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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-/Stable/A-1+

Major Rating Factors

Strengths:

- Membership of, and support from, the German cooperative banking sector's comprehensive protection scheme.
- Robust market shares and proven expertise in dealing with medical professionals in Germany.
- Sound asset quality with low nonperforming loan book and solid risk management standards.

Weaknesses:

- Business and exposures are narrowly focused and dependent on developments in the broader health care industry.
- Some reliance on wholesale funding that can break away in times of financial market stress.

Outlook: Stable

S&P Global Ratings' outlook on Deutsche Apotheker- und Aerztebank eG (Apobank) reflects the stable outlook on the Cooperative Banking Sector Germany ("Genossenschaftliche FinanzGruppe"; entities collectively rated AA-/Stable/A-1+). This reflects our assessment of Apobank's core importance to the sector, according to our group rating methodology, and our expectation of extraordinary support for Apobank from the Cooperative Banking Sector Germany in case of need. Accordingly, we expect the ratings on Apobank to move in tandem with the ratings on the sector's core entities.

Although we anticipate ongoing pressure on interest margins from sustained low interest rates, we believe that the sector's key credit metrics should stay more resilient than, and superior to, the average for the German banking industry. We consider positive or negative rating actions as unlikely at present, because they would require more fundamental changes to the sector's strengths or weaknesses or to economic and industry risk in Germany.

Downside scenario

The following could have negative rating implications:

- Gradual erosion of the sector's market position and ability to cover normalized credit losses;
- A deterioration of the sector's aggregated risk-adjusted capital (RAC) ratio to less than 10%;
- A strategic shift of the sector into higher-risk areas; or
- A heightening of economic risk in Germany

We would also consider a negative rating action if, contrary to our base-case expectations, we observed significant weakening in Apobank's strategic importance to the sector, which would trigger a change in our view of its core subsidiary status. However, we currently see this scenario as highly unlikely.

Upside scenario

We believe that the potential for an upgrade of the sector is remote over the 24-month outlook horizon. An upgrade would require the successful execution of a holistic strategy and material progress to better address the sector's traditional weaknesses, such as unfavorable cost efficiency and a below-average market position in corporate and private banking.

Rationale

Our ratings on Apobank reflect the support that the bank receives from the Cooperative Banking Sector, of which it is a core member. We expect that Apobank would receive extraordinary group support from the sector in any foreseeable circumstances. Apobank's 'AA-' issuer credit rating incorporates four notches of uplift because we align the rating with that on the Cooperative Banking Sector.

Apobank's stand-alone credit profile (SACP) is 'bbb+'. This stems from the bank's lending focus in Germany, which we view as having the lowest economic risk of all banking systems globally. The solid economic environment translates into a healthy market environment for new loan generations. The ratings on Apobank also reflect its solid franchise and management quality, taking into account our view that the bank will remain the market leader in its niche of business for the medical sector in Germany.

We consider Apobank's capitalization to be adequate and a rating neutral factor. We project that its RAC ratio, our main measure of capital, will remain flat for the next 18-24 months, from 8.3% on Dec. 31, 2017. This is because we expect a gradual increase in profits will lead to a moderate capital buildup, and we project dividend payments to its cooperative owners will remain steady. Overall, in our view, earnings retention will be broadly in line with capital consumption due to loan growth.

In our view, Apobank's single sector concentration and its exposure to the health care industry remain the business model's key weakness, despite what we view as prudent loan book expansion and historical low credit losses. We think the bank's concentration is a weakness and compares negatively to larger and more diversified banks in Germany. Apobank's funding and liquidity profile remains neutral for the ratings, partly reflecting the ongoing benefits of being a member of the Cooperative Banking Sector, including its comprehensive protection scheme.

Anchor: 'a-', reflecting Apobank's franchise 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 a bank rating. Our anchor for a commercial bank operating predominantly in Germany, as Apobank 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 stable.

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.

Germany has a highly diversified and competitive economy, and we continue to expect that its robust export-led economy will remain vigorous amid a broader European recovery over our forecast horizon through 2020. We believe that the impact of Brexit is manageable and will have only a limited negative effect for the German economy. We see a low likelihood of a nationwide credit-driven housing bubble, in light of limited credit growth and historically favorable affordability ratios, which suggest that house prices will remain undervalued until the end of 2020. We forecast that house price inflation will soften to below 2% in 2019 and 2020, on par with expected GDP growth, compared with our estimate for 2017-2018 of about 4.6% attributable to recent years of favorable economic conditions, strong national and international demand, tight housing supply in economic centers, a buoyant labor market, high net immigration, and low interest rates.

We continue to regard industry risk for German banks as intermediate, in line with that for peers in many other European countries. The industry benefits from Germany's extensive funding market, banks' domestic funding surpluses, and a material strengthening of banking regulation and supervision, owing to the ongoing EU-wide regulatory harmonization and convergence under Basel III. Returns in the German banking industry have compared well with those of many European banking industries in recent years, thanks to a continued track record of low credit losses. Although we believe the low-interest-rate environment and intense competition act as a drag on profitability, this is partly compensated by the German banking industry's progress in implementing measures to improve cost efficiency and fee generation.

Table 1

Deutsche Apotheker- und Aerztebank eG Key Figures					
		--Year-ended Dec. 31--			
(Mil. €)	**2018***	**2017**	**2016**	**2015**	**2014**
Adjusted assets	44,038.1	41,353.2	38,595.7	36,446.3	35,128.5
Customer loans (gross)	33,415.4	32,258.5	29,812.2	27,892.9	27,036.6
Adjusted common equity	2,194.4	2,155.4	2,078.5	2,150.7	2,035.6
Operating revenues	399.2	788.7	825.7	817.1	848.3
Noninterest expenses	313.7	593.6	561.0	549.6	553.2
Core earnings	63.6	121.9	136.0	134.1	132.8

*Data as of June 30.

Business position: Niche health care sector business with predictable revenues and sticky client base

We view Apobank's business position as adequate and in line with our industry risk score of '3' for banks operating in Germany. The bank's niche health care sector related franchise makes the business model more concentrated than most German universal banks'. That said, we note that the resilience of the German health care sector throughout the cycles mitigates the risk of concentration in one sector. The bank's revenue predictability and stickiness of its client base are better than those of other banks with concentrated franchises, in our view.

Apobank is the largest of 885 cooperative banks in Germany, with total assets of €44.1 billion and roughly 450,000 customers as of June 30, 2018. The bank is the market leader in its niche of lending business and payment services for Germany's medical profession, which underpins its business stability. The bank's core customer groups are self-employed doctors, dentists, and pharmacists. Owing to Apobank's expertise in the medical profession segment, this clientele represents a long-standing customer base. We expect further revenue diversification over the medium term, reflecting Apobank's increasing focus on corporate lending to medical organizations, hospitals, long-term care facilities, and corporations acting in pharmaceuticals, medical technology, and dentistry.

We view positively Apobank's initiatives to adapt to the changes in the German health care system. Although the bank has a strong focus on lending-driven activities, its client base also provides cross-selling potential that could allow it to strengthen its position in private wealth management and foster fee-generating business. Positively, the bank's business strategy remains focused on maintaining and strengthening its domestic market leadership in its niche market. Apobank is equipped with consulting expertise, as well as proximity to and detailed knowledge of the medical sector, and it has deep ties to important players in the industry. We therefore expect the bank will defend its strong position with high and slightly increasing market shares of about 60% in its core business, although German competitors are consistently trying to encroach on the market. We expect that Apobank will increase its lending business and somewhat offset its compressed net interest margins.

We consider the management's current focus on the bank's core competencies to be prudent. Apobank's management team is well equipped with sector expertise to master future trends in the medical profession market, in our view. This is demonstrated by the bank's continued investments in digital health content, and its IT infrastructure's ability to adapt to the changing habits of clients and the competitive threat of other players in the industry.

Table 2

Deutsche Apotheker- und Aerztebank eG Business Position					
		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Total revenues from business line (mil. €)	399.2	786.4	825.7	817.0	N/A
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	100.0	N.M.
Return on average common equity	2.6	2.6	2.7	2.8	2.8

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

Capital and earnings: Adequate capital buffer to cover risks

We consider Apobank's capital and earnings to be adequate, reflecting our expectation that the RAC ratio will remain in the range of 8.0%-8.5% over the next 18-24 months, compared with 8.3% on Dec. 31, 2017. This is because we expect our risk-weighted assets (RWAs) and Apobank's capital base will move more or less in tandem, such that deviation to the current RAC ratio will remain limited.

We predict a stronger increase in the bank's revenues on the back of rising net interest and commission income, which somewhat offsets higher IT migration costs and Apobank's optimization investments in its branch network. Cost of risk will pick up over the next two years, in our view, considering somewhat tighter financial conditions and a less favorable economic cycle. Our expectation of dividend payouts is unchanged and remains at the previous year's levels of about 75% of net income, translating into €45 million-€50 million. Apobank will allocate the remaining profits to its capital base.

Apobank exceeds current and expected future regulatory capital requirements, with a Tier 1 ratio of 18.7% in June 2018. We expect that Apobank's regulatory retail RWAs will be significantly affected by the new Basel III output floor after 2022. We therefore project future regulatory capital ratios to decline as a result of higher RWAs in the long run, but do not see any constraints to the bank's growth story because of its ability to keep its capitalization at a solid level, commensurate with the current rating.

We consider Apobank's quality of capital to be high. Our measure of the bank's eligible capital for our RAC measure--total adjusted capital--only comprises equity that is loss absorbing in all circumstances. The bank has no hybrid instruments in its capital base. We also view Apobank's quality of earnings as high, although net interest margins have gradually declined in recent years, reaching 1.6% for the loan book for the first half of 2018.

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' credit loss experiences during past economic downturns for particular credit risk assets. In the case of Apobank, the model does not consider the bank's low-risk retail business in Germany's resilient health care sector.

Table 3

Deutsche Apotheker- und Aerztebank eG Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	18.7	19.5	22.6	22.0	20.2
S&P Global Ratings' RAC ratio before diversification	N/A	8.3	8.9	8.5	8.1
S&P Global Ratings' RAC ratio after diversification	N/A	7.3	7.9	8.2	7.8
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	81.9	74.9	73.8	80.7	80.9
Fee income/operating revenues	21.8	19.8	16.8	16.3	14.6
Market-sensitive income/operating revenues	(12.2)	(3.9)	2.0	(4.5)	(4.8)
Noninterest expenses/operating revenues	78.6	75.3	67.9	67.3	65.2
Preprovision operating income/average assets	0.4	0.5	0.7	0.7	0.8
Core earnings/average managed assets	0.3	0.3	0.4	0.4	0.4

*Data as of June 30. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Deutsche Apotheker- und Aerztebank eG Risk-Adjusted Capital Framework Data

(Thousand €)	**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	5,015,674	0	0	108,764	2
Of which regional governments and local authorities	2,438,606	0	0	87,790	4
Institutions and CCPs	3,294,024	525,301	16	546,596	17
Corporate	4,651,385	2,500,453	54	3,125,134	67
Retail	37,981,481	6,315,265	17	17,602,873	46
Of which mortgage	13,023,646	1,030,431	8	2,628,172	20
Securitization§	0	0	0	0	0
Other assets†	207,406	207,407	100	186,665	90
Total credit risk	51,149,970	9,548,426	19	21,570,032	42
Credit valuation adjustment					
Total credit valuation adjustment	--	0	--	0	--
Market risk					
Equity in the banking book	409,099	809,462	198	2,965,227	725
Trading book market risk	--	0	--	0	--
Total market risk	--	809,462	--	2,965,227	--
Operational risk					
Total operational risk	--	1,162,293	--	1,466,706	--
(Thousand €)		**Basel III RWA**		**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification		11,549,881		26,001,965	100

Table 4

Deutsche Apotheker- und Aerztebank eG Risk-Adjusted Capital Framework Data (cont.)				
Total diversification/concentration adjustments	--		3,356,171	13
RWA after diversification	11,549,881		29,358,136	113
(Thousand €)	**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio				
Capital ratio before adjustments	2,253,544	19.5	2,155,384	8.3
Capital ratio after adjustments‡	2,253,544	19.5	2,155,384	7.3

*Exposure at default. §Securitization exposure includes the securitisation tranches deducted from capital in the regulatory framework. †Other assets includes deferred tax assets (DTAs) not deducted from ACE. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). CCP--Central counterparty. RAC--Risk-adjusted capital. RW--Risk weight. RWA--Risk-weighted assets. Sources: Company data as of Dec. 31, 2017, S&P Global Ratings.

Risk position: Credit risk concentration in health care business

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

The bank's risk profile is dependent on developments in the broader health care industry. This makes Apobank susceptible to regulatory changes with potentially adverse impact on the German health care sector, in our view. 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 takes into account that the general economic cycle has a less pronounced effect on the bank's risk profile than it does on the risk profiles of larger commercial banks. 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, the bank'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 1.3% in June 2018. 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 final losses in Apobank's lending portfolio, will remain below the industry average because of borrowers' high credit quality. New loan-loss provisions were again very low, at 0.01% of average customer loans, in 2017. However, we think these levels of credit costs were dislocated and we expect they will rise on the back of increased headwind from Germany's fading economic cycle and Apobank's plan to increase lending volumes.

The loan portfolio benefits from Apobank's focus on high-income borrowers, long-standing experience with this sector, and a fair proportion of residential mortgage collateral. Single-name concentrations are low in the bank's loan book, despite the expanding health care sector and sizable borrowers with demand for larger loan tickets. We understand that the bank has no bond exposures to more cyclical emerging market economies.

Table 5

Deutsche Apotheker- und Aerztebank eG Risk Position

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Growth in customer loans	7.2	8.2	6.9	3.2	0.9
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	12.9	12.7	3.3	3.8
Total managed assets/adjusted common equity (x)	20.1	19.2	18.6	16.9	17.3
New loan loss provisions/average customer loans	N.M.	0.0	0.1	0.1	0.3
Gross nonperforming assets/customer loans + other real estate owned	1.3	1.4	1.9	2.2	2.3
Loan loss reserves/gross nonperforming assets	N/A	42.4	42.0	N/A	N/A

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

Funding and liquidity: Benefits from membership of the Cooperative Banking Sector

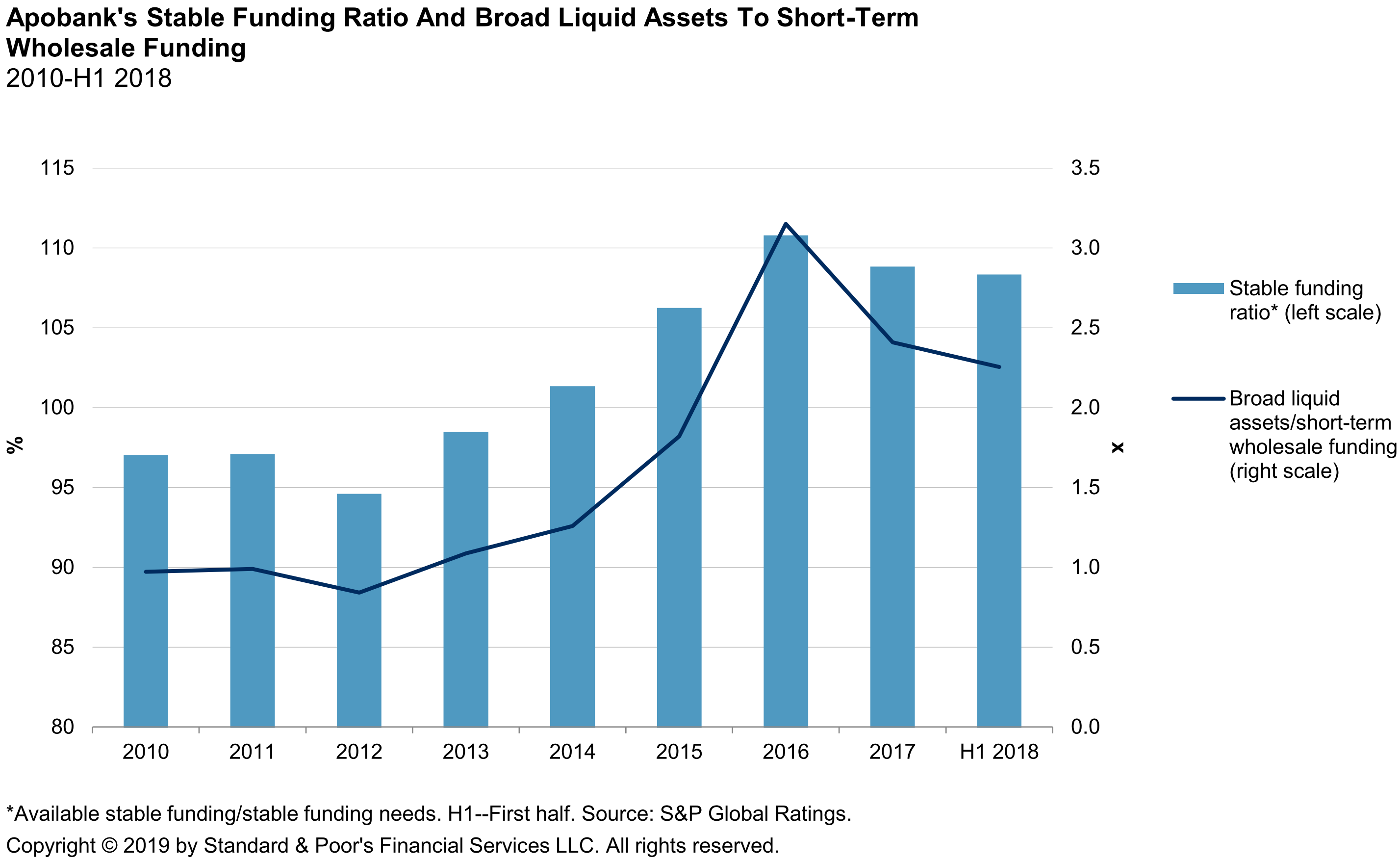
We continue to anticipate that Apobank's funding and liquidity will remain neutral for the ratings. The bank benefits from the Cooperative Banking Sector's comprehensive protection scheme and the solidarity system, underpinned by the sector's supporting measures for its member banks. We view this ongoing support mechanism as a key positive factor for the bank's funding and liquidity profile. 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.

The bank's deposit base expansion exceeded increases in core lending until 2016. Buoyant lending rises during 2017 and the first half of 2018 reversed this trend and led Apobank's loan increases to outpace deposit increases. Core deposits as a percentage of the funding base declined to 62% in the first half of 2018 from a peak of 68% in 2016. At the same time, the bank's reported loan-to-deposit ratio stood at 131% by mid-year 2018, after a low of 121% in 2016. Its stable funding ratio--our measure of available stable funding over stable funding needs--reached 108%, in line with German peers.

We view positively that Apobank has somewhat reduced its dependence on wholesale funding since 2010 by solidifying its customer deposit base. Our funding and liquidity metrics, which showed a gradual improvement until 2016, demonstrate this (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.

Chart 1



The bank's prudent liquidity management benefits from its generally sound portfolio of unencumbered, high-quality securities eligible for refinancing in the market or by the European Central Bank (ECB). Apobank's broad liquid assets covered short-term wholesale funding by 2.3x as of June 30, 2018, a solid improvement from 1.8x in 2015. In our view, this suggests that Apobank should be resilient to a disruption in wholesale market access. In addition, Apobank's net broad liquid assets relative to short-term customer deposits compare well with the domestic average and underpin our neutral liquidity assessment. The bank regularly performs liquidity stress tests and reverse stress tests and has an adequate contingency plan in case of liquidity stress. We think that the bank 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. That said, we would expect the Cooperative Banking Sector to support Apobank's liquidity position, if needed.

Table 6

Deutsche Apotheker- und Aerztebank eG Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	62.0	63.8	68.1	67.8	64.5

Table 6

Deutsche Apotheker- und Aerztebank eG Funding And Liquidity (cont.)

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Customer loans (net)/customer deposits	131.2	130.5	121.1	122.1	128.9
Long-term funding ratio	93.1	93.5	94.9	91.3	88.8
Stable funding ratio	108.3	108.8	110.7	106.2	101.3
Short-term wholesale funding/funding base	7.3	6.9	5.4	9.3	11.9
Broad liquid assets/short-term wholesale funding (x)	2.3	2.4	3.2	1.8	1.3
Net broad liquid assets/short-term customer deposits	15.8	16.2	18.5	12.6	5.6
Short-term wholesale funding/total wholesale funding	19.3	19.1	16.8	28.8	33.6
Narrow liquid assets/three-month wholesale funding (x)	5.8	6.2	6.3	3.1	2.1

*Data as of June 30.

Support: Four notches of uplift as a core group member of the Cooperative Banking Sector

The long-term rating on Apobank is four notches higher than its SACP because we align the rating with that on the German cooperative banking sector. This is because we view Apobank as a core strategic member of the Cooperative Banking Sector, according to our group rating methodology.

This four-notch uplift from Apobank's 'bbb+' SACP incorporates our expectation that Apobank would likely receive additional extraordinary support in the future, under any foreseeable circumstances, from the Cooperative Banking Sector, if needed. We base our group classification on Apobank's role as the largest cooperative bank in Germany, its core membership of the sector's protection scheme, and its earnings and capital support. In recent years, Apobank has benefited from the sector's guarantee, which safeguarded Apobank from risks related to its legacy structured finance portfolios until mid-2014.

Although we regard Apobank to be moderately important to the German banking system, we do not incorporate any notches of uplift for additional loss-absorbing capacity. This is because of a lack of clarity regarding the resolution scenario for the Cooperative Banking Sector. In any case, we consider group support to be the strongest support element in our ratings on individual group members.

Issue credit ratings: 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. This is because the bank is a core subsidiary of the Cooperative Banking Sector and because we expect the overall group will support these instruments. The senior subordinated debt instruments are plain vanilla unsecured term obligations issued 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.

Related Criteria

- 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: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banks: Rating 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

Related Research

- Cooperative Banking Sector Germany, Feb. 4, 2019
- German Banks Will Likely Stay Strongly Capitalized, Dec. 18, 2018
- Banking Industry Country Risk Assessment: Germany, Nov. 2, 2018

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 February 5, 2019)	
Deutsche Apotheker- und Aerztebank eG	
Issuer Credit Rating	AA-/Stable/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	
05-Dec-2011	AA-/Stable/A-1+
12-Dec-2006	A+/Stable/A-1
23-Aug-2006	A/Positive/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.