Research Update:

Germany 'AAA/A-1+' Ratings Affirmed; Outlook Stable

March 22, 2024

Overview

- We expect Germany's economy to grow by a modest 0.3% in real terms in 2024, as domestic and external demand recover toward the second half of the year.
- We have lowered our projections for fiscal deficits over the next several years on an ongoing normalization of energy markets in Europe, the reinstatement of Germany's debt brake rule as of 2024, and lower net spending by some extrabudgetary funds following a constitutional court decision in November 2023.
- Germany's fiscal and external buffers remain substantial and the country maintains one of the best external balance sheets of any major economy, with net debt levels remaining moderate and interest expense low in an international comparison.
- We affirmed our unsolicited 'AAA/A-1+' ratings on Germany and maintained the stable outlook.

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Rating Action

On March 22, 2024, S&P Global Ratings affirmed its unsolicited 'AAA/A-1+' long- and short-term foreign and local currency sovereign credit ratings on Germany. The outlook is stable.

Outlook

The stable outlook reflects our opinion that Germany's external and fiscal buffers, diversified economy, and proven institutional effectiveness will continue to provide sufficient rating buffers over the next two years.

Downside scenario

We could lower our ratings if Germany's economic slump persisted longer than we anticipate. We believe such a scenario could coincide with the country's fiscal position worsening beyond our projections, with low prospects for improvement and debt or contingent liabilities increasing

significantly.

Rationale

We expect Germany's economy will grow moderately in 2024, by 0.3% in real terms, following a small contraction in 2023. We expect domestic demand will recover from mid-year as wage growth and lowering inflation will support consumption; and investments will recover as the European Central Bank (ECB) will start cutting key interest rates, which we also expect from mid-year. In addition, growth in Germany's most important trading partners will partially translate into higher export performance.

At the same time, we expect fiscal deficits will narrow over the next several years after the reinstatement of the debt brake rule and the discontinuation of energy support measures, which will only partially be offset by rising spending on defense and energy transition investments. This will help bring government debt, net of liquid assets, down to about 56% of GDP by 2027 and contain interest costs at about 2.2% of government revenue. We also expect the current account surplus to remain strong after last year's rebound, averaging over 6% through 2027. This will further support one of the strongest net external creditor positions of any economy globally.

Despite the challenging economic outlook, we continue to view Germany's economy as competitive and resilient, and its institutions and policy-making as effective and stable. Further rating strengths include Germany's eurozone membership and the ECB's credible and flexible monetary policy.

Institutional and economic profile: We expect domestic and external demand will pick up moderately from the second half of 2024, resulting in 0.3% of real growth this year

- From mid-2024, easing inflation, a resilient labor market, and strong wage growth will support private consumption and rate cuts by the ECB will incentivize investment activity.
- We expect high growth rates in Germany's main export partners--China, the U.S., and the eurozone--will partially translate into a recovery of external demand.
- The German government continues to pursue an ambitious reform agenda that includes a boost to defense spending and a substantial investment program to overhaul energy infrastructure.

Germany's economic outlook remains challenging. The economy is only gradually adjusting to higher energy costs, technology transitioning in the key automotive sector, and a correction in the commercial real estate market, as well as softer demand in several key export markets including China. We now expect a moderate real expansion of 0.3% for full-year 2024, following a contraction of 0.3% in 2023 (0.1% contraction when adjusted for working days).

We expect growth will pick up from around mid2024, when private consumption will strengthen as inflation levels continue to decline. Wage growth remains strong on the back of a resilient labor market, with unemployment barely edging up from its previous record lows. We also expect private investments will benefit from the ECB cutting rates, which we expect will also commence around mid2024. Moderate growth in Germany's main trading partners--namely China, the U.S., and the eurozone--and a continuing normalization of international trade flows next year will also benefit Germany, a strong net exporter. From 2025, we expect a further strengthening of consumption dynamics coinciding with a recovery of investments as interest rates continue to normalize.

Falling interest rates, coupled with an expected lowering of building material costs, should also enable a moderate recovery in construction this year, which was particularly hit by supply-side constraints in 2023 (see "European Housing Markets: Forecast Brightens Amid Ongoing Correction," published Jan. 25, 2024). At the same time, we notice that value-added in manufacturing production has held up better than we initially expected, and current shifts in production mostly concern intermediary goods or low-value-added segments. A further lowering of energy prices in Germany--which remain well above European averages--could further support activity in energy-intensive sectors, including chemicals, basic and fabricated metal products, and paper products.

Risks surrounding energy security markedly decreased over the winter of 2023/2024 due to a complete decoupling from Russian gas supplies; high storage levels that are currently close to all-time highs for this time of the year; and an effective demand reduction, especially from industrial production. Other structural challenges for Germany's economy persist, which is why we believe the country's medium-term growth outlook beyond 2025 remains more uncertain than for most other European countries.

Germany, like other European countries, has an adverse demographic profile. But the situation in Germany is aggravated by a disproportionally high amount of new retirees over the next 10-15 years. Counteracting this strain, the recent increase of immigration, mainly from Ukraine, lifted population growth to 1.3% in 2023. However, it is uncertain whether such high net migration figures can be sustained over several years.

Furthermore, we see challenges to the country's competitiveness as a manufacturing hub in Europe. Auto production constitutes almost 4% of Germany's gross value added, and cars and vehicle parts usually account for almost 20% of exports. German vehicles and components are up against major structural and regulatory hurdles, particularly due to tightening emissions standards and technological changes, as well as uncertainties around trade policy. Lastly, productivity-enhancing investments in Germany have been lagging those in other developed economies for several years now, and we believe this could ultimately also become a drag on medium-term growth.

The German government--a coalition between the Social Democrats, Greens, and Liberal Party--is pursuing an ambitious reform agenda to address several of these key challenges. It plans to accelerate the energy transition and to increase the share of renewable energy in Germany's gross electricity consumption to 80% by 2030. In our view, this can only happen through massive investments, which we estimate at €600 billion over 2022-2030 (see "Germany's Green Energy Ambitions Spark A Transformative Decade For Utilities," published Sept. 14, 2023). These investment requirements seem rather ambitious, especially in light of the recent decision by the German Constitutional Court to disallow the transfer of borrowing capacity of unused pandemic-relief funds to fund the governments energy transition agenda (see "Germany's Medium-Term Growth Could Suffer From Top Court's Decision," published Nov. 27, 2023). And in addition to imposing sanctions on Russia, the government announced a substantial increase in military spending of €100 billion. We expect this will take several years to fully implement.

Flexibility and performance profile: Moderate public debt levels, a strong external creditor position, and the ECB's high policy effectiveness continue to support Germany's creditworthiness

- Germany's fiscal deficits will continue to narrow to about 1% of GDP by 2026 after the reinstatement of the debt brake rule this year, which will push government net debt down to 56% of GDP by 2027.

- Germany's external accounts have partially recovered after a significant terms-of-trade shock in 2022; we expect the current account will remain in surplus of over 6% of GDP over the next several years, supported by substantial net exports and primary income inflows.
- Inflation continues to decline, but high core inflation will mean the ECB will not start cutting rates before mid-2024, in our view.

We have reduced our fiscal deficit projection for the next years and now expect a decline to 0.9% of GDP by 2027, from the estimated 2.1% deficit in 2023. The higher deficits over recent years were partially driven by fiscal support packages against high energy prices, which have been discontinued last year as European energy markets have normalized. The lower expenditure on energy support will only be partially offset by rising defense spending and energy investments. These expenditure items are partially excluded from the stringent fiscal rules under the debt brake law, which was reinstated this year. The law prevents federal deficits exceeding 0.35% of GDP (plus an economic adjustment component) at the federal level and forbids net new borrowing at all lower tiers of government--except for specific government spending programs, such as the €100 billion of additional military spending over several years and additional energy-related investments under the "climate and transformation fund." The latter have been trimmed following the German Constitutional Court's ruling last year on the transfer of borrowing capacity of pandemic-relief funds towards the "climate and transformation fund" (see "Germany's Medium-Term Growth Could Suffer From Top Court's Decision," published Nov. 27, 2023).

Although the debt brake rule effectively limits fiscal deficits, we believe that the medium-term path of Germany's finances has become more uncertain. Further medium- to long-term spending could stem from additional energy-related investment (beyond the current measures) or Germany's adverse demographic profile in the form of higher health care, elderly, and retirement benefits. For now, estimated age-related spending pressures appear to be moderate in a European comparison (see "Global Aging 2023: The Clock Ticks," published Jan. 18, 2023). In this regard, we note the creation of a so-called generation fund for future pension expense that partially addresses the issue. We expect further reforms of the pension system over the next few years because we understand that ensuring the long-term sustainability of public finances is a policy priority for the government. We assume the same for the health insurance system and for increasing expenditure in elderly care.

The lower deficits also mean that public debt, as a share of GDP, will continue to decline over the next several years. We estimate debt, net of liquid government assets, declined to about 59% of GDP by the end of 2023 and will further decline to 56% until 2027. The ECB's policy rate increases will continue to feed through public interest expenses, but we expect Germany's interest burden will rise only moderately in a global comparison. Although increasing, interest costs will narrowly exceed 2.0% of general government revenue throughout our forecast, versus 5.6% in 2011 (see "Sovereign Debt 2024: Developed European Governments To Borrow About $1.84 Trillion in 2024," published Feb. 27, 2024). In our calculations of government debt, we exclude liabilities arising from the various multilateral financial support mechanisms, namely the European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM) in the eurozone (see "S&P Clarifies Its Approach To Accounting For EFSF Liabilities When Rating The Sovereign Guarantors," published Nov. 2, 2011). These liabilities amount to about 1.3% of estimated GDP in 2024.

As elsewhere, inflation in Germany has increased sharply over the past two years and is estimated at 2.7% in February (Harmonized Index of Consumer Prices; HICP), only marginally above the average of the eurozone of 2.6%. Although headline inflation figures have come down from their peak of 11.6% in October 2022--the highest rate since 1996, the year the HICP statistics started to be compiled--price increases have become more broad-based, notably on a robust labor market and rising wages. We expect this trend to continue, resulting in stronger core inflation of about 3%

this year. Core inflation will also outpace headline inflation in 2025, which partially explains why we believe price increases in Germany will marginally exceed the ECB's target annual inflation rate of about 2% until at least mid-2025.

These continuously high and increasingly more broad-based inflation rates in Germany and across the eurozone have prompted the ECB to continuously raise its key policy rates by a cumulative 4.5% between July 2022 and September 2023, with the interest rate on the deposit facility standing at 4%. The pace of monetary policy normalization will critically depend on the prognosis for inflation across the European Monetary Union, which we expect will decrease but remain elevated over the near term. Accordingly, we expect the rate hikes will take several years to reverse. In our view, Germany's eurozone membership reduces its individual monetary flexibility. However, the country has also benefited from the euro with regard to its export-oriented economy and lower interest costs previously supported by the ECB's large-scale asset-purchase programs.

Germany's current account balance rebound last year, to about 6.8% of GDP, due to the reversal of the terms-of-trade shock in 2022, higher primary income inflows, and a contraction of imports due to lower domestic demand. We expect the current account surpluses will remain at about 6% of GDP, representing high goods trade surpluses and strong annual investment incomes from assets held abroad. Although these surpluses are high in a global comparison, they are still lower than the 7%-9% of GDP before the pandemic, which we partially attribute to a loss of Germany's export share as a percent of global trade flows over the past few years.

Structurally, Germany's current account position reflects the country's still-high export competitiveness and its previously lower investment rate than the eurozone average, tighter fiscal stance than trading partners, and one of the highest household savings rates in the euro area (reflecting the country's aging population and other structural and cultural factors). These current account surpluses will contribute to an average net asset position exceeding 130% of current account receipts (CARs) until 2027. In that period, we project that narrow net external debt will decline to an average 50% of CARs over the next years. Consequently, we forecast that gross external financing needs will reduce to below 200% of CARs and usable reserves. The size of external assets also reflects movements in Germany's high Target 2 (T2) claims on the Eurosystem, which have exceeded €1 trillion since July 2020 and currently stand at about €1.1 trillion.

We expect the German banking sector to demonstrate ongoing resilience despite the economic underperformance. We forecast consolidated earnings to increase slightly farther from solid 2023 levels, but we expect support from cyclical interest to peak in 2024 and profitability to remain a relative weakness for the German banking sector. This is primarily due to inefficient cost bases, overcapacity, and intense competition. Positively, we anticipate only a modest increase in credit losses from low levels. This reflects our expectation that households and the corporate sector will prove resilient, despite a weak economic outlook. This also stems from banks' overall prudent risk management, favorable employment rates, and the corporate sector's financial health and proven ability to adapt to challenges. We consider German banks' exposure to commercial real estate a risk factor, but predominantly for profitability and less for capital, and therefore not a systemic risk. Banks primarily act as senior lenders and loss potential is limited due to sufficient collateral. We anticipate German banks' improved earnings prospects can absorb an expected increase in credit losses in commercial real estate lending.

Key Statistics

Table 1

Germany--Selected indicators

Mil. €	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Economic indicators (%)										
Nominal GDP (bil. LC)	3,365	3,474	3,404	3,617	3,877	4,121	4,239	4,382	4,525	4,667
Nominal GDP (bil. $)	3,975	3,889	3,888	4,278	4,082	4,456	4,634	4,991	5,274	5,439
GDP per capita (000s $)	48.0	46.8	46.7	51.5	49.0	52.8	54.8	58.9	62.1	64.0
Real GDP growth	1.0	1.1	(3.8)	3.2	1.8	(0.3)	0.3	1.2	1.2	1.1
Real GDP per capita growth	0.7	0.8	(4.0)	3.2	1.7	(1.6)	0.1	1.0	0.9	0.9
Real investment growth	3.4	1.7	(2.4)	(0.2)	0.1	(0.3)	(0.5)	2.6	1.9	2.3
Investment/GDP	21.9	21.9	22.0	23.2	25.0	23.6	22.2	22.5	22.7	22.9
Savings/GDP	29.9	30.0	29.0	30.9	29.4	30.4	28.8	28.8	29.1	29.2
Exports/GDP	47.3	47.1	43.5	47.3	50.9	47.3	47.5	48.2	48.8	49.6
Real exports growth	2.2	2.3	(9.3)	9.7	3.3	(1.8)	0.5	2.8	2.5	2.8
Unemployment rate	3.2	3.0	3.7	3.7	3.1	3.0	3.3	3.2	3.0	3.1
External indicators (%)										
Current account balance/GDP	8.0	8.2	7.1	7.7	4.4	6.8	6.6	6.3	6.3	6.4
Current account balance/CARs	14.1	14.4	13.6	13.5	7.2	11.7	11.6	11.1	11.0	10.9
CARs/GDP	56.6	56.7	51.9	57.1	61.2	58.4	56.4	56.9	57.5	58.5
Trade balance/GDP	6.6	6.3	5.6	5.4	3.1	5.7	5.9	6.0	6.0	6.0
Net FDI/GDP	(0.6)	(2.5)	0.1	(2.8)	(3.2)	(2.3)	(2)	(2)	(2)	(2.0)
Net portfolio equity inflow/GDP	(1.8)	(2.4)	(3.1)	(4.7)	(0.6)	(0.8)	(2.3)	(2.3)	(2.3)	(2.3)
Gross external financing needs/CARs plus usable reserves	201.0	198.6	207.2	210.5	219.6	210.7	206.4	199.9	194.8	191.7
Narrow net external debt/CARs	57.1	61.5	84.8	79.8	60.6	57.1	57.7	54.0	50.5	48.1
Narrow net external debt/CAPs	66.4	71.9	98.1	92.3	65.3	64.6	65.3	60.7	56.8	54.0
Net external liabilities/CARs	(87.7)	(104.4)	(133.1)	(115.4)	(117.6)	(124.3)	(135.2)	(135.6)	(136.6)	(139.4)
Net external liabilities/CAPs	(102.0)	(121.9)	(154.1)	(133.4)	(126.7)	(140.7)	(153.0)	(152.5)	(153.5)	(156.4)

Table 1

Germany--Selected indicators (cont.)

Mil. €	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Short-term external debt by remaining maturity/CARs	133.0	130.9	143.8	147.2	152.8	146.2	143.6	133.8	126.6	122.0
Usable reserves/CAPs (months)	1.2	1.3	1.5	1.5	1.5	1.5	1.7	1.5	1.4	1.4
Usable reserves (mil. $)	198,243	223,888	268,891	296,047	294,902	322,946	323,446	323,946	324,446	324,946
Fiscal indicators (general government; %)										
Balance/GDP	1.9	1.5	(4.3)	(3.6)	(2.5)	(2.1)	(1.7)	(1.2)	(0.9)	(0.9)
Change in net debt/GDP	(1.1)	(0.1)	4.9	3.9	3.9	1.7	1.2	0.8	0.9	0.9
Primary balance/GDP	2.9	2.3	(3.7)	(3.0)	(1.8)	(1.3)	(0.7)	(0.2)	0.1	0.1
Revenue/GDP	46.3	46.5	46.1	47.3	47.0	47.0	46.5	46.5	46.5	46.5
Expenditures/GDP	44.3	45.0	50.5	50.9	49.5	49.1	48.2	47.7	47.4	47.4
Interest/revenues	2.0	1.7	1.4	1.2	1.5	1.8	2.0	2.2	2.2	2.1
Debt/GDP	60.2	57.9	68.4	68.5	65.9	62.0	61.9	61.2	60.7	60.1
Debt/revenues	130.0	124.4	148.3	144.7	140.3	131.8	133.2	131.6	130.6	129.2
Net debt/GDP	56.5	54.6	60.7	61.0	60.8	58.9	58.4	57.3	56.4	55.6
Liquid assets/GDP	3.7	3.3	7.7	7.5	5.1	3.1	3.5	3.9	4.3	4.4
Monetary indicators (%)										
CPI growth	1.9	1.4	0.3	3.2	8.7	6.1	2.7	2.2	1.9	1.9
GDP deflator growth	2.0	2.1	1.9	3.0	5.3	6.6	2.6	2.1	2.1	2.1
Exchange rate, year-end (LC/$)	0.87	0.89	0.81	0.88	0.94	0.90	0.90	0.87	0.85	0.85
Banks' claims on resident non-gov't sector growth	3.9	4.9	4.1	5.3	6.8	2.5	4.0	4.5	4.5	4.5
Banks' claims on resident non-gov't sector/GDP	88.0	89.4	95.0	94.2	93.9	90.5	91.5	92.5	93.6	94.9
Foreign currency share of claims by banks on residents	3.0	2.7	2.5	2.6	2.2	1.8	2.3	2.3	2.3	2.3
Foreign currency share of residents' bank deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 1

Germany--Selected indicators (cont.)

Mil. €	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real effective exchange rate growth	2.5	0.2	0.0	(5.7)	(1.8)	1.6	N/A	N/A	N/A	N/A

Sources: Eurostat (economic indicators), Deutsche Bundesbank (external indicators), Eurostat (fiscal indicators), and Deutsche Bundesbank and IMF (monetary indicators).
Adjustments: Government debt adjusted by excluding guarantees on debt issued by the European Financial Stability Facility.
Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. LC--Local currency. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. Economic indicators and CPI growth for 2024-2027 are S&P Global Ratings' preliminary forecast.

Ratings Score Snapshot

Table 2

Germany--Ratings score snapshot

Key rating factors	Score	Explanation
Institutional assessment	2	Germany has strong institutions and a proven track record of crisis management and long-term economic growth, but coordination requirements at the EU or euro area level might hinder timely policy response. Germany benefits from generally effective checks and balances and free flow of information.
Economic assessment	1	Based on GDP per capita ($) as per the Selected Indicators table above.
External assessment	1	Based on narrow net external debt as per Selected Indicators in Table 1. In the context of our external assessment, we consider Germany, a member of the Economic and Monetary Union, as if the currency was actively traded. The sovereign is displaying current account surpluses over the forecast horizon.
		The sovereign has external short-term debt by remaining maturity that generally exceeds 100% of current account receipts (CARs), as per Selected Indicators in Table 1.
		The sovereign's net international investment position is more favorable than the narrow net external debt position by over 100% of CARs, as per Selected Indicators in Table 1.
Fiscal assessment: flexibility and performance	2	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	2	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per Selected Indicators in Table 1.
Monetary assessment	2	In the context of our monetary assessment, we consider the euro a reserve currency. The European Central Bank has an established track record in monetary policy independence with clear objectives and a wide array of policy instruments, including targeted and broad asset purchase programs.

Table 2

Germany--Ratings score snapshot (cont.)

Key rating factors	Score	Explanation
		Germany is a member of the Economic and Monetary Union.
Indicative rating	aaa	As per Table 1 of "Sovereign Rating Methodology.
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	AAA	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	AAA	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, March 11, 2024
- Sovereign Ratings History, March 11, 2024
- Sovereign Ratings Score Snapshot, March 4, 2024
- Sovereign Debt 2024: Developed European Governments To Borrow About $1.84 Trillion in 2024, Feb. 27, 2024
- Sovereign Debt 2024: Borrowing Will Hit New Post-Pandemic Highs, February 27, 2024
- European Housing Markets: Forecast Brightens Amid Ongoing Correction, Jan. 25, 2024
- 2024 Global Sovereign Rating Trends: Mixed Feelings, Dec. 13, 2023
- European Developed Markets Sovereign Rating Trends 2024: Fragile Growth, High Debt, Dec. 13, 2023

- Sovereign Risk Indicators, Dec. 12, 2023. Interactive version available at http://www.spratings.com/sri
- Germany's Medium-Term Growth Could Suffer From Top Court's Decision, Nov. 27, 2023
- Germany's Green Energy Ambitions Spark A Transformative Decade For Utilities, Sept. 14, 2023
- Banking Industry Country Risk Assessment: Germany, June 6, 2023
- Default, Transition, and Recovery: 2022 Annual Global Sovereign Default And Rating Transition Study, April 28, 2023
- Global Aging 2023: The Clock Ticks, Jan. 18, 2023

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed	
Germany	
Sovereign Credit Rating |U~	AAA/Stable/A-1+
Transfer & Convertibility Assessment |U~	AAA
|U~ Unsolicited ratings with no issuer participation, and/or no access to internal documents, and/or no access to management.	

This unsolicited rating(s) was initiated by a party other than the Issuer (as defined in S&P Global Ratings' policies). It may be based solely on publicly available information and may or may not involve the participation of the Issuer and/or access to the Issuer's internal documents and/or access to management. S&P Global Ratings has used information from sources believed to be reliable based on standards established in our policies and procedures, but does not guarantee the accuracy, adequacy, or completeness of any information used.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at

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