

Transaction Update:

Deutsche Apotheker- und Aertztebank eG Mortgage Covered Bond Program

June 15, 2026

Reference rating level	aa	Jurisdiction-supported rating level	aaa	Maximum achievable CB rating	aaa	Covered bond rating	
Resolution regime uplift	+2	Assigned jurisdictional support uplift	+2	Assigned collateral support uplift	0	AAA/Stable	
Systemic importance	Very Strong	Jurisdictional support assessment	Very Strong	Over-collateralization adjustment	0	Rating constraints	aaa
Resolution counterparty rating	N/A			Liquidity adjustment	0	Sovereign risk	aaa
Issuer credit rating	A+			Potential collateral-based uplift	+4	Counterparty risk	aaa

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Credit Highlights

Overview

Key strengths

The high issuer credit rating (ICR) on Deutsche Apotheker- und Aertztebank eG (apoBank) allows for 'AAA' ratings based on the jurisdiction-supported rating level (JRL) and the coverage of the legal minimum overcollateralization (2%).

The program benefits from five unused notches of ratings uplift--one notch of jurisdictional support and four notches of collateral-based support--that would protect the covered bond ratings if we were to lower the long-term ICR on apoBank.

The cover pool predominantly comprises highly seasoned prime German residential loans.

The application of our updated covered bonds criteria allows the covered bonds to achieve 'AAA' ratings based on the JRL and the coverage of the legal minimum overcollateralization (2%). This is below the required 6.3% coverage of 'AAA' credit risk in our previous analysis (see "[Methodology For Rating Covered Bonds](#)," July 25, 2025).

'AAA' credit risk and the target credit enhancement (TCE) remain largely unaffected under our updated criteria. Our collateral support analysis is based on stratified cover pool data and asset-

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liability cash flow projections as of March 31, 2026. Since our previous review, the cover pool notional, outstanding covered bonds volume, asset composition, credit quality, and cash flow profile have remained broadly stable. The credit metrics benefited from the removal of spread compression and commingling risk stresses, a trend further supported by higher excess spread within the program. These improvements were partially offset by an increase in TCE requirements driven by upcoming bond maturities.

The program benefits from five unused notches of ratings uplift. Our analysis is anchored by the relatively high long-term ICR on apoBank (A+/Stable/A-1). This strong issuer profile provides a significant cushion to the covered bond ratings; specifically, the current 'AAA' ratings incorporate a five-notch uplift buffer over the ICR on apoBank. This buffer provides substantial protection to the covered bond ratings if we were to lower our long-term ICR on apoBank, all else remaining equal.

Germany's banking sector exhibits stable economic risk. After three years of stagnant growth, we project real GDP increases of 0.8% in 2026 and 1.4% in 2027, supported by additional investments in infrastructure and defense production. This forecast is balanced against a backdrop of high geopolitical uncertainty and Germany's vulnerability to tariff impacts. Additionally, an aging population constitutes a key structural risk to Germany's long-term economic outlook. It is more pronounced than in most European countries and will therefore likely exacerbate skilled labor shortages and strain social security systems. In our opinion, Germany's economic resilience, robust corporate balance sheets, and capital buffers provide meaningful stability to German banks. Our economic risk assessment reflects the country's wealth and its ability to absorb large economic shocks and adapt to structural challenges. Accordingly, our base-case scenario considers that German banks can navigate risks to the country's export-led economic model, higher trade sensitivities, and an aging population (see "[Banking Industry Country Risk Assessment: Germany](#)," Sept. 19, 2025, and "[Sovereign Risk Indicators](#)," April 14, 2026).

Banking industry risk is stable. Despite materially improved earnings, German banks will likely remain behind their peers in terms of structural profitability. We expect high competition to continue constraining the sector's longer-term profitability. In our view, German banks operate in a highly competitive and structurally overbanked market. Funding from deposits and covered bonds constitute their strength whereas revenue diversification and digitalization underline their weaknesses.

Outlook

The stable outlook on apoBank's mortgage covered bonds reflects the cushion of five unused notches-- one notch of jurisdictional support and four notches of collateral-based support-- that would protect the ratings on the covered bonds if we were to lower the long-term ICR on apoBank up to five notches, all else remaining equal.

Program Description

apoBank is a leading member of the German cooperative banking sector, and it specializes in lending business and payment services to the medical sector in Germany. Its core customer groups are self-employed and employed doctors, dentists, and pharmacists, but the bank has

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steadily diversified into related corporate lending to medical organizations, hospitals, long-term care facilities, and corporations acting in pharmaceuticals, medical technology, and dentistry.

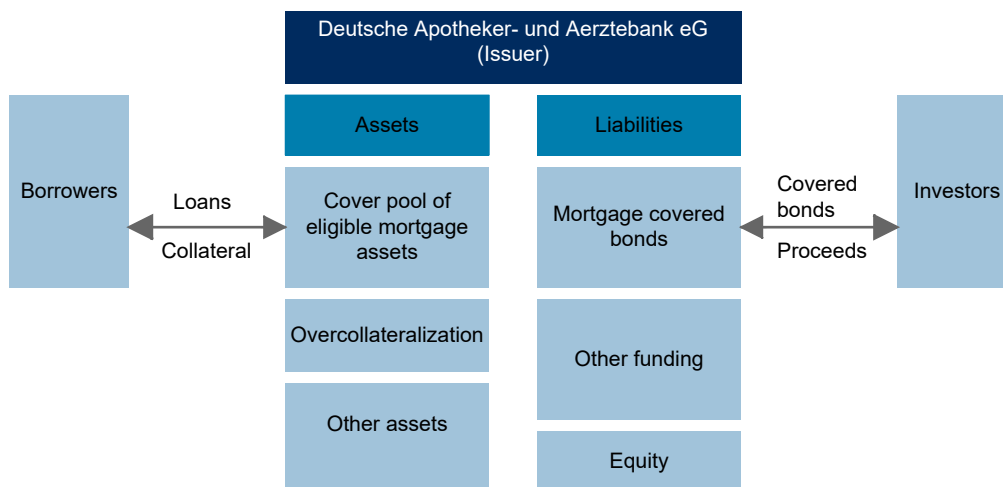
The covered bonds are regulated by the German covered bond framework and issued under apoBank's €15 billion debt issuance program or using standalone documentation. We have rated the program since 2008.

The covered bonds constitute the issuer's senior secured unsubordinated obligations and rank pari passu with all other obligations secured by the cover pool register. Covered bondholders have recourse to apoBank and, in the instance of insolvency, to the assets in the cover pool register.

The covered bonds and cover pool assets are euro-denominated and predominantly pay a fixed interest rate.

apoBank provides the bank account for the program. The cover pool contains no swaps.

Program structure



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Table 1

Program overview*

Jurisdiction	Germany
Legal framework	German Covered Bond Act
Redemption profile	Hard bullet, extendable by up to 12 months subject to certain conditions
Underlying assets	Residential mortgages, commercial mortgages, and substitute assets
Outstanding covered bonds (bil.€)	3.549
Available credit enhancement (%)	107.22
Credit enhancement commensurate with current rating (%)	2.00
Assigned jurisdictional support uplift	2

Program overview*

Legal overcollateralization (%)	2
Number of unused notches	5

*Based on data as of March 31, 2026.

Table 2

Program Participants

Role	Name	Rating	Rating dependency
Issuer/ bank account provider	Deutsche Apotheker- und Aertztebank eG	A+/Stable/A-1	Yes

Rating Analysis

Legal and regulatory risks

We base our legal analysis on our criteria "[Asset Isolation And Special-Purpose Entity Methodology](#)," May 29, 2025.

The German Covered Bond Act (Pfandbriefgesetz; "PfandBG") and the relevant secondary legislation provide the legal framework to issue German covered bonds (Pfandbriefe). We consider that the German covered bond legal framework satisfies the relevant legal aspects of our covered bonds criteria, specifically the cover pool assets' isolation from an issuer's bankruptcy or insolvency risk, so that covered bond payments continue on their scheduled dates (see "[Methodology For Rating Covered Bonds](#)," July 25, 2025). This allows us to rate the covered bonds higher than our long-term ICR on apoBank.

Covered bond investors have a preferential claim to a cover pool, which for mortgage covered bonds, may comprise exposure to properties and rights equivalent to real property located, among others, in a member state of the European Union, the European Economic Area, Great Britain, Switzerland, the U.S., Canada, Japan, Australia, New Zealand, or Singapore. Mortgages can be used to cover only up to the first 60% of the property's mortgage lending value, as estimated in accordance with the Covered Bond Act. The cover pool can also include exposures to public sector entities from the same geographic locations as stipulated for the mortgage assets. Additionally, it can comprise other eligible substitute assets that meet the eligibility criteria outlined in the German Covered Bond Act.

According to the legal framework, the issuer must maintain at least 2% overcollateralization on both a nominal and net present value basis for the outstanding covered bonds and ensure that 180 days of liquidity needs are always covered.

An independent trustee is responsible for monitoring the cover pool (cover pool monitor) until an independent cover pool administrator is appointed upon the issuer's insolvency. BaFin, the German supervisory authority for financial institutions, appoints and supervises the cover pool monitor and cover pool administrator. It also regularly conducts a covered bond audit.

The administrator can extend all outstanding covered bonds' maturity, subject to certain conditions, including avoiding imminent insolvency of the ringfenced Pfandbriefe, confirming it is not overindebted, and having no reason to believe that it will not be solvent when the extension period ends. In addition, the extension cannot affect the covered bond investors' ranking or

invert the sequencing of the covered bond programs' original maturities. As we rate the covered bonds to their legal final maturity, in our analysis we assumed that all covered bonds have been extended by one year.

Resolution regime analysis

Our analysis considers whether the applicable resolution regime in Germany increases the likelihood that the issuer will continue servicing its covered bonds even following a default on its senior unsecured obligations.

apoBank is domiciled in Germany, which is subject to the EU's Bank Recovery and Resolution Directive. We assess the systemic importance of German mortgage covered bonds as very strong. Under our updated covered bonds criteria, we determine the reference rating level (RRL) as the greater of (i) two notches above the long-term ICR; and (ii) the resolution counterparty rating (RCR) on the issuing bank, where applicable. Given the 'A+' long-term ICR on apoBank and absent an assigned RCR, the RRL is 'aa'.

Jurisdictional support analysis

The JRL is our assessment of the likelihood that the covered bonds facing stress would receive support from a government-sponsored initiative instead of from the collateral assets' liquidation in the open market. For banks in countries that are members of a monetary union, we also consider support from supranational entities such as the European Central Bank in the eurozone. Given our very strong jurisdictional support assessment of mortgage covered bonds in Germany, the covered bonds are eligible for three notches of jurisdictional support uplift above the RRL. Two notches are used to achieve 'AAA' ratings resulting in one unused notch for jurisdictional support.

The cover pool is granular without major asset concentration and specific risk factors. The covered bonds achieve 'AAA' ratings based on the JRL and the coverage of the legal minimum overcollateralization (2%).

Operational and administrative risks

We review operational risk according to our covered bonds criteria and consider the procedures used by the issuing bank in the origination and monitoring of cover pool assets.

In our opinion, no operational risks from the cover pool's management and loan origination would constrain the covered bond ratings to the same level as the long-term ICR on the issuer.

We believe potential backup servicers would be available, if apoBank ceases to manage the program. In our view, Germany is an established covered bond market and the cover pool of residential and commercial assets do not comprise product features that would materially limit the range of available servicers.

apoBank's cover pool comprises loans granted to medical professionals in Germany, secured by residential properties and commercial properties such as pharmacies, medical centers, rehabilitation and nursing homes, and office properties.

The cover pool has no loans in arrears or defaulted loans as the issuer removes loans from the cover pool if a borrower's performance deteriorates beyond a predetermined threshold as measured by the borrower's bank internal rating.

apoBank has a track record of prudently managing refinancing risks within the covered bond program. These risks may arise if the issuer defaults, and they depend on the magnitude of

timing mismatches between the maturities of the cover pool assets and covered bonds. apoBank has to date voluntarily maintained overcollateralization that exceed both the legal minimum requirement and the credit enhancement we deem commensurate with the maximum potential collateral-based uplift of four notches.

Collateral support analysis

While we assign our 'AAA' ratings based on the JRL and the coverage of the legal minimum overcollateralization (2%), we perform a collateral support analysis to determine the number of unused notches. This analysis is based on stratified data and asset and liability cash flow projections as of March 31, 2026. Since our last review, the cover pool composition has remained stable, comprising predominantly German residential mortgage loans, commercial mortgages with a focus on multifamily homes, and substitute assets (see table 3).

Mortgage market overview: German residential real estate prices have fallen roughly 25% in real terms since 2022. But, they have stabilized, and new business is recovering. We do not foresee a return in mortgage financing volumes to pre-2022 levels due to persistently higher mortgage rates. However, prices are supported by strong structural housing demand, driven by demographic shifts and migration toward larger cities, as well as constrained new supply due to high construction costs. We project a return to substantial nominal growth from 2025 onward. Overall, we anticipate minimal credit costs and nonperforming loans in German residential mortgage lending due to overall conservative underwriting. Lenders typically require 20%-30% equity and fixed mortgage rates (10-15 years) to shield existing borrowers from the impact of higher interest rates at refinancing. However, limited loan-to-value ratio data and anecdotal evidence of increased leverage during prior low-rate periods pose a risk. Germany's relatively low homeownership rate (below 50% versus the 70% EU average) also concentrates debt, alongside a large, regulated rental market.

Though nominal prices for commercial real estate (CRE) fell by about 18% in 2022 and 2023, they stabilized at materially lower levels based on low transaction volumes. This reflects ongoing differing price expectations and could pose downside risks if broad-based forced sales occur at steep discounts. Particularly, non-prime offices and those with low energy efficiency, along with the retail sector, continue to face challenges (see "[Banking Industry Country Risk Assessment: Germany](#)," Sept. 19, 2025).

We analyzed the residential mortgage loans based on the specific adjustments defined for Germany under our global RMBS criteria and related German Supplement and the cover pool's commercial portion using our CRE criteria (see "Related Criteria").

We based our analysis on stratified data as of March 31, 2026. Since our previous review, the cover pool's composition and credit quality have remained stable. About three-quarters of the pool continue comprising exposures to well-seasoned residential mortgages, about 17% are commercial mortgages and substitute assets make up the remaining part (see table 3). For the combined pool of residential and commercial mortgages, both our weighted-average foreclosure frequency (WAFF) and weighted-average loss severity (WALS) remained practically unchanged since our previous analysis (see table 4). We applied stresses that are commensurate with a 'AAA' rating scenario.

The mortgage cover pool is located entirely in Germany, with the highest regional concentration in North Rhine-Westphalia (26%). Residential exposures remain within our global RMBS criteria limits. For the CRE portfolio, we assess regional concentration relative to Germany's GDP distribution. Consequently, we have increased the base-case foreclosure frequency by 10% for

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the portion of the CRE pool concentrated in Berlin and Bremen (16.2% of the CRE portfolio, up from 14.65%).

Buy-to-let loans account for over one-third of the residential portfolio. We have adjusted our base foreclosure frequency upward by 70% for these exposures. Additionally, we increased the base foreclosure frequency by 50% for interest-only (IO) loans, representing approximately one-fifth of the residential pool. While IO borrowers typically pledge additional security (such as life insurance or investment funds), these assets are excluded from the cover pool and may not be available to the administrator in an insolvency. Accordingly, no credit is given to these instruments.

Approximately one-quarter of the residential sub-portfolio consists of loans to medical professionals (Freiberufler). We have not adjusted foreclosure frequencies for this group, noting the resilience of the German healthcare sector and the stable or increasing income trends supported by issuer-provided data. Furthermore, the regulated nature of their remuneration, under Germany's mandatory health insurance system, distinguishes them from other self-employed borrowers. Our analysis of the commercial mortgages also considers obligor concentration risk by applying a largest obligor test as outlined in our CRE criteria. The result of this test also remained stable at 3.57% (4.09% previously).

We assessed the substitute cover pool via an asset-level review and classified it as non-granular under our public sector criteria. While we assume the dominant 'AAA'-rated portion of the pool remains available for payments, we apply a stress scenario to the remaining 39% of non-'AAA' assets. This scenario assumes these exposures default within the 'AAA' rating stress, with a 44% recovery rate and a two-year workout period, on a weighted-average basis.

Table 3

Pool composition

Asset type	March 31, 2026		March 31, 2025	
	Value (mil. €)	% of cover pool	Value (mil. €)	% of cover pool
Residential	5,483.4	74.6	5,807.3	74.5
Commercial	1,259.9	17.1	1,382.7	17.7
Substitute	610.0	8.3	610.0	7.8
Total	7,353.3	100.0	7,800.0	100.0

Table 4

Key credit metrics

	March 31, 2026	March 31, 2025
Residential mortgage assets		
Weighted-average original LTV ratio (%)	95.94	94.50
Weighted-average cover pool LTV ratio, indexed (%)	55.16	54.90
Weighted-average loan seasoning (months)*	82.72	80.28
Balance of loans in arrears (%)	0.00	0.00
Buy-to-let loans (%)	35.41	37.02
Interest only loans, residential (%)	21.03	21.53

Key credit metrics

	March 31, 2026	March 31, 2025
Residential mortgage assets		
Residential mortgages credit analysis results		
WAFF (%)	24.98	25.05
WALS (%)	16.05	15.92
Commercial mortgage assets		
Weighted-average whole-loan LTV ratio (%)	77.07	75.50
Weighted-average cover pool LTV ratio, indexed (%)	55.85	56.04
Investment properties / operating properties (%)	62.47/37.53	64.32/35.68
Balance of loans in arrears (%)	0.00	0.00
Commercial mortgages credit analysis results		
WAFF (%)	37.77	36.56
WALS (%)	60.00	59.98
Largest obligor test (% of covered bonds)	3.57	4.09
Combined mortgage pool credit analysis results		
WAFF (%)	27.37	27.26
WALS (%)	24.26	24.39
'AAA' credit risk (%)	4.26	6.46

*Seasoning refers to the elapsed loan term. LTV--Loan-to-value. WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Table 5

Loan-to-value ratios

	As of March 31, 2026	As of March 31, 2025
Residential mortgages - original LTV ratio (%)		
[0 - 60]	11.57	12.23
(60 - 70]	8.39	9.32
(70 - 80]	11.36	12.37
(80 - 90]	13.70	13.62
(90 - 100]	13.12	13.15
>100	41.86	39.31
Weighted-average residential mortgages original LTV ratio (%) - whole loan	95.94	94.5
Residential mortgages - current LTV ratio (%)		
[0 - 40]	12.14	12.63
(40 - 50]	7.37	8.09
(50 - 60]	80.48	79.28
Weighted-average residential mortgages current LTV ratio (%) - whole loan	55.16	54.90
Commercial mortgages - current LTV ratio (%) - whole loan		
[0 - 70]	44.49	47.57
(70 - 80]	13.34	14.52
(80 - 90]	15.33	13.55
(90 - 100]	7.05	6.36

Loan-to-value ratios

	As of March 31, 2026	As of March 31, 2025
Residential mortgages - original LTV ratio (%)		
>100	19.50	18.00
Weighted-average commercial mortgages whole-loan LTV ratio (%) - whole loan	77.04	75.50
Commercial mortgages - current LTV ratio (%)		
[0 - 40]	11.8	10.77
(40 - 50]	3.46	4.84
(50 - 60]	84.73	84.39
Weighted-average commercial mortgages cover pool current LTV ratio (%)	55.85	56.04

LTV--Loan-to-value.

Table 6

Residential mortgages loan seasoning distribution*

	March 31, 2026	March 31, 2025
Remaining term to maturity (months)	--% of residential mortgage portfolio--	
>0 and <=5 years	19.01	23.75
>5 and <=6 years	6.25	16.39
>6 and <=7 years	15.09	15.67
>7 and <=8 years	16.07	14.15
>8 and <=9 years	15.55	12.09
>9 and <=10 years	12.42	9.41
>10 years	15.61	8.54
Total	100.00	100.00
Weighted-average loan seasoning (years)	6.73	6.69

*Seasoning refers to the elapsed loan term.

Table 7

Geographic distribution of loan assets

	March 31, 2026	March 31, 2025
Residential mortgages	--% of total residential/commercial cover pool--	
Baden-Wuerttemberg	9.27	9.67
Bavaria	9.73	10.10
Berlin	8.95	9.28
Brandenburg	4.35	4.07
Bremen	1.01	0.99
Hamburg	2.94	2.95
Hesse	7.85	7.92
Lower Saxony	7.52	7.38
Mecklenburg-Vorpommern	2.49	2.53

Geographic distribution of loan assets

	March 31, 2026	March 31, 2025
Residential mortgages	--% of total residential/commercial cover pool--	
North Rhine-Westphalia	26.05	25.60
Rhineland-Palatinate	3.48	3.53
Saarland	0.63	0.67
Saxony	7.98	7.82
Saxony-Anhalt	2.30	2.12
Schleswig-Holstein	3.52	3.50
Thuringia	1.93	1.86
Total	100.00	100.00
Commercial mortgages		
Baden-Wuerttemberg	7.00	6.73
Bavaria	7.21	9.65
Berlin	14.33	12.03
Brandenburg	3.67	3.58
Bremen	1.87	2.62
Hamburg	6.79	6.05
Hesse	10.84	10.20
Lower Saxony	8.23	7.67
Mecklenburg-Vorpommern	1.95	2.01
North Rhine-Westphalia	24.89	25.79
Rhineland-Palatinate	3.80	3.78
Saarland	0.31	0.82
Saxony	3.10	3.83
Saxony-Anhalt	1.66	1.58
Schleswig-Holstein	3.01	2.22
Thuringia	1.34	1.43
Total	100.00	100.00

The application of our updated covered bonds criteria had a limited impact on our cash flow results. Our 'AAA' credit risk reduced to 4.26% (6.46% previously) due to the removal of the spread compression and commingling risk stresses applied previously. This benefit is further supported by higher excess spread. The higher TCE results from the shorter average time to maturity of the covered bonds.

With an available credit enhancement of 107%, the maximum potential collateral-based uplift above the JRL is four notches. We do not reduce the total collateral-based uplift owing to the availability of at least 180 days of liquidity coverage and the possibility of maturity extension of the covered bonds. Additionally, as 'AAA' ratings are reached based on jurisdictional support with a required overcollateralization equal to the legal minimum, we do not adjust for the lack of an overcollateralization commitment. This is because we consider the issuer's maintenance of the legal minimum overcollateralization as a legally binding commitment to maintain

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overcollateralization commensurate with the current ratings. As a result, the covered bonds benefit from four unused notches of collateral-based uplift.

Table 8

Collateral uplift metrics

	March 31, 2026	March 31, 2025
Asset WAM (years)	4.58	4.74
Liability WAM (years)	6.94	7.92
Maturity gap (years)	(2.36)	(3.18)
Available credit enhancement (%)	107.22	119.19
'AAA' credit risk (%)	4.26	6.46
Required credit enhancement for first notch of collateral uplift (%)	4.26	6.46
Required credit enhancement for second notch of collateral uplift (%)	4.26	6.46
Required credit enhancement for third notch of collateral uplift (%)	5.04	6.46
Target credit enhancement for maximum uplift (%)	5.82	6.46
Potential collateral-based uplift (notches)	4.00	4.00
Adjustment for liquidity (Y/N)	N	N
Adjustment for committed overcollateralization (Y/N)	N	Y
Collateral support uplift (notches)	4.00	3.00

WAM--Weighted average maturity.

Table 9

Peer comparison

Program name	Deutsche Apotheker und Aerztebank eG	DZ Hyp AG	Wuestenrot Bausparkasse AG
Overview			
Jurisdiction	Germany	Germany	Germany
Covered bond type	LCB/Mortgage covered bonds	LCB/Mortgage covered bonds	LCB/Mortgage covered bonds
Outstanding assets (mil. €)	7.35	41,094	5,397
Outstanding covered bonds (mil. €)	3.55	35,058	4,678
Cover pool composition	Residential: 74.6% Commercial: 17.1% Substitute/public finance assets: 8.3%	Residential: 30.3% Commercial: 65.5% Substitute assets: 3.5% Cash: 0.7%	Residential assets: 89.5%; Commercial assets: 1.9%; Substitute assets: 8.6%
Rating details			
Issuer credit rating	A+	A+	A-
Reference rating level	aa	aa	a+
Jurisdictional-supported rating level	aaa	aaa	aa+
Covered bond rating	AAA/Stable	AAA/Stable/A-1+	AAA/Stable
Total unused notches	5	5	3
Credit analysis			
Mortgage WAFF (%)	27.26	19.53	19.9
Mortgage WALs (%)	24.39	26.92	21.2

Peer comparison

Program name	Deutsche Apotheker und Aerztebank eG	DZ Hyp AG	Wuestenrot Bausparkasse AG
Overview			
Overcollateralization (OC)			
Available OC (%)	107.22	18.07	15.36
Asset default risk (%)	4.26	5.18	6.43
Target credit enhancement (%)	5.82	6.66	9.79
OC consistent with current rating (%)	2	2	6.43
Cash-flow analysis as of	March 31, 2026	Dec. 31, 2025	Dec. 31, 2025

OC--Overcollateralization. WAFF--Weighted-average foreclosure frequency. WALs--Weighted-average loss severity.
LCB--Legislation-enabled covered bonds.

Counterparty risk

We analyze counterparty risk under our covered bonds criteria. It does not constrain the ratings on the program and related issuances.

We understand that the German Covered Bond Act effectively segregates cash received after the issuer's insolvency, but the cash received shortly before insolvency and not reinvested in the cover pool assets could be exposed to commingling risk. To tackle this risk, apoBank has committed itself to increasing overcollateralization within 60 days upon loss of the minimum ICR, in accordance with our counterparty risk assessment, to maintain the covered bond ratings.

Under our new criteria, we apply a forward-looking assessment of the issuer's maintenance of credit support to address commingling risk. Since rating inception, apoBank has maintained overcollateralization levels well above the level required for 'AAA' ratings. We expect it to continue maintaining credit support for its covered bonds and therefore currently do not stress commingling risk in our cash flow analysis.

No swaps are registered in the program.

Sovereign risk

We consider sovereign risk to be in line with our structured finance sovereign risk criteria (see "[Methodology For Rating Structured Finance Securities Above The Sovereign](#)," April 10, 2026).

Under these criteria, covered bonds backed by mortgages--issued in a jurisdiction within a monetary union that includes structural coverage of refinancing needs over a 12-month period (provided by the potential 12-month extendible maturity profile of the covered bonds in this instance)--exhibit low sensitivity to sovereign default risk. As a result, we can rate the covered bond up to six notches above the issuer's domicile sovereign rating. Given our 'AAA' long-term rating on Germany, sovereign risk does not constrain our ratings on the covered bonds.

Environmental, Social, And Governance

Environmental and social credit factors have no material influence on our credit rating analysis of apoBank's mortgage covered bonds. Governance factors are a neutral consideration in our credit analysis. The 'AAA' ratings are reached based on jurisdictional support and the required overcollateralization corresponds to the legal minimum. Additionally, we do not adjust the number of notches of potential collateral-based uplift or the number of unused notches of collateral-based uplift due to the lack of an overcollateralization commitment. Furthermore, the

bonds' 12 months maturity extension and the provisions of the German covered bond legislation mitigate the liquidity risk.

Related Criteria

- [Methodology For Rating Structured Finance Securities Above The Sovereign](#), April 10, 2026
- [Methodology For Rating Covered Bonds](#), July 25, 2025
- [Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology](#), May 29, 2025
- [Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement](#), April 4, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities](#), Dec. 22, 2020
- [Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans](#), Jan. 25, 2019
- [Analyzing European Commercial Real Estate Collateral In European Covered Bonds](#), March 31, 2015
- [Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities](#), Dec. 9, 2014
- [Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Global Covered Bond Insights Q2 2026](#), March 25, 2026
- [European Housing Markets: Structural Pressures Persist, Forecasts Barely Shift](#), Feb. 3, 2026
- [Cooperative Banking Sector Germany](#), Jan. 19, 2026
- [S&P Global Ratings Definitions](#), Dec. 16, 2025
- [German Covered Bond Market Insights 2025](#), Oct. 30, 2025
- [Deutsche Apotheker- und Aerztebank eG](#), Oct. 13, 2025
- [Banking Industry Country Risk Assessment: Germany](#), Sept. 19, 2025
- [Covered Bonds Primer](#), Sept. 2, 2025
- [European Housing Markets: Strong Demand And Weak Supply Will Keep Prices High](#), July 10, 2025
- [Glossary of Covered Bond Terms](#), April 27, 2018

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