

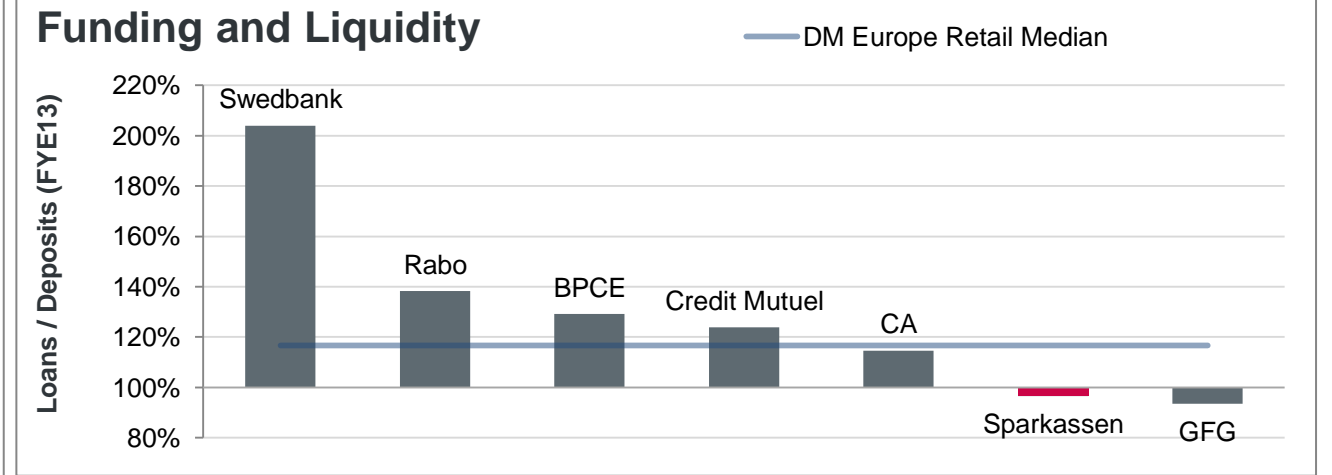
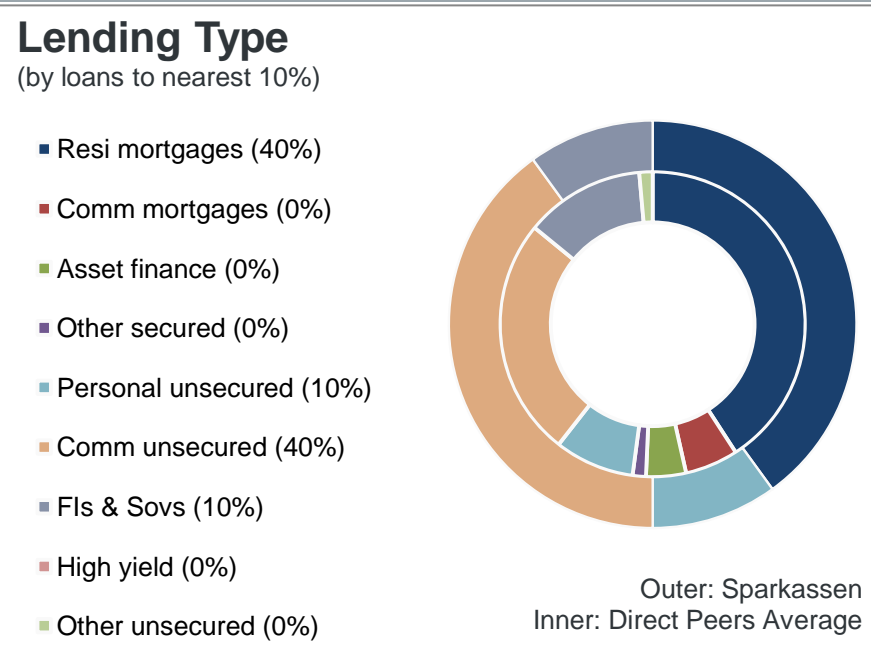
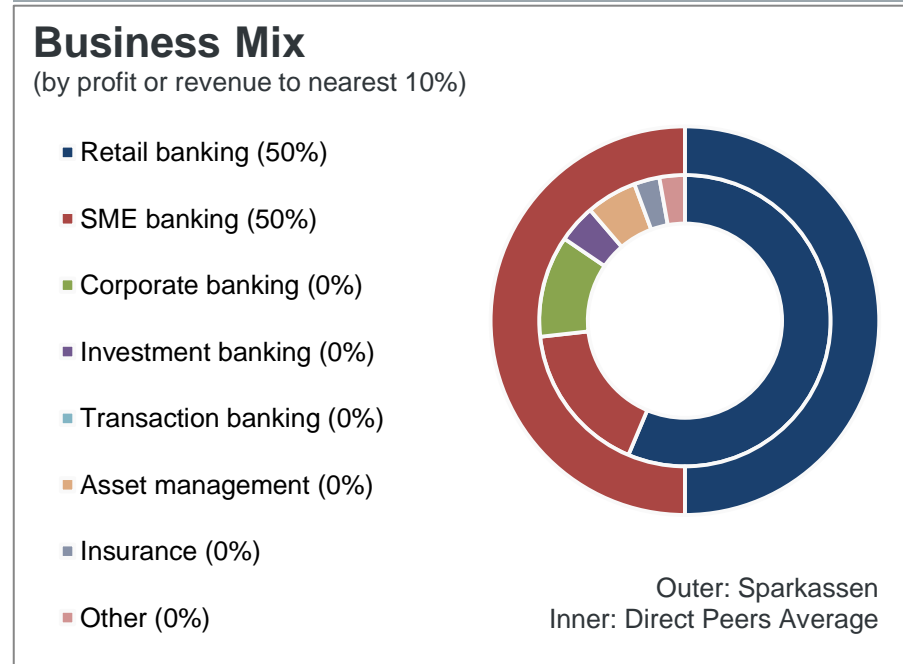
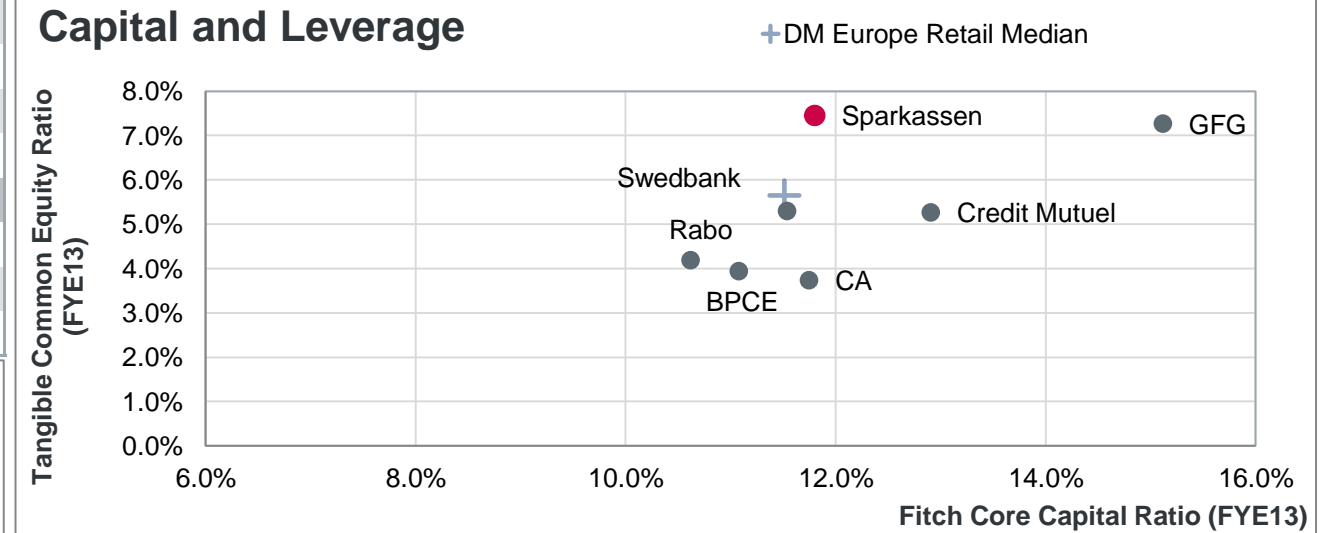
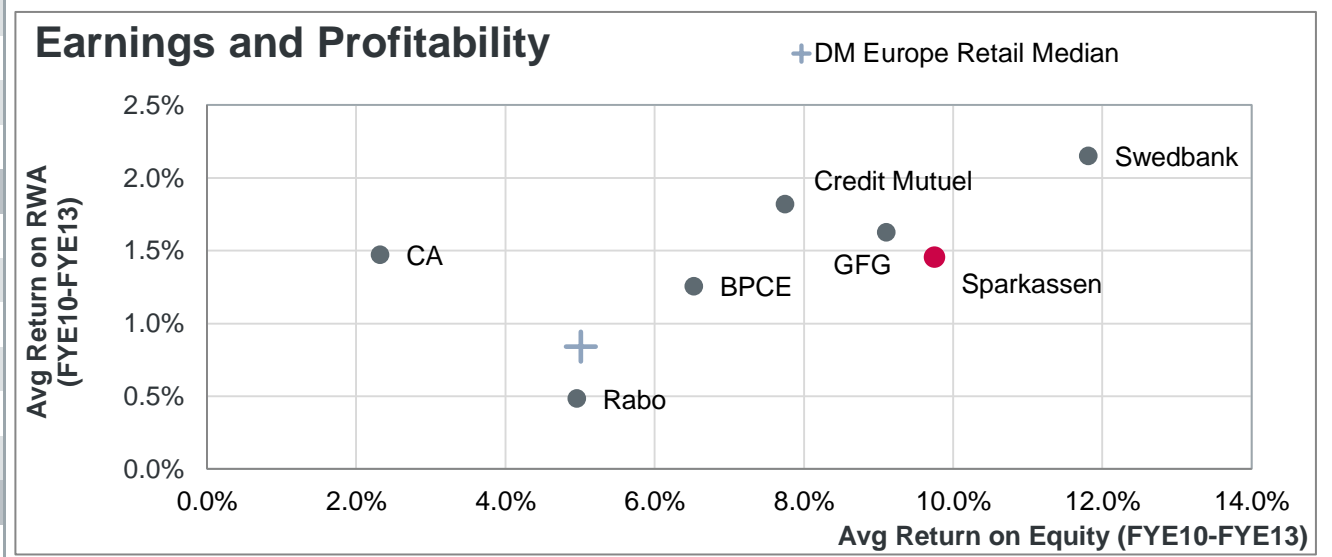
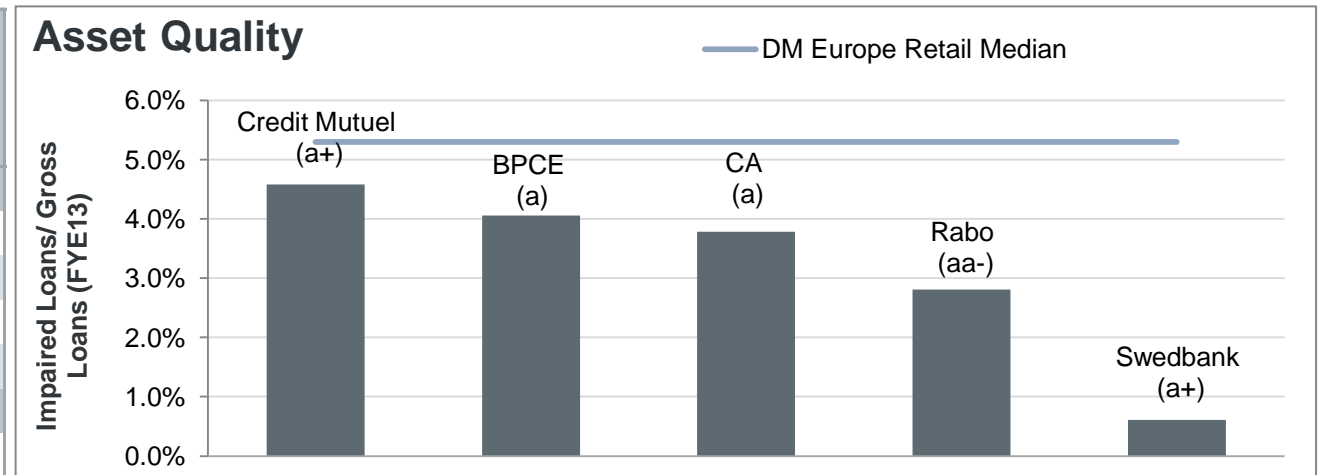
Banks Ratings Navigator		
Navigator date:	11 Feb 2015	
Last rating action:	21 Jan 2015	
Sector Details:		
Bank sector:	Retail	
Region:	DM Europe	
Country:	Germany	
Country IDR:	AAA Stable	
Last action:	16 Jan 15 Affirmed	
Country ceiling:	AAA	
Macro prudential indicator:	1	
Bank systemic indicator:	a	
Bank Rating History		
Viability Rating (VR)		
21 Jan 15	a+	Affirmed
28 Jan 14	a+	Affirmed
25 Feb 13	a+	Affirmed
Issuer Default Rating (IDR)		
21 Jan 15	A+ Stable	Affirmed
28 Jan 14	A+ Stable	Affirmed
25 Feb 13	A+ Stable	Affirmed
Support Rating Floor (SRF)		
21 Jan 15	A+	Affirmed
26 Mar 14	A+	Affirmed
28 Jan 14	A+	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
■	Higher Influence	
■	Moderate Influence	
■	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	 Stable
Peer Ratings bars = Count of banks		
92	DM Europe Retail	
6	Germany Retail	
Relevant Criteria & References		
Global FI Rating Master Criteria (Jan 2014)		
FI Rating Criteria Hierarchy		
Macro-Prudential Risk Monitor (June 2014)		

Rating	Peer Ratings	Operating Environment	Company Profile	Management	Risk Appetite	Financial Profile			Viability Rating	Support Rating Floor	Issuer Default Rating
						Asset Quality	Earnings & Profitability	Capitalisation & Leverage			
aaa									aaa	AAA	AAA
aa+		↑							aa+	AA+	AA+
aa									aa	AA	AA
aa-	█	↑	█				↑	█	aa-	AA-	AA-
a+	█ █		█				↑	█	a+	A+	A+ Stable
a	█ █ █		█	█			↑	█	a	A	A
a-	█ █			█					a-	A-	A-
bbb+	█ █			█					bbb+	BBB+	BBB+
bbb	█ █ █			█					bbb	BBB	BBB
bbb-	█ █ █								bbb-	BBB-	BBB-
bb+	█ █								bb+	BB+	BB+
bb	█ █ █								bb	BB	BB
bb-	█ █ █								bb-	BB-	BB-
b+	█ █								b+	B+	B+
b	█ █ █								b	B	B
b-	█ █ █								b-	B-	B-
ccc	█ █								ccc	CCC	CCC
cc									cc	CC	CC
c									c	C	C
f									f	NF	D or RD

Support Rating Floor	Value		
Typical D-SIFI SRF for country's rating level (assuming high propensity)	A+ to A-		
Actual country D-SIFI SRF	A+		
Support Rating Floor:	A+		
Support Factors	Positive	Neutral	Negative
Sovereign ability to support system			
Size of banking system			✓
Size of potential problem	✓		
Structure of banking system		✓	
Liability structure of banking system		✓	
Sovereign financial flexibility	✓		
Sovereign propensity to support system			
Track record of banking sector support	✓		
Resolution legislation			✓
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance		✓	
Ownership	✓		
Liability structure of bank		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Drivers & Sensitivities	
VR Underpinned by Leading Domestic Franchise	Sparkassen's strong domestic franchise is a key positive VR driver resulting in granular and relatively low-risk credit exposure, stable profitability and strong pricing power as well as a solid and resilient deposit funding profile.
SFG Exposure and Structure Limits VR Upside	Sparkassen's considerable equity and credit exposure to the lower-rated Landesbanken sector as well as its decentralised financial and risk reporting limit Sparkassen's VR to the current 'a+' level.
Diversified and Good Quality Credit Risk Exposure	Sparkassen's risk profile is correlated with Germany's operating environment. Asset quality benefits from the benign domestic macroeconomic environment and the recent above-average loan growth has largely focussed on lower-risk mortgage lending.
Solid Capitalisation Even After Accounting for SFG Contingencies	Sparkassen's capitalisation and leverage are strong. Its Fitch Core Capital ratio, which deducts Sparkassen's equity exposures to the Landesbanken sector, stood at around 12% as of end-2013 which compares well with peers.
Sensitive to Domestic Macro Trends and Landesbanken	Severe prolonged domestic recession, while unlikely, and persistently low interest rates could put pressure on Sparkassen's VR; higher-than-expected contingent liabilities relating to the Landesbanken sector could also be VR-negative.
Potential Upside from Improved Reporting and Governance	Improved corporate governance, including more centralised risk reporting and risk control, as well as improved decision-making and further deleveraging at Landesbanken reducing the Sparkassen's contingent liabilities would be VR-positive.
Fitch Likely to Revise Support in 1H15	We expect to revise Sparkassen's Support Rating Floor to 'No Floor' during 1H15 as a result of legislative progress to allow bank resolution in the EU. Its IDRs will remain unaffected by these rating actions based on Sparkassen's current 'a+' VR.
Analysts	
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2nd	Michael Dawson-Kropf michael.dawson-kropf@fitchratings.com 4969768076113

Key Financial Ratios (09 Feb 2015)	Sparkassen-Finanzgruppe (Sparkassen)				Direct Peers Median				Region Sector Median							
	Number of Banks:				7	7	7	7								
	Statement:				FYE13	FYE12	FYE11	FYE10	FYE13	FYE12	FYE11	FYE10	FYE13	FYE12	FYE11	FYE10
Size (USDbn)																
Total assets	1,523	1,455	1,421	1,449	1,490	1,439	1,369	1,363	52	43	40	41				
Risk weighted assets (incl. Basel floor/cap)	848	799	758	771	509	503	502	540	24	26	27	29				
Total equity	113	99	82	77	75	67	59	60	3	2	2	2				
Fitch core capital (FCC)	113	99	n.a.	n.a.	56	48	36	34	3	2	2	2				
Asset Quality																
Growth of gross loans	2.4%	0.1%	2.5%	2.8%	2.0%	1.3%	3.8%	4.8%	-1.3%	1.6%	2.3%	4.9%				
Impaired loans/gross loans	n.a.	n.a.	n.a.	n.a.	3.8%	3.7%	3.6%	3.7%	5.3%	4.7%	4.2%	3.9%				
Reserves for impaired loans/impaired loans	n.a.	n.a.	n.a.	n.a.	53.5%	61.7%	61.4%	62.6%	52.4%	55.1%	51.0%	58.0%				
Imp loans less reserves for imp Loans/FCC	n.a.	n.a.	n.a.	n.a.	21.6%	22.1%	23.8%	22.2%	27.3%	17.9%	17.7%	16.4%				
Loan impairment charges/avg gross loans	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.3%	0.3%	0.7%	0.9%	0.5%	0.6%				
Earnings and Profitability																
Net interest income/average earning assets	2.1%	2.2%	2.2%	2.2%	1.3%	1.3%	1.5%	1.4%	1.6%	1.6%	1.7%	1.8%				
Non-interest expense/gross revenues	65.3%	65.7%	62.0%	62.7%	62.0%	64.1%	62.9%	62.7%	61.9%	61.9%	63.9%	60.9%				
Loans & secs imp charges/pre-imp op. profit	4.3%	7.1%	19.9%	17.6%	24.5%	27.2%	34.9%	25.9%	39.0%	50.6%	44.7%	44.8%				
Operating profit/average total assets	0.8%	0.9%	0.7%	0.8%	0.7%	0.6%	0.6%	0.5%	0.4%	0.3%	0.5%	0.5%				
Operating profit/risk weighted assets	1.4%	1.6%	1.3%	1.5%	1.8%	1.6%	1.2%	1.5%	1.1%	0.7%	0.7%	0.9%				
Net income/average total equity	7.6%	9.9%	12.6%	8.9%	7.2%	6.5%	7.1%	8.9%	5.6%	3.7%	4.1%	6.7%				
Capital and Leverage																
Fitch core capital/risk weighted assets	11.8%	12.4%	n.a.	n.a.	11.8%	11.2%	9.2%	8.8%	11.5%	10.2%	9.2%	8.9%				
Fitch eligible capital/risk weighted assets	11.8%	12.4%	n.a.	n.a.	11.8%	12.5%	12.0%	9.7%	11.6%	9.9%	9.9%	8.8%				
Tangible common equity/tangible assets	7.5%	6.8%	5.7%	5.3%	5.3%	4.9%	4.5%	4.6%	5.6%	5.1%	5.3%	5.4%				
Core Tier 1 regulatory capital ratio	n.a.	n.a.	n.a.	n.a.	12.6%	11.4%	10.2%	9.5%	11.8%	10.4%	9.6%	9.1%				
Internal capital generation	2.4%	2.7%	3.2%	3.4%	4.2%	3.3%	5.3%	5.6%	3.6%	2.7%	3.2%	3.9%				
Funding and Liquidity																
Loans/customer deposits	96.7%	98.3%	96.3%	95.8%	124.0%	127.7%	135.7%	145.3%	116.7%	123.3%	127.9%	130.6%				
Interbank assets/interbank liabilities	32.1%	36.6%	56.9%	49.1%	87.4%	73.9%	64.4%	121.7%	85.4%	83.4%	80.5%	69.7%				
Customer deposits/total funding excl derivs	74.5%	71.3%	72.1%	71.2%	58.8%	56.3%	55.2%	52.6%	66.9%	65.3%	61.3%	64.1%				



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