On Par With Peers, But Efficiency Lagging Behind

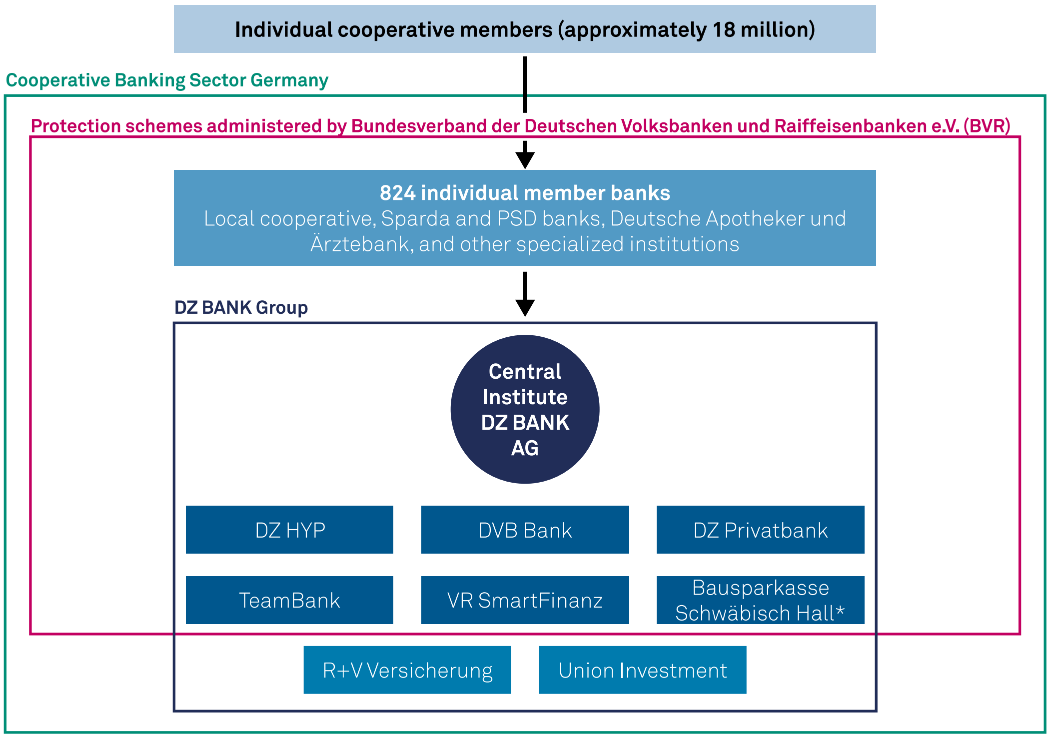
2021f cost-to-income ratio and return on average common equity for European top 100 banks



Dotted lines show median values. Source: S&P Global Ratings.

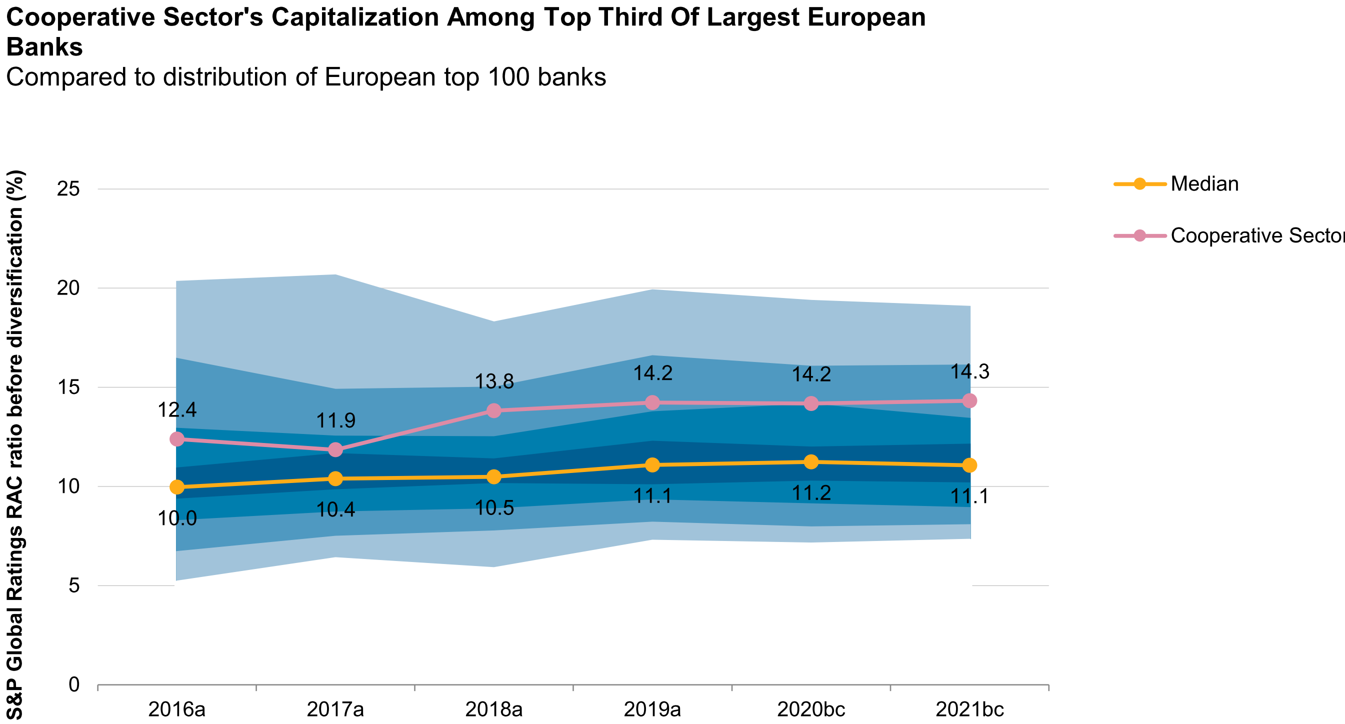
Chart 2

Cooperative Banking Sector Germany -- Organizational Structure



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

Chart 3



Outliers (defined as top and bottom 10% of distribution excluded). a--Actual. bc--Base case.
RAC--Risk adjusted capital. 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 rating factor on a stand-alone basis, as demonstrated by our forecast that the bank's consolidated RAC ratio will hover at about 8.0%-8.5% over the next 18-24 months. This remains below the superior capitalization of the Cooperative Banking Sector Germany, and many other large European banks (see chart 4).

Our stable RAC forecast for Apobank reflects that its S&P Global Ratings-adjusted risk-weighted assets (RWA) and capital base move largely in tandem. We predict more muted business growth along with elevated digitalization costs and Apobank's ongoing optimization investments in its branch network. Cost of risk will also remain elevated at about 9% over the next two to three due to a difficult economic cycle. We expect dividend payouts will remain moderate and Apobank will allocate the remaining profits to its capital base.

Apobank exceeds current regulatory capital requirements, with a Tier 1 ratio of 16.3% as of Dec. 31, 2020. We expect the new Basel III floor in Apobank's retail portfolio will harm its RWAs after 2022. We expect future regulatory capital ratios to decline as a result of higher RWAs in the long term, but we do not currently think it will constrain the bank's growth.

We consider the quality of Apobank's capital to be high, given that its S&P Global Ratings-adjusted total capital and the related RAC ratio only comprise equity that is loss absorbing in all circumstances, and no hybrid instruments.

We view Apobank's quality of earnings as high due to stability from its strong market franchise, although the persistent low interest rate environment squeezed the bank's net interest margins to 1.5% in 2020. The bank's capacity for earnings to cover normalized losses is somewhat weaker than universal bank peers'. However, we do not consider this a rating constraint. We estimate normalized credit losses by using banks' consolidated credit loss experiences during past economic downturns. For Apobank, the model may not fully consider the bank's low-risk business in Germany's resilient healthcare sector.

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

Compared with more diversified retail banks, Apobank's narrow focus on a single sector leads to concentration risks and a potentially higher sensitivity of credit risk costs to adverse scenarios, in our opinion.

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, and any subsequent potentially adverse effects they might have on the German health care sector. That said, we think the health care sector will experience long-term expansion, based on Germany's aging society and the increasing importance of medical care.

Our assessment also considers that Apobank's risk profile is less sensitive to the general economic cycle compared to larger commercial banks. For example, during the 2007-2009 financial crisis, Germany's health care market proved its independence from larger economic swings. Germany's robust health insurance system, with mandatory health insurance for citizens, supports this. In our view, Apobank's good market knowledge and proximity to its customers also reduces concentration risks.

Our assessment also incorporates Apobank's sound asset quality, as demonstrated by the low nonperforming asset ratio of 1.4% as of year-end 2020, up only slightly from 1.2% in 2019. The strength of the bank's granular clientele and prudent risk management drive this asset quality. We expect loan provisioning to customer loans, as well as any final losses in Apobank's lending portfolio, to rise marginally but remain below the industry average because of borrowers' high credit quality.

In 2020, new loan-loss provisions marginally increased to 11 basis points of average customer loans because of increased headwinds from Germany's more difficult economic cycle. We expect these provisions to remain stable over the next two years.

We continue to expect that the loan portfolio will benefit from Apobank's focus on high-income borrowers, long-standing experience within this sector, 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 with demand for larger loan tickets. We understand the bank has no bond exposures to more cyclical emerging market economies.

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 the ratings. The bank benefits from the German Cooperative Banking Sector's comprehensive protection scheme and system of solidarity, underpinned by the sector's supporting measures for its member banks. That said, Apobank acts relatively independently from the cooperative sector, not least because of its distinctive customer structure and brand name.

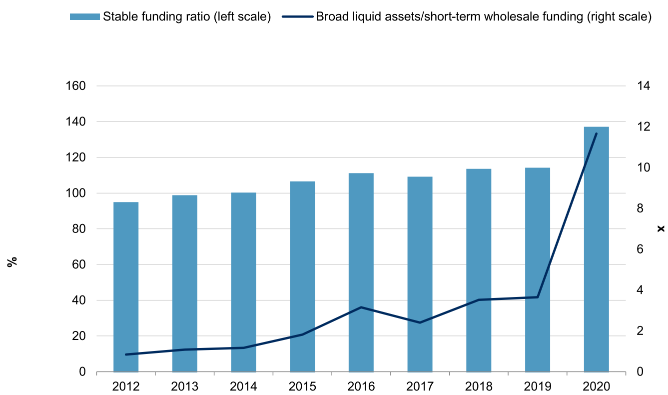
Apobank's funding benefits from the bank's retail branch network and close relationships with domestic institutional clients related to the health care sector, which provide a fairly high proportion of customer deposits. Although this represents some concentration risk in funding compared with pure retail deposit funding, we view positively the bank's funding profile and deposit stability, considering its historically close association with these relatively price-insensitive health care groups. We also note the satisfactory volume of liquid assets that could offset sudden swings in deposits. Core deposits as a percentage of Apobank's funding base remained at a solid 57% in 2020. At the same time, the bank's reported customer loan-to-deposit ratio fell to 119% by year-end 2020, lower than the historical levels.

Apobank's stable funding ratio--our measure of available stable funding over stable funding needs--increased to 137% in December 2020 from 114% as of December 2019, which is somewhat higher than many German peers'. We also view positively that Apobank has reduced its dependence on wholesale funding since 2010 by solidifying its customer deposit base. This is also demonstrated by our funding and liquidity metrics, which show steady gradual improvements in recent years (see chart 1).

Since 2008, Apobank has diversified its funding through its 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. The bank also benefits from prudent liquidity management and its sound portfolio in unencumbered high quality securities eligible for refinancing in the market or by the European Central Bank, as demonstrated by solid 11.6x levels of broad liquid assets over short-term wholesale funding as of Dec. 31, 2020.

Chart 4

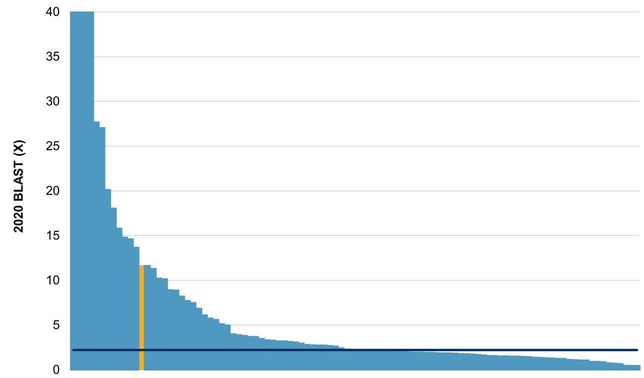
Apobank's Stable Funding Ratio And Broad Liquid Assets To Short-Term Wholesale Funding
2012-2020



Source: S&P Global Ratings.

Chart 5

Apobank's Liquidity Is Stronger Than The Peer Average



As per year-end 2019. BLAST--Broad liquid assets over short-term wholesale funding.
Source: S&P Global Ratings.

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

The 'AA-' 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 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)

We think ESG credit factors influence the cooperative banking sector's credit quality similarly to its industry and German peers. We view positively the local entrenchment and continued application of the cooperative principles requiring the cooperative banks to support their owners' economic, social, and cultural interests. We think this supports the stronger alignment of the interests of local communities, customers, employees, and owners, and thus reduces incentives for myopic business behavior at the expense of any stakeholder.

The 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 terms of transparency.

Group Structure, Rated Subsidiaries, And Hybrids

We expect the sector will make payments on Apobank's subordinated securities, if needed. We notch down the 'A+' issue rating on Apobank'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 we expect the overall group will support these instruments. The senior subordinated debt instruments are plain-vanilla unsecured term obligations by Apobank, 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 think Germany's legal and regulatory framework allows the authorities to instigate the restructuring of a failing bank to the detriment of subordinated debt.

Key Statistics

Table 1

Deutsche Apotheker- und Aerztebank eG--Key Figures

	--Fiscal year ended--				
	2020	**2019**	**2018**	**2017**	**2016**
Adjusted assets	59,272.7	49,464.1	45,313.9	41,353.2	38,595.7
Customer loans (gross)	38,240.1	37,291.0	34,652.3	32,258.5	29,812.2
Adjusted common equity	2,579.4	2,485.4	2,388.2	2,155.4	2,078.5
Operating revenues	961.3	885.5	812.5	788.7	825.7
Noninterest expenses	739.9	697.5	614.7	593.6	561.0
Core earnings	139.6	134.5	117.3	121.9	136.0

Table 2

Deutsche Apotheker- und Aerztebank eG--Business Position

	--Fiscal year ended--				
(%)	**2020**	**2019**	**2018**	**2017**	**2016**
Total revenues from business line (currency in millions)	961.3	885.5	830.2	786.4	825.7
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	2.4	2.5	2.6	2.6	2.7

Table 3

Deutsche Apotheker- und Aerztebank eG--Capital And Earnings

	--Fiscal year ended--				
(%)	**2020**	**2019**	**2018**	**2017**	**2016**
Tier 1 capital ratio	16.3	15.2	16.7	19.5	22.6
S&P Global Ratings' RAC ratio before diversification	9.7	8.3	8.6	8.3	8.9
S&P Global Ratings' RAC ratio after diversification	8.2	7.4	7.6	7.3	7.9

Table 3

Deutsche Apotheker- und Aerztebank eG--Capital And Earnings (cont.)					
	--Fiscal year ended--				
(%)	2020	2019	2018	2017	2016
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	73.7	74.6	76.0	74.9	73.8
Fee income/operating revenues	19.2	19.8	20.3	19.8	16.8
Market-sensitive income/operating revenues	3.5	1.9	0.3	(3.9)	2.0
Cost to income ratio	77.0	78.8	75.7	75.3	67.9
Preprovision operating income/average assets	0.4	0.4	0.5	0.5	0.7
Core earnings/average managed assets	0.3	0.3	0.3	0.3	0.4

RAC--Risk adjusted capital.

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 & central banks	16,088,462.0	1,800.0	0.0	142,997.6	0.9
Of which regional governments and local authorities	2,884,913.0	0.0	0.0	103,856.9	3.6
Institutions and CCPs	4,010,972.0	608,912.5	15.2	622,517.0	15.5
Corporate	5,960,338.0	3,564,475.0	59.8	4,081,274.5	68.5
Retail	42,453,581.0	8,599,025.0	20.3	20,080,695.4	47.3
Of which mortgage	13,538,913.0	1,542,500.0	11.4	2,732,152.6	20.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	285,547.0	281,237.5	98.5	256,992.3	90.0
Total credit risk	68,798,900.0	13,055,450.0	19.0	25,184,476.8	36.6
Credit valuation adjustment					
Total credit valuation adjustment	--	18,187.5	--	0.0	--
Market Risk					
Equity in the banking book	411,019.0	753,212.5	183.3	3,318,143.6	807.3
Trading book market risk	--	0.0	--	0.0	--
Total market risk	--	753,212.5	--	3,318,143.6	--
Operational risk					
Total operational risk	--	1,243,025.0	--	1,554,003.2	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	15,095,080.0	--	30,056,623.6	100.0
Total diversification/ concentration adjustments	--	--	--	4,253,504.5	14.2
RWA after diversification	--	15,095,080.0	--	34,310,128.1	114.2

Table 4

Deutsche Apotheker- und Aerztebank eG--Risk-Adjusted Capital Framework Data (cont.)

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	2,459,000.0	16.3	2,579,443.7	8.6
Capital ratio after adjustments‡	2,459,000.0	16.3	2,579,443.7	7.5

*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). RAC--Risk-adjusted capital. RW--Risk weight. RWA--Risk-weighted assets. Sources: Company data as of Dec. 31 2020, S&P Global Ratings.

Table 5

Deutsche Apotheker- und Aerztebank eG--Risk Position

	--Fiscal year ended--				
(%)	**2020**	**2019**	**2018**	**2017**	**2016**
Growth in customer loans	2.5	7.6	7.4	8.2	6.9
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	12.3	12.8	12.9	12.7
Total managed assets/adjusted common equity (x)	23.0	20.0	19.0	19.2	18.6
New loan loss provisions/average customer loans	0.1	0.0	0.1	0.0	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.0	0.0	0.0	1.4	1.9
Loan loss reserves/gross nonperforming assets	N/A	N/A	N/A	53.8	56.5

N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

Deutsche Apotheker- und Aerztebank eG--Funding And Liquidity

	--Fiscal year ended--				
(%)	**2020**	**2019**	**2018**	**2017**	**2016**
Core deposits/funding base	57.0	60.4	61.1	63.8	68.1
Customer loans (net)/customer deposits	119.4	133.3	133.9	130.5	121.1
Long-term funding ratio	97.4	95.0	95.0	93.5	94.9
Stable funding ratio	136.8	113.8	113.2	108.8	110.7
Short-term wholesale funding/funding base	2.7	5.3	5.3	6.9	5.4
Broad liquid assets/short-term wholesale funding (x)	11.7	3.7	3.5	2.4	3.2
Net broad liquid assets/short-term customer deposits	52.5	24.4	22.7	16.2	18.5
Short-term wholesale funding/total wholesale funding	6.3	13.4	13.5	19.1	16.8
Narrow liquid assets/3-month wholesale funding (x)	20.6	8.5	6.6	6.2	6.3

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
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- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
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- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- 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 May 27, 2021)*

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

Ratings Detail (As Of May 27, 2021)*(cont.)	
05-Dec-2011	AA-/Stable/A-1+
12-Dec-2006	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.