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CREDIT OPINION
9 August 2019

Update

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RATINGS

DekaBank Deutsche Girozentrale

Domicile	Frankfurt am Main, Germany
Long Term CRR	Aa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa2
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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DekaBank Deutsche Girozentrale

Update to credit analysis

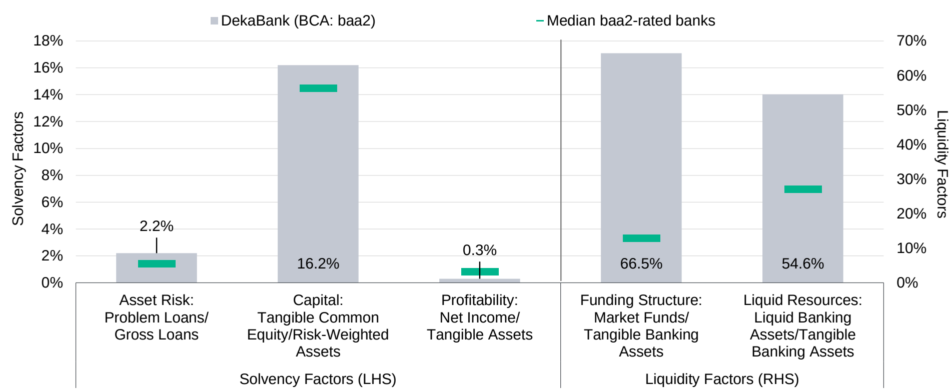
Summary

We assign Aa2/P-1 deposit and senior unsecured ratings, as well as A1 junior senior unsecured debt ratings to DekaBank Deutsche Girozentrale (DekaBank). We further assign a baa2 Baseline Credit Assessment (BCA), an a3 Adjusted BCA, and Aa2/P-1 Counterparty Risk Ratings (CRR).

DekaBank's senior unsecured ratings reflect: (1) the bank's baa2 BCA; (2) its a3 Adjusted BCA, which incorporates our assumption of Very High affiliate support from Sparkassen-Finanzgruppe (S-Group, Aa2 stable, a2[1]), resulting in two notches of rating uplift; (3) the results of our Advanced Loss Given Failure (LGF) analysis, which provide three notches of rating uplift; and (4) our assumption of Moderate support from the Government of Germany (Aaa stable[2]), yielding one-notch of rating uplift.

DekaBank's baa2 BCA reflects the group's sound regulatory capital ratios and moderate level of nonperforming loans, as well as its highly liquid assets, which adequately protect the bank against risk stemming from its high reliance of market funding. At the same time, it also captures its credit risk concentrations from commercial real estate, aircraft and ship financing, as well as its low to moderate profitability.

Exhibit 1
Rating Scorecard - Key Financial Ratios



Source: Moody's Financial Metrics

Credit strengths

» Sound capitalisation

» High share of fee income stabilises profitability

» Robust net new asset growth in retail investment products

» Core institution of S-Group

Credit challenges

» Rising asset risk from a growing commercial real estate book and potential write-down risks from remaining shipping exposures

» Depressed net interest income given the low interest-rate environment

» Dependence on wholesale funding

» Potential shifting preferences among German retail investors away from actively managed funds towards lower-margin passive investment products

» Substantial decline in institutional net new asset growth

Rating outlook

» The outlook on the ratings is stable, reflecting our anticipation that (1) the implied creditworthiness of DekaBank's owners as well as existing cross-sector support mechanisms will stay stable; and (2) the liability structure of the bank, which forms the basis for our Advanced LGF analysis, will stay broadly stable over the outlook horizon.

Factors that could lead to an upgrade

» An upgrade of DekaBank's ratings could result from (1) an upgrade of its Adjusted BCA; and/or (2) a higher rating uplift as a result of our Advanced LGF analysis.

» A strengthening of DekaBank's BCA would likely be offset by less affiliate support uplift and would therefore not lead to an upgrade of the a3 Adjusted BCA. Consequently, upward pressure on the Adjusted BCA could only develop if the creditworthiness of S-Group improves. DekaBank's BCA on its own could be upgraded in the event of an enduring improvement in the bank's capital levels, a material improvement of its profitability, and a pronounced reduction in its market-funding reliance.

» Positive pressure resulting from our LGF analysis could only arise on the junior senior unsecured ratings, should DekaBank materially raise its volume of subordinated instruments; deposit and senior unsecured ratings, as well as the CRR, already incorporate the highest possible rating uplift of three notches.

Factors that could lead to a downgrade

» A downgrade of DekaBank's ratings could be triggered by (1) a lowering of the bank's BCA; (2) a deterioration in the implied creditworthiness of its owners; (3) weakening cross-sector support assumptions; and/or (4) a reduction in rating uplift as a result of our LGF analysis.

» DekaBank's BCA could come under pressure if additional risks emerge from its commercial banking activities, if the bank fails to maintain capital ratios at adequate levels, or if profitability declines further; an ever higher reliance on market funding or a weaker quality of market funding could also result in pressure on the BCA. We would expect, though, that a one-notch downgrade of the BCA would be offset by additional affiliate support.

» Negative pressure on the debt and deposit ratings, as well as the CRR could arise if DekaBank's volume of unsecured and subordinated debt instruments decreases relative to total banking assets.

Key indicators

Exhibit 2

DekaBank Deutsche Girozentrale (Consolidated Financials) [1]

	12-18[2]	12-17[2]	12-16[2]	12-15[2]	12-14[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	100.4	93.8	86.0	108.0	113.2	(2.9)[4]
Total Assets (USD Billion)	114.8	112.6	90.7	117.3	136.9	(4.3)[4]
Tangible Common Equity (EUR Billion)	4.7	4.6	4.4	4.3	3.9	4.6[4]
Tangible Common Equity (USD Billion)	5.4	5.5	4.6	4.6	4.7	3.1[4]
Problem Loans / Gross Loans (%)	0.9	2.1	3.5	3.1	3.3	2.6[5]
Tangible Common Equity / Risk Weighted Assets (%)	16.2	18.4	18.4	13.6	14.0	16.1[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	4.5	9.2	17.1	15.6	18.8	13.0[5]
Net Interest Margin (%)	0.1	0.1	0.1	0.2	0.3	0.2[5]
PPI / Average RWA (%)	1.7	2.2	2.3	2.2	3.2	2.3[6]
Net Income / Tangible Assets (%)	0.3	0.3	0.3	0.3	0.5	0.3[5]
Cost / Income Ratio (%)	70.8	67.5	61.0	59.7	50.9	62.0[5]
Market Funds / Tangible Banking Assets (%)	66.5	63.4	64.0	65.9	69.1	65.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	54.6	46.9	37.1	50.2	43.7	46.5[5]
Gross Loans / Due to Customers (%)	95.3	78.0	99.0	77.2	85.3	86.9[5]

[1]All figures and ratios are adjusted using Moody's standard adjustments. [2]Basel III - fully-loaded or transitional phase-in; IFRS. [3]May include rounding differences due to scale of reported amounts. [4]Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime. [5]Simple average of periods presented for the latest accounting regime. [6]Simple average of Basel III periods presented.

Source: Moody's Investors Service; Company Filings

Profile

DekaBank is the securities service provider (Wertpapierhaus) for S-Group (on a combined basis, S-Group accounts for more than a third of the German banking system). As of 31 December 2018, DekaBank reported consolidated balance sheet assets of €100 billion, while its total customer assets, comprising on-balance sheet assets and off-balance sheet assets under management, amounted to €276 billion (€137 billion from retail customers and €139 billion from institutional customers).

DekaBank provides its private and institutional clients with a range of fund-based products, covering all major asset classes. It also offers real estate funds and financing, lending, capital market-related trading and sales services, treasury facilities, including liquidity, asset and liability management, and funding. As of 31 December 2018, DekaBank employed 4,179 full-time equivalent employees, mainly operating from its headquarters in Frankfurt am Main and its most important foreign office in Luxembourg.

DekaBank was established on 1 January 1999 following the merger of the DekaBank GmbH and Deutsche Girozentrale – Deutsche Kommunalbank. Since June 2011, the bank has been fully owned by the German Sparkassen (savings banks) through two joint shareholders – the Deutsche Sparkassen- und Giroverband ö.K. (DSGV ö.K., the German Savings Banks and Giro Association) and Deka Erwerbsgesellschaft mbH & Co. KG.

For more information, please see DekaBank's Issuer Profile and our German Banking System Profile.

DekaBank's Weighted Macro Profile is Strong (+)

DekaBank has exposures across Europe: 45% of total gross loans as of year-end 2018 related to its home market Germany, 27% to other Eurozone countries (2% to Italy and Spain), 13% to the UK, 1% to other EU countries, 12% to OECD countries outside the EU, and the remainder mainly represented international organisations and exposures outside of Europe. Their weighted average results in a Strong (+) Macro Profile for DekaBank, one notch below the Very Strong (-) Macro Profile of Germany.

Detailed credit considerations

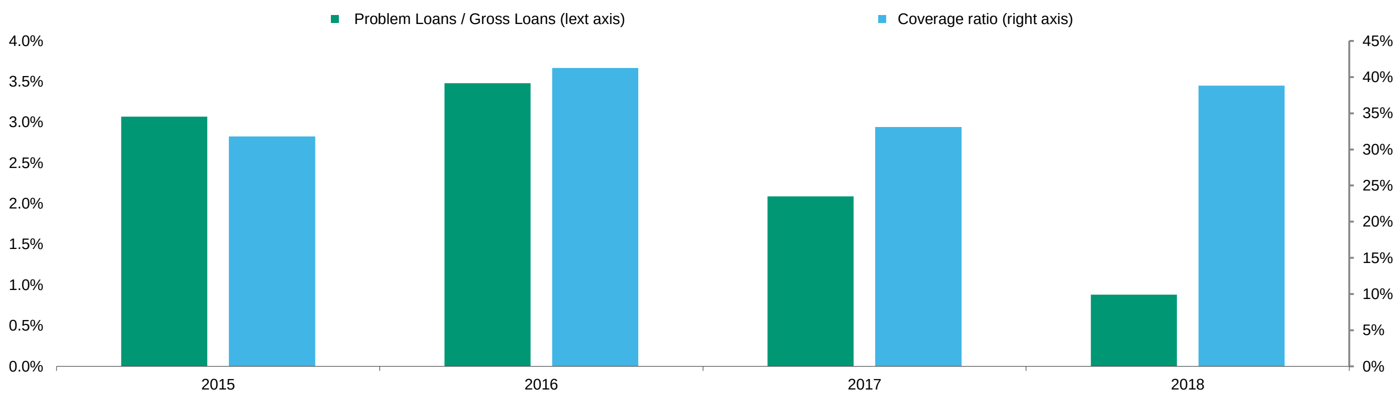
Asset risk from legacy shipping exposures declined, but CRE exposures increased

We assign a baa3 Asset Risk score, four notches below the a2 initial score (which is conditioned by the bank's Strong (+) Weighted Macro Profile), to reflect DekaBank's credit risks from illiquid lending positions and its market risk profile.

The ship finance book of DekaBank had dropped to €1.1 billion (representing 23% of TCE) by end of December 2018, from €1.2 billion at year-end 2017 and €1.6 billion at year-end 2016. Of gross exposures, €0.2 billion related to legacy ship financing loans underwritten prior to 2010 and €0.9 billion represented positions originated post a change in lending risk strategy. The reduction in shipping loans was partly due to sales, which allowed the bank to cut its stock of problem loans by almost three quarters since 2016 and resulted in a much improved problem loan ratio of 0.9% as of year-end 2018.

Exhibit 3

Substantial decline in problem loans following the workout of legacy ship finance exposures



Problem loan ratio as per Moody's definition

Source: Company reports, Moody's Investors Service

While DekaBank has not been impacted as much by the global shipping crisis as some of the other German ship lenders, its remaining exposures might create further write-downs should shipping markets deteriorate again in 2019 and beyond, following the tentative recovery seen in 2017 and 2018. During 2016, the bank had to record material write-downs of €187 million on its legacy shipping portfolio and its problem loan ratio increased from 3.1% as of December 2015 to 3.5% as of December 2016.

In addition to the bank's ship financing exposures, DekaBank runs a sizeable commercial real estate (CRE) book with €7.8 billion of direct exposures and €1.9 billion of loans to open-ended property funds, which on a combined basis increased by €2.8 billion or 40% during 2017 and 2018, and represented 209% of TCE as of December 2018. Further credit risk stems from the bank's €3.6 billion aircraft financing business (77% of TCE), which grew by €0.6 billion or 20% in Euro-terms during 2017 and 2018, and its infrastructure financing portfolio, which rose by €1.1 billion to €3.1 billion (66% of TCE) in the corresponding period. In contrast, the bank's savings bank financing book, which is low risk, declined to €3.7 billion as of December 2018 from €7.3 billion as of December 2016.

Apart from the bank's credit risk, DekaBank runs considerable market risk related to investments and derivative positions. While market risk RWA declined in 2016 following the application of an internal model for the calculation of market price risk, dislocations in capital markets could represent tail risks for the bank's securities financing business. In addition, DekaBank is in the process of expanding its long-term, more illiquid lending book in the areas of commercial real estate and structured finance, which confer higher margins, but also higher risks. Hence, to take account of risks relating to the bank's still substantial market risk and the changing asset risk profile overall, we adjust the initial Asset Risk score of a2 downward by four notches to baa3.

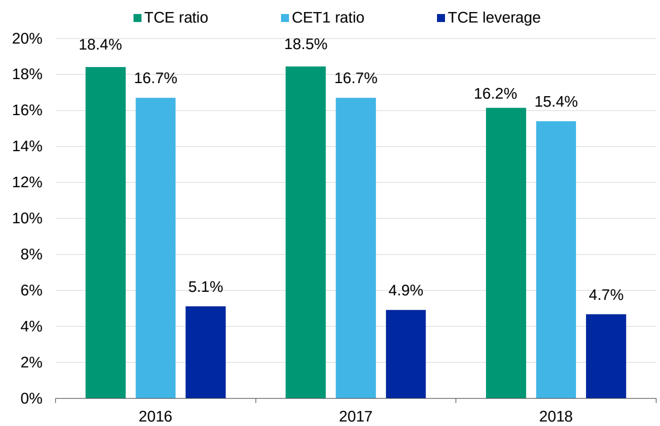
Sound, but declining capitalisation, reflecting balance sheet expansion and rising risk-density

We assign an a2 Capital score, three notches below the aa2 initial score, to take into account the bank's leverage ratio as well as potential balance sheet growth and certain legal risks.

As of December 2018, DekaBank reported a 15.4% fully loaded CET1 ratio under the Capital Requirements Regulation and Directive (CRR/CRD IV), a decline from the 16.7% recorded as of December 2017. While CET1 capital rose 8% during 2018, this was more than offset by a substantial 17% increase in risk-weighted assets (RWAs), stemming from a 20% acceleration in credit risk RWAs and a 24% growth in market risk RWAs, while CVA risk RWAs halved. The sharp increase in RWAs reflected the expansion of DekaBank's balance sheet by €6.7 billion, or 7%, to €100 billion during the period, as well as the bank's shifting asset risk profile to more illiquid balance sheet positions, which increased its risk-weighted density (RWA to total assets) to 29% as of December 2018 from 27% as of December 2017. As a result of the bank's balance sheet growth, the regulatory fully loaded leverage ratio also declined somewhat to 4.6% as of December 2018 from 4.8% as of December 2017 (TCE to tangible assets declined to 4.7% from 4.9% as of the same dates).

Exhibit 4

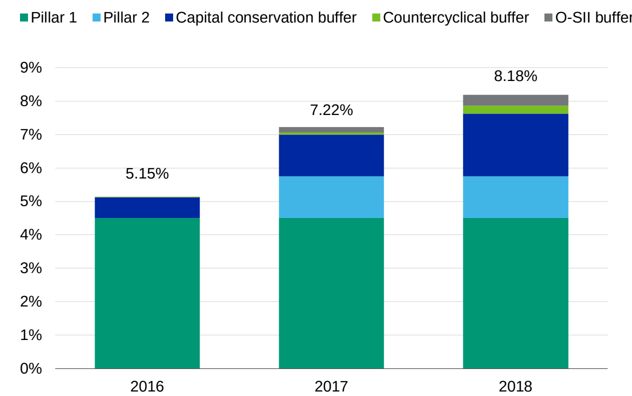
Declining capital and leverage ratios due to balance sheet expansion



TCE = Tangible common equity (Moody's calculation), CET1 = Common Equity Tier 1 (fully-loaded).
Source: Company reports, Moody's Investors Service

Exhibit 5

DekaBank's CET1 requirements in detail



Source: Company reports

Our assigned a2 Capital score, three notches below the aa2 initial score, takes into account the bank's TCE leverage ratio, which remains below our 5% threshold level, as well as a negative impact on capital ratios from potential further balance sheet growth and certain legal risks, mainly stemming from investigations into past transactions in German stocks near the record date. IFRS 9 did not have a material effect on capitalisation levels with the first time application effect having lowered balance sheet equity by only €32 million as of 1 January 2018 (less than 1% of TCE). As of December 2018, DekaBank's minimum capital requirements determined by the Supervisory and Review Process (SREP) were 8.18% on a CET1 basis and 11.68% on a Total Capital basis, which DekaBank comfortably exceeded at all times.

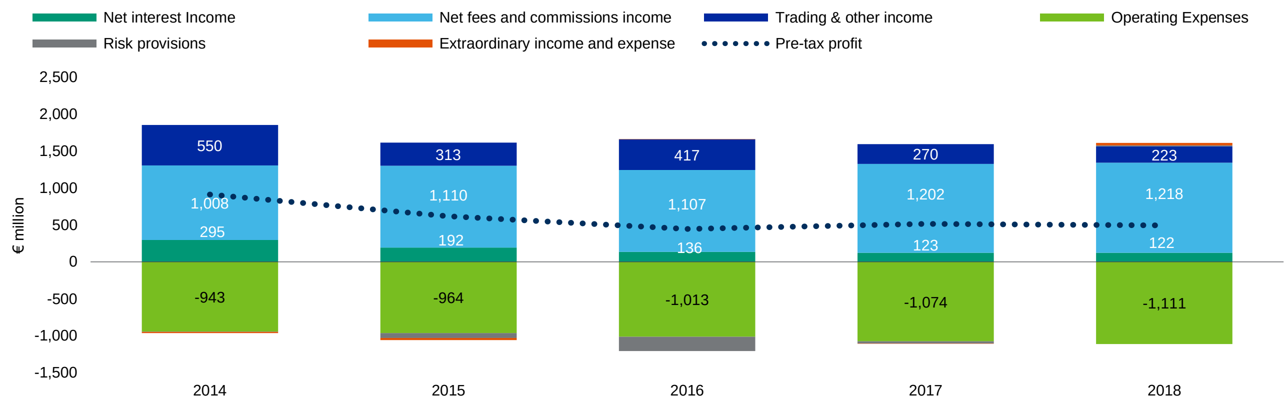
High share of stable fee income provides earnings cushion

We assign a ba2 Profitability score, in line with the initial score, reflecting DekaBank's sustainable earnings run rate in the current low interest rate environment.

Owing to its strong and profitable asset-management franchise, DekaBank's fee income represents an important cushion for credit and market-related losses. As the preferred retail asset manager of the savings bank sector and a leading provider of institutional investment funds, DekaBank's resilient fee and commission income accounted for 78% of net revenues during 2018. However, the implementation of the Markets in Financial Instruments Directive (MiFID II), which governs the permissibility of sales commission and other requirements for strengthening investor protection, could somewhat dampen DekaBank's profitability in the future. Furthermore, the market shift towards passive investments could put a dent in the bank's asset-based margin in the long-term. At present, though, net new asset growth from the bank's actively managed retail investment products remains robust (€11.3 billion in 2018), while the bank's institutional franchise experienced a set back, with net new asset generation of only €0.5 billion in 2018, substantially below the €13.4 billion recorded in 2017, which was partly due to the planned termination of an individual master funds mandate in 2018.

Exhibit 6

Large share of recurring net fee and commission income supports earnings



Source: Company reports, Moody's Financial Metrics

In 2018, DekaBank's reported economic result (the bank's non-GAAP pretax measure) reached €452 million, a €3 million, or 0.6% increase on the previous year. The somewhat improved result reflected a €15 million (1.3%) higher net commission income, which rose to €1,218 million, owing to higher performance fees and average assets under management, an acceleration in net interest income (up 27.4%, or €39 million to €182 million) due to volume growth, and loan loss provision reversals of €22 million versus an €18 million charge in 2017. This positive development was more than offset, though, by a lower trading and banking book income (down 17.6%, or €28 million to €131 million) on the back of spread widening in the fourth quarter of 2018, a negative €44 million other operating income result (positive €8 million in 2017), mostly due to actuarial losses as pension plan assets fell, and restructuring expenses of €19 million (€5 million in 2017), which were related to the reorganisation of the bank's Luxembourg subsidiary. Operating expenses, meanwhile, stayed stable during 2018 at €1,039 million.

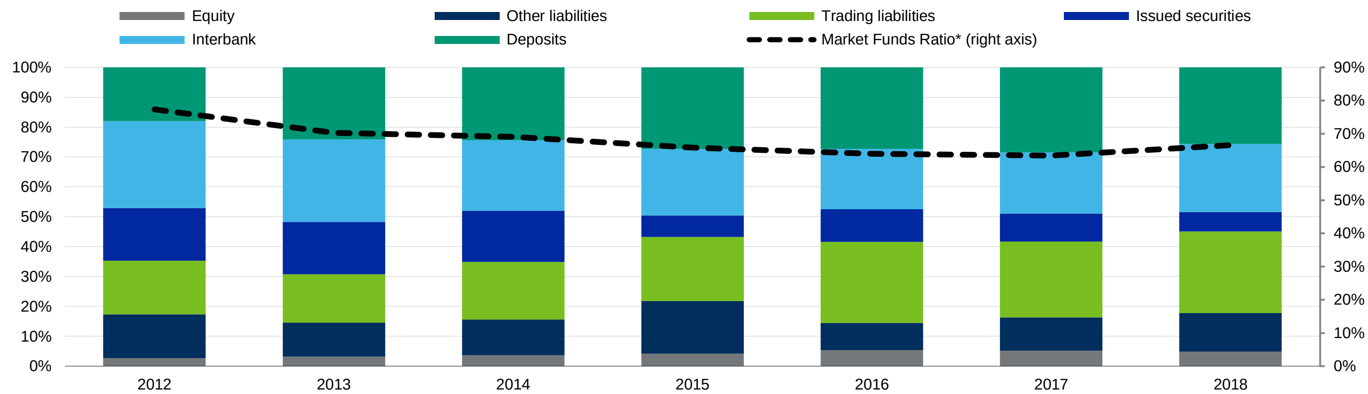
DekaBank's reported economic result incorporates several items not shown in the IFRS income statement, such as valuation gains and losses from hedged lending, actuarial gains and losses, potential charges, as well as interest expense related to AT1 bonds, to better represent the true economic position. On an IFRS basis, and following our standard adjustments, DekaBank reported net income of €271 million in 2018, €14 million less than in 2017, mainly reflecting a lower trading result and higher non-recurring charges, partly offset by loan loss provision writebacks. The return on tangible assets thus reached 0.27%, which we consider to be in line with the sustainable run rate for DekaBank in the current low interest rate environment. As a result, we assign a Profitability score of ba2, in line with the initial score.

Wholesale funding dependence mitigated by strong access to sector funding

We assign a ba3 Funding Structure score, four notches above the caa1 initial score, incorporating the bank's access to additional funding resources.

DekaBank is highly dependent on wholesale funds. More than half of the bank's balance sheet is funded through interbank repo and other short-term products, specifically institutional deposits and commercial paper. This high dependence on confidence-sensitive wholesale funding sources is balanced by DekaBank's strong and recurring access to funds from the savings banks sector, as well as substantial regular excess cash from its mutual funds franchise. These benefits are captured in our ba3 assigned Funding Structure score, four notches above the initial score. The still modest volume of €25 billion of customer loans (as of December 2018) is sufficiently matched by medium- and long-term funds.

Exhibit 7
Composition of market funding sources



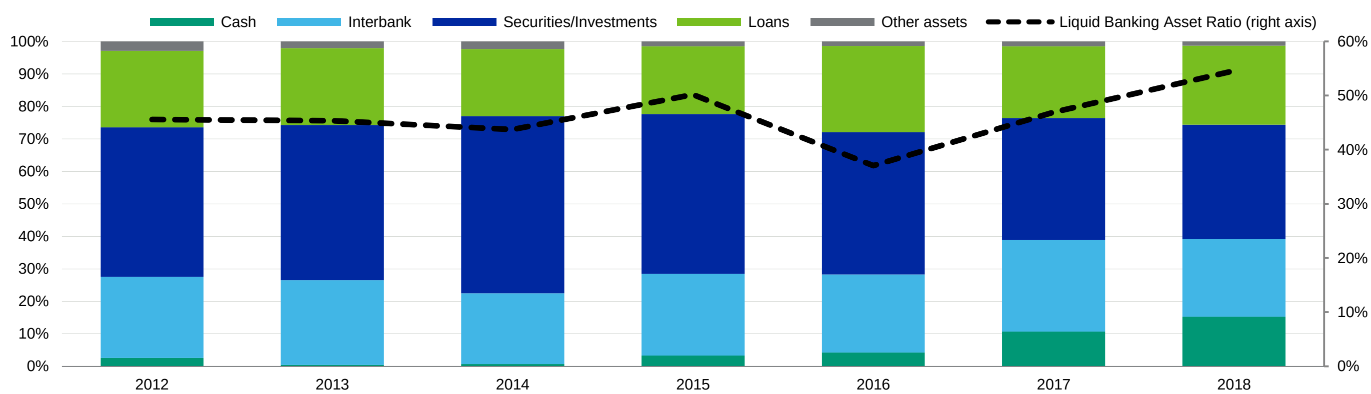
*Market funds ratio = market funds/tangible banking assets.
Source: Company reports, Moody's Investors Service

Highly liquid balance sheet despite asset encumbrance

We assign an aa3 Liquid Resources score, one notch below the aa2 initial score, taking into account asset encumbrance.

About half of DekaBank's balance sheet can be considered as liquid, reflecting securities lending and reverse repo balances, cash, as well as trading positions, which are partly encumbered, though, as reflected in our aa3 assigned Liquid Resources score. Structurally, DekaBank is slightly overfunded, with no liquidity shortfalls in short- and long-term buckets. Full coverage also applies in its combined stress scenario, a stress test introduced in compliance with domestic regulatory requirements, which pointed to a liquidity surplus under stress of €15.2 billion over a three months horizon as of 31 December 2018. The bank's ample liquid resources are also expressed in its Liquidity Coverage Ratio (LCR), which reached an average of 145% during 2018 and stood at 150% as of 31 December 2018 (137% was the lowest level recorded during 2018).

Exhibit 8
Composition of liquid assets



*Liquid banking assets ratio = liquid assets/tangible banking assets.
Source: Company reports, Moody's Investors Service

Support and structural considerations

Affiliate support

DekaBank benefits from cross-sector support from S-Group. Cross-sector support materially reduces the probability of default, as it would be available to stabilise a distressed member bank and not just compensate for losses in resolution.

We consider the readiness of the sector to support DekaBank to be Very High, given the bank's key service function for the sector and its 100% ownership by the sector's savings banks. Cross-sector support continues to provide two notches of rating uplift from the baa2 BCA, leading to an a3 Adjusted BCA.

Loss Given Failure analysis

DekaBank is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We therefore apply our Advanced LGF analysis, where we consider the risks faced by the different debt and deposit classes across the liability structure should the bank enter resolution.

Our Advanced LGF analysis follows the revised insolvency legislation in Germany that became effective on 21 July 2018. Following the change in law, the legal hierarchy of bank claims in Germany is now consistent with most other European Union (EU) countries, where statutes do not provide full preference to deposits over senior unsecured debt. However, in our Advanced LGF analysis we now consider not only the results of both the formal legal position (pari passu, or 'de jure' scenario), to which we assign a 75% probability, but also an alternative liability ranking, reflecting resolution authority discretion to prefer deposits over senior unsecured debt (full depositor preference, or 'de facto' scenario), to which we assign a 25% probability.

We further assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets. In addition, we assume a 26% share of deposits being “junior” wholesale deposits, for which we factor in a 25% run-off prior to failure, while we assume a 5% run-off in preferred deposits. These ratios are in line with our standard assumptions. The results of our Advanced LGF analysis are:

» For deposits and senior unsecured debt, as well as counterparty risk liabilities, our LGF analysis indicates an extremely low loss-given-failure, leading us to position their Provisional Rating Assessments at aa3, three notches above the a3 Adjusted BCA.

» For junior senior unsecured debt, our LGF analysis indicates a very low loss-given-failure, leading us to position its Provisional Rating Assessment at a1, two notches above the a3 Adjusted BCA.

» For subordinated debt, our LGF analysis indicates a high loss-given-failure, leading us to position its Provisional Rating Assessment at baa1, one notch below the a3 Adjusted BCA.

» For the perpetual Additional Tier 1 notes issued in 2014, the Provisional Rating Assessment is positioned at baa3, three notches below the a3 Adjusted BCA, reflecting our framework for rating non-viability Contingent Convertible Securities.

Government support

Following the introduction of the BRRD, we have lowered our expectations about the degree of support the government might provide to a bank in Germany in the event of need. Owing to its size on a consolidated basis, we consider S-Group as systemically relevant and, therefore, attribute a Moderate probability of German government support for all members of the sector, in line with support assumptions for other systemically relevant banking groups in Europe. We, therefore, still include one notch of government support uplift in our CRR, senior unsecured debt and deposit ratings of S-Group member banks that are incorporated in Germany, including DekaBank. For junior securities, we continue to believe that the likelihood for government support is Low and these ratings do not include any related uplift.

In particular for junior senior unsecured debt, the legal change to the German banks’ insolvency rank order has lowered the likelihood of government support being available for these instruments, because legally they rank pari passu with the majority of outstanding (statutorily subordinated) senior unsecured instruments issued up until 20 July 2018. This pari passu ranking of new junior senior unsecured debt with legacy (statutorily subordinated) senior unsecured instruments makes it less likely that German authorities would selectively support the legacy instruments (which we reclassified into junior senior unsecured debt), following clarification that the German authorities expect these liabilities to bear losses in a resolution. As a result, we have reduced our government support assumption for these instruments to Low from Moderate.

Counterparty Risk Ratings

Counterparty Risk Ratings (CRR) are opinions of the ability of entities to honour the uncollateralised portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR are distinct from ratings assigned to senior unsecured debt instruments and from issuer ratings because they reflect that, in a resolution, CRR liabilities might benefit from preferential treatment compared with senior unsecured debt. Examples of CRR liabilities include the uncollateralised portion of payables arising from derivatives transactions and the uncollateralised portion of liabilities under sale and repurchase agreements.

DekaBank's CRR are positioned at Aa2/P-1.

The CRR, prior to government support, are positioned three notches above the Adjusted BCA of a3, reflecting the extremely low loss-given-failure from the high volume of instruments, primarily junior senior unsecured debt, that are subordinated to CRR liabilities. DekaBank's CRR also benefit from one notch of rating uplift provided by government support, in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk Assessment

The Counterparty Risk Assessment (CR Assessment) is an opinion of how counterparty obligations are likely to be treated if a bank fails and is distinct from debt and deposit ratings in that it (1) considers only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default; and (2) applies to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

DekaBank's CR Assessment is positioned at Aa2(cr)/P-1(cr)

The bank's CR Assessment is positioned four notches above the a3 Adjusted BCA, incorporating 1) three notches of LGF-uplift derived from the buffer against default provided by more subordinated instruments, primarily junior senior unsecured debt, to the senior obligations represented by the CR Assessment; and 2) one notch of government support uplift, assuming a Moderate level of support. To determine the CR Assessment, we focus purely on subordination in our Advanced LGF analysis, taking no account of the volume of the instrument class.

Methodology and scorecard

Methodology

The principal methodology we used in rating DekaBank was Banks published in August 2018.

About Moody's Bank Scorecard

Our Bank Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 9

DekaBank Deutsche Girozentrale

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.2%	a2	←→	baa3	Sector concentration	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	16.2%	aa2	←→	a2	Expected trend	Nominal leverage
Profitability						
Net Income / Tangible Assets	0.3%	ba2	←→	ba2	Expected trend	Return on assets
Combined Solvency Score		a2		baa2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	66.5%	caa1	←→	ba3	Market funding quality	Term structure
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	54.6%	aa2	←→	aa3	Asset encumbrance	Stock of liquid assets
Combined Liquidity Score		ba1		baa2		
Financial Profile				baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aaa		
Scorecard Calculated BCA range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				2		
Adjusted BCA				a3		

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	-	-	-	-	-	-	-	3	0	aa3
Counterparty Risk Assessment	-	-	-	-	-	-	-	3	0	aa3(cr)
Deposits	-	-	-	-	-	-	-	3	0	aa3
Senior unsecured bank debt	-	-	-	-	-	-	-	3	0	aa3
Junior senior unsecured bank debt	-	-	-	-	-	-	-	2	0	a1
Dated subordinated bank debt	-	-	-	-	-	-	-	-1	0	baa1
Non-cumulative bank preference shares	-	-	-	-	-	-	-	-1	-2	baa3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa3	1	Aa2	Aa2
Counterparty Risk Assessment	3	0	aa3(cr)	1	Aa2(cr)	
Deposits	3	0	aa3	1	Aa2	Aa2
Senior unsecured bank debt	3	0	aa3	1	Aa2	Aa2
Junior senior unsecured bank debt	2	0	a1	0	A1	
Dated subordinated bank debt	-1	0	baa1	0	Baa1	
Non-cumulative bank preference shares	-1	-2	baa3	0	Baa3 (hyb)	

[1]Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Investors Service

Ratings

Exhibit 10

Category	Moody's Rating
DEKABANK DEUTSCHE GIROZENTRALE	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa2
Senior Unsecured	Aa2
Junior Senior Unsecured -Dom Curr	A1
Junior Senior Unsecured MTN -Dom Curr	(P)A1
Subordinate -Dom Curr	Baa1
Pref. Stock Non-cumulative -Dom Curr	Baa3 (hyb)
Commercial Paper -Dom Curr	P-1
Other Short Term -Dom Curr	(P)P-1

Source: Moody's Investors Service

Endnotes

1 The ratings shown are S-Group's Corporate Family Rating and outlook and its Baseline Credit Assessment

2 The rating shown is the Government of Germany's long-term issuer rating and outlook

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