

**Rating Action: Moody's takes rating actions on four German banks following update to Banks Methodology**

---

13 Jul 2021

Frankfurt am Main, July 13, 2021 -- Moody's Investors Service (Moody's) has today taken rating actions on four German banks, including the upgrade of the junior senior unsecured rating of one bank and the affirmation of the junior senior unsecured rating of one bank. The rating actions were driven by revisions to Moody's Advanced Loss Given Failure (LGF) framework, which is applied to banks operating in jurisdictions with Operational Resolution Regimes, following the publication of Moody's updated Banks Methodology on 9 July 2021. This methodology is available at this link:

[https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1269625](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1269625) .

A full list of affected ratings and assessments can be found at the end of this Press Release.

All other German banks were unaffected by today's rating actions and the update of the Banks Methodology.

**RATINGS RATIONALE**

Today's rating actions on four German banks were driven by revisions to the Advanced LGF framework within Moody's updated Banks Methodology. In particular, ratings were affected by revised LGF notching guidance thresholds at lower levels of subordination and volume in the liability structure that have been applied to all German banks. For German banks that are subsidiaries of multinational groups, the rating actions also reflect Moody's view that group-wide resolutions coordinated in a unified manner will be more common following the requirement to issue internal loss absorbing capital (ILAC), leading to a likely transfer of losses from subsidiaries to parents at the point of failure. For banks that are subsidiaries of international parents and subject to ILAC requirements, the rating actions reflect the required and expected issuance of such instruments.

**RATINGS RATIONALE FOR INDIVIDUAL BANKS**

**- ING-DiBa AG**

Moody's affirmed the A2 long-term deposit ratings of ING-DiBa AG (ING-DiBa) and its Aa3 long-term Counterparty Risk Ratings (CRR); the outlook on the long-term deposit rating remains stable. At the same time, the rating agency downgraded the bank's Baseline Credit Assessment (BCA) and Adjusted BCA to a3 from a2, as well as the long-term Counterparty Risk Assessment (CR Assessment) to Aa3(cr) from Aa2(cr).

The rating action reflects Moody's expectation of a higher probability that ING-DiBa will be resolved in a unified manner alongside its Dutch parent, ING Bank N.V., which limits the scope for differences between the BCA of ING-DiBa and its parent. Moody's therefore now caps the BCA of ING-DiBa at a3, one notch above the BCA of its parent. In parallel, the rating agency believes that ING-DiBa will issue ILAC in the form of junior senior unsecured instruments to its parent. In Moody's Advanced LGF analysis, this results in one notch of additional rating uplift for the bank's deposits and CRRs, reflecting the greater levels of protection afforded to the bank's senior creditors. For ING-DiBa's deposit ratings and CRRs, this additional notch of uplift offsets the one notch downgrade of the bank's BCA and resulted in the affirmation of these ratings.

**- Santander Consumer Bank AG**

Moody's upgraded the long-term deposit and issuer ratings of Santander Consumer Bank AG (SCB) to A2 from A3; the outlook remains stable. At the same time, the rating agency upgraded the bank's short-term deposit ratings to P-1 from P-2, and its long-term CRRs to A1 from A2.

The rating upgrades reflect Moody's revised view of the joint benefits of SCB's ratings being a core subsidiary of Santander Consumer Finance S.A. and of its ultimate parent Banco Santander S.A. (Spain) through affiliate support and rating uplift from SCB's Advanced LGF analysis. Moody's believes that the presence of ILAC is additive to any extraordinary support the bank might receive from its parent prior to the point of failure. Accordingly, the full inclusion of SCB's junior senior unsecured instruments issued to its parent in its Advanced

LGF analysis results in one additional notch of rating uplift for the bank's deposit ratings, issuer ratings and CRRs.

- Sparkasse KoelnBonn

Moody's affirmed the Baa1 junior senior unsecured debt rating of Sparkasse KoelnBonn (SKKB). The affirmation of SKKB's junior senior unsecured debt rating reflects the rating agency's expectation that the benefit from the change in the notching guidance at the lower level of subordination will only be temporary for SKKB, because future balance sheet growth in combination with a forecasted decline in the volume of junior senior liabilities will offset the benefits of revised LGF notching. At the same time, Moody's downgraded the bank's CRR to Aa3 from Aa2, reflecting a decline in the volume of instruments subordinated to counterparty risk liabilities.

- UniCredit Bank AG

Moody's upgraded the junior senior unsecured debt ratings of UniCredit Bank AG (UCB) to Baa2 from Baa3. The upgrade of UCB's junior senior ratings reflects the benefits from the change in the notching guidance at the lower level of subordination. The rating agency believes the outstanding volume of preference shares and subordinated debt to remain largely unchanged during the next years and sufficient to absorb some balance sheet growth while still maintaining the required protection under the revised LGF notching guidance to position the junior senior unsecured instruments at the level of UCB's baa2 Adjusted BCA.

## OUTLOOK

The rating outlooks on ING-DiBa and SCB were maintained stable. The rating outlooks on all other banks affected by today's rating actions remain unchanged.

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

The affected ratings and assessments could be upgraded following an improvement in the standalone creditworthiness of the banks or as a result of higher affiliate support assumptions.

The affected ratings and assessments could also be upgraded following a significant increase in the stock of bail-in-able liabilities.

The affected ratings and assessments could be downgraded following a deterioration in the standalone creditworthiness of the banks, as a result of lower affiliate support assumptions or parental creditworthiness, or following a reduction in the stock of bail-in-able liabilities.

## LIST OF AFFECTED RATINGS

Issuer: ING-DiBa AG

..Downgrades:

....Long-term Counterparty Risk Assessment, downgraded to Aa3(cr) from Aa2(cr)

....Baseline Credit Assessment, downgraded to a3 from a2

....Adjusted Baseline Credit Assessment, downgraded to a3 from a2

..Affirmations:

....Long-term Bank Deposits, affirmed A2, outlook remains Stable

....Long-term Counterparty Risk Ratings, affirmed Aa3

..Outlook Action:

....Outlook remains Stable

Issuer: Santander Consumer Bank AG

..Upgrades:

...Long-term Counterparty Risk Ratings, upgraded to A1 from A2  
...Long-term Bank Deposits, upgraded to A2 from A3, outlook remains Stable  
...Short-term Bank Deposits, upgraded to P-1 from P-2  
...Long-term Issuer Ratings, upgraded to A2 from A3, outlook remains Stable  
..Outlook Action:  
...Outlook remains Stable

Issuer: Sparkasse KoelnBonn

..Affirmations:

...Junior Senior Unsecured Regular Bond/Debenture, affirmed Baa1

..Downgrades:

...Long-term Counterparty Risk Ratings, downgraded to Aa3 from Aa2

Issuer: UniCredit Bank AG

..Upgrades:

...Junior Senior Unsecured Regular Bond/Debenture, upgraded to Baa2 from Baa3

...Junior Senior Unsecured Medium-Term Note Program, upgraded to (P)Baa2 from (P)Baa3

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1269625](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1269625) . Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.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 at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on [www.moodys.com](http://www.moodys.com).

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website [www.moody.com](http://www.moody.com).

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at [http://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC\\_1288435](http://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1288435).

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the UK and is endorsed by Moody's Investors Service Limited, One Canada Square, Canary Wharf, London E14 5FA under the law applicable to credit rating agencies in the UK. Further information on the UK endorsement status and on the Moody's office that issued the credit rating is available on [www.moody.com](http://www.moody.com).

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at [www.moody.com](http://www.moody.com), for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

Please see [www.moody.com](http://www.moody.com) for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for additional regulatory disclosures for each credit rating.

Anna Stark  
Asst Vice President - Analyst  
Financial Institutions Group  
Moody's Deutschland GmbH  
An der Welle 5  
Frankfurt am Main 60322  
Germany  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

Alexander Hendricks, CFA  
Associate Managing Director  
Financial Institutions Group  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

Releasing Office:  
Moody's Deutschland GmbH  
An der Welle 5  
Frankfurt am Main 60322  
Germany  
JOURNALISTS: 44 20 7772 5456  
Client Service: 44 20 7772 5454

**MOODY'S**  
INVESTORS SERVICE

© 2021 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE**

**MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents,

representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moodys.com](http://www.moodys.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.