



Rating Action: Moody's downgrades DekaBank's junior senior unsecured debt rating to A2 from A1

09 Nov 2022

Frankfurt am Main, November 09, 2022 -- Moody's Investors Service (Moody's) today downgraded the junior senior unsecured debt rating of DekaBank Deutsche Girozentrale (DekaBank) to A2 from A1.

All other ratings of DekaBank have been unaffected by this rating action, including the bank's Aa2 long-term bank deposit and senior unsecured debt ratings and their stable outlook as well as its baa2 Baseline Credit Assessment (BCA) and a3 Adjusted BCA.

For a list of all affected ratings, please refer to the end of this press release.

RATINGS RATIONALE

-- DOWNGRADE OF THE JUNIOR SENIOR UNSECURED DEBT RATINGS REFLECTS INCREASE IN LOSS SEVERITY EXPECTATION

Today's one-notch downgrade of DekaBank's junior senior unsecured debt rating to A2 from A1 was prompted by a meaningful reduction in the outstanding volume of this loss-absorbing instrument, in combination with strong balance sheet growth. These developments result in a higher loss severity for junior senior debt under Moody's Advanced Loss Given Failure (LGF) analysis. Moody's LGF analysis now indicates a low loss given failure for junior senior unsecured debt, while the previous LGF analysis resulted in a very low loss given failure.

Moody's assumes an unchanged low probability of government support and zero notches of rating uplift for junior senior unsecured debt instruments issued by DekaBank, which is subject to an operational resolution regime, because these instruments are designed to absorb losses in the case of bank failure.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

An upgrade of DekaBank's junior senior unsecured debt rating could be triggered by an upgrade of DekaBank's BCA and Adjusted BCA or by an increase in the share of DekaBank's junior senior unsecured and lower-ranking instruments within the bank's overall liability structure, such that it results in additional notches of rating uplift from Moody's Advanced LGF analysis.

DekaBank's BCA could be upgraded in the event of further improvement in the bank's solvency, or if the bank significantly strengthened its liquidity buffers.

A downgrade of DekaBank's junior senior unsecured debt rating could result from a downgrade of DekaBank's BCA and Adjusted BCA or from a further decrease, beyond Moody's current

expectations, in the share of junior senior unsecured debt and lower-ranking liabilities within DekaBank's liability structure, such that it results in fewer notches of rating uplift from Moody's Advanced LGF analysis.

LIST OF AFFECTED RATINGS

..Issuer: DekaBank Deutsche Girozentrale

Downgrades:

....Junior Senior Unsecured Regular Bond/Debenture, Downgraded to A2 from A1

....Junior Senior Unsecured Medium-Term Note Program, Downgraded to (P)A2 from (P)A1

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at <https://ratings.moodys.com/api/rmc-documents/71997>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

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