Research Update:

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

March 25, 2022

Overview

- Although the full impact of Russia's military actions in Ukraine on Germany's economy remains uncertain, we have revised down our real GDP growth projections for Germany in 2022 to 2.9% from 4.3% previously.
- Spending pressures will increase over the next few years, given the inflow of refugees, additional military expenditure, and ambitious energy investments.
- That said, Germany's wealthy and diversified economy, substantial net external creditor position, and moderate public debt continue to provide sufficient rating buffers.
- We have affirmed our 'AAA/A-1+' unsolicited ratings on Germany, with the outlook remaining stable.

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Rating Action

On March 25, 2022, 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 that Germany's external and fiscal buffers, resilient economy, and proven institutional effectiveness will allow the country to absorb the indirect impact of Russia's actions in Ukraine, thereby preventing Germany's creditworthiness from deteriorating over the next two years.

Downside scenario

We could lower our ratings if Germany's fiscal position worsened materially beyond our projections, with low prospects for improvement, and contingent liabilities increased significantly. This would likely coincide with other adverse and unexpected developments, such as the

deterioration of the European Central Bank's (ECB's) monetary flexibility, or much deeper economic scarring in Germany and its EU partners from the military conflict in Ukraine.

Rationale

The indirect impact of Russia's military actions in Ukraine will be significant for Germany's economy. This is due to trade disruptions aggravating supply chain bottlenecks, including from sanctions imposed on Russia; rising commodity and energy prices pushing up inflation and eroding household and corporate spending capacity; and knock-on effects through reduced economic activity in Germany's most important trading partners across the EU.

We have revised down our real GDP growth rate projections for Germany in 2022 by 1.4 percentage points. However, ultimately, the true impact on the economy will depend on the duration and extent of the conflict. Similarly, we expect Germany's fiscal balances will deteriorate this year and in subsequent years due to the high refugee inflow; announced increase of military spending of about €100 billion; and rising energy investments to combat climate change and increase the country's energy independence. We expect this will widen deficits by about 1% annually on average until 2025 compared with our previous projections.

Despite these challenges, we continue to view Germany's economy as competitive and resilient, and its institutions and policy-making as effective and stable, which continue to support the ratings. Further rating strengths include Germany's substantial net external creditor position, its eurozone membership, the ECB's credible and flexible monetary policy, and moderate public debt levels in an international comparison. However, the Russia-Ukraine situation will amplify some of the economy's vulnerabilities, including Germany's large export-oriented manufacturing sector, high value added and employment in the auto sector, and lack of short-term flexibility to counter rising energy costs or supply shocks.

Institutional and economic profile: Russia's military actions in Ukraine carry significant political and economic downsides for Germany

- We currently forecast Germany's real GDP growth at 2.9% in 2022, down from our previous forecast of 4.3%.
- The main impact on the German economy will be through trade disruptions and rising commodity prices, and indirectly due to lower demand from EU trading partners.
- The new government's medium-term policy priorities will include social spending, combatting climate change through investments in green energy, and fostering digitalization.

Germany's open and export-oriented economy will be significantly affected by the Russia-Ukraine conflict, through an external terms-of-trade shock on the heels of the pandemic. Although direct trade relations with Russia and Ukraine are limited--each country receiving less than 2% of Germany's goods exports--this is still higher than for many other eurozone economies. Furthermore, general trade disruptions, also in the form of sanctions on Russia imposed by the EU and U.S., will aggravate supply chain bottlenecks, especially in Germany's large manufacturing sector.

A more immediate impact is rising commodity and energy prices exacerbating already elevated inflation levels, decreasing disposable income while increasing transport costs. Under more negative scenarios, rising inflation could lead to a semi-permanent increase in inflation expectations, creating wage pressures and eroding Germany's competitiveness while forcing the

ECB to front-load monetary tightening. The conflict will also curb economic growth for most of Germany's EU trading partners and therefore weigh on otherwise robust external demand. We believe that, if this situation continues for longer than we currently expect, the impact on Germany would be greater than for other EU economies.

We have revised upward our inflation expectations for Germany in the near term, as we did for other European countries, due to higher energy and oil prices. We also expect inflation will remain elevated for several years, due to the effect of this on overall production costs, and have a more negative impact on consumption than we previously anticipated. Nevertheless, we believe the substantial amount of household savings accumulated through the pandemic will sustain private consumption growth over the next few years, despite these price increases. Indeed, we expect private consumption will become a primary growth driver given the continuing industrial production bottlenecks.

Germany's vast and diversified industrial sector, equivalent to about one-quarter of its value added, distinguishes its economy from that of most G-20 peers. It also means that Germany may be particularly vulnerable to the Russia-Ukraine conflict, which aggravates already challenging supply chain disruptions in key sectors, including in the highly competitive automotive sector. The conflict comes at a time when growth is decelerating in other key German markets, not least China, the second-most important destination for German exports after the U.S. In short, more subdued external demand and potential further deglobalization of markets and supply chains would hurt the country's export-led economic model.

Germany's most prominent exports--vehicles and vehicle parts--continue to face challenges that could transform the economy. There are structural and regulatory hurdles, particularly due to tightening emissions standards and technological changes, as well as trade policy uncertainties. The convergence of several issues underpins the need for careful management of risks to the country's competitiveness as a manufacturing hub in Europe. Car production constitutes almost 4% of Germany's gross value added, and cars and vehicle parts account for almost 20% of exports. Technological changes will likely lead to reduced employment along the highly specialized value and supply chain. Further structural hurdles include, for example, an aging workforce, high corporate taxes, and high energy prices. What's more, we still believe the phase-out of nuclear and coal-based power generation could hinder Germany's competitiveness if not carefully managed.

The political response of the new government--a coalition between the Social Democrats, Greens, and Liberal Party--to the current conflict has been swift. In addition to imposing sanctions, the government has also announced a significant increase of military spending of €100 billion, equivalent to almost 3% of GDP. We expect this will take several years to fully implement. At the same time, we expect Germany will speed up plans to increase its energy independence and foster renewable energy production. We note that Germany will remain heavily dependent on Russian energy imports, even assuming the Nordstream II pipeline will not become operational over the next few years. Russia supplies two-thirds of Germany's natural gas, about half of its coal, and over one-third of the oil consumed domestically. It will be difficult to balance the fiscal costs of the energy crisis against the requirements of constitutionally enshrined debt-brake rules, which require tight budgetary balances. For now, our forecast considers only limited additional public investment spending, which could lift growth rates in the event of increased spending by the German government or additional investment programs at the EU level. We note that, before the pandemic, general government net investment was negative for several years.

We believe Germany's diversified, competitive, and wealthy economy, with per capita GDP of about $51,000 in 2021, will enable it to withstand the adverse impact of the conflict. This is despite what we consider a sluggish recovery in 2021, when private consumption stagnated although the labor market was strong, with employment already exceeding prepandemic levels; and there were

supply chain disruptions, particularly in auto production. In a sign of things to come, the German government intends to take a 50% stake (via state-owned development bank KFW) in the new liquefied natural gas terminal under construction in Brunsbuettel.

Flexibility and performance profile: New policy priorities and knock-on effects from the conflict will increase public deficits in the near to medium term

- We expect the new government's policy priorities, including increased energy investments and military spending, will increase deficits to about 1% on average over the medium term.
- Germany's external accounts will continue to show surpluses, even though the Russia-Ukraine situation will have a significant impact on European trade flows.
- In our view, the ECB will raise rates this year, following the announced tapering of its asset-purchasing programs over the next few months.

We expect Germany's general government deficit will narrow to below 3% in 2022 from 4.2% in 2020 and an estimated 4.5% in 2021. Deficits in 2020 and 2021 reflect the impact of automatic stabilizers, as well as the government's support programs and fiscal stimulus during the pandemic. Although the inflow of refugees will raise public spending over the near term, we believe the current budget framework includes sufficient buffers to accommodate these spending pressures, which are unlikely to exceed 0.5% of GDP (the OECD's estimate for Europe as a whole) on a recurrent basis. The longer-term fiscal consequences of refugee inflows may well turn out to be positive, should net immigration boost labor supply in what continues to be a tight labor market.

Some of the planned expenditure in 2020 and 2021 that did not materialize will be carried over to the next few years, supporting the government's energy-related investment plans. Combined with the announced €100 billion of additional military spending, this will result in slight deficits of about 1% of GDP on average over the near term. We believe the path of Germany's finances has become more uncertain. The country posted general government surpluses in 2012-2019, but a return to these seems unlikely for now, not least because of the new government's policy priorities. This further underpins our assumption that deficits, albeit modest, will prevail, also due to pressure from spending on health care, elderly, and retirement benefits. In addition to investments on infrastructure to reduce carbon dioxide emissions, we think fostering digitalization will also require large outlays.

At the same time, the debt-brake rule will remain the subject of political discussion. The emergency clause to suspend the debt brake rule (Art. 115 of the constitution) was invoked in 2020 and 2021, and in our view another exception for 2022 is likely, given the current circumstances. The rule limits structural--namely nonbusiness cycle-dependent--net new borrowing to 0.35% of GDP. However, we think it is possible to exclude certain funds from this calculation. European fiscal rules also allow for a temporary departure from EU member states' medium-term fiscal objectives in the event of unusual events outside their control.

Further fiscal stress could stem from demographics in the medium term, and we expect further reforms of the pension system over the next few years. We understand this is a policy priority for the new government, also to ensure the long-term sustainability of public finances. This is also true for the health insurance system, where contribution increases to cover deficits are forthcoming, and for increasing expenditure in care insurance.

We estimate that the surge in borrowing in 2020 and 2021 to finance economic support packages

propelled gross and net debt to over 70% and 62% of GDP in 2021, respectively. Although we expect slightly higher deficits over the next few years, we project net debt will continuously decrease to about 56% of GDP in 2025. The government still retains significant cash buffers accumulated during the pandemic, and we expect these will cover a significant share of future deficits, reducing gross debt to below 60% of GDP by 2025. 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 in the eurozone (see "S&P Clarifies Its Approach To Accounting For EFSF Liabilities When Rating The Sovereign Guarantors," published Nov. 2, 2011, on RatingsDirect). These liabilities amounted to about €55.7 billion (1.6% of GDP) in 2021. Germany is a major beneficiary of the ECB's quantitative easing, also due to the country's safe-haven status. Its interest bill will remain exceptionally low in a global comparison, at slightly over 1% of general government revenue throughout our forecast, versus 5.6% in 2011.

As elsewhere, inflation in Germany has increased sharply over the past few months and currently exceeds 5%, the highest level since reunification and well above the ECB's target range of close to 2%. Price increases were initially due to the recovery from the pandemic, including a release of pent-up demand; supply chain bottlenecks; and rising food prices. However, there are signs of a widening of inflation from food and energy into services. At present, energy prices are over 20% higher than a year ago, which by itself raises inflation by 2%. We believe higher energy prices will have spill-over effects on production costs over the next several years. This, coupled with a strong labor market, will likely keep the inflation rate at slightly above 2% on average over that period.

Germany's current account surpluses will remain sizable, albeit declining, over the next few years due to supply chain bottlenecks and higher commodity prices in the near term and rising domestic demand in the medium term. We project that the current account surplus will contract to 5.5% of GDP over 2021-2025 from about 7.5% of GDP, contributing to a net asset position of 130%-140% of current account receipts (CARs). This large current account position reflects the country's export competitiveness combined with demand from trading partners, particularly in emerging markets. It also reflects Germany's lower investment rate than the eurozone average, tighter fiscal stance than trading partners, and high household savings, which we estimate at about 20% in 2021, one of the highest in the euro area, reflecting the country's aging population and other structural and cultural factors.

Consequently, we forecast that gross external financing needs will decline to about 200% of CARs and usable reserves by 2025, from 216% in 2021. In that period, we project that narrow net external debt will decline to 53% of CARs from 83% in 2020. The size of external assets also reflects movements in Germany's high Target 2 claims on the Eurosystem, which have exceeded €1 trillion since July 2020.

In our view, Germany's eurozone membership reduces its monetary flexibility. However, it has benefited from the euro and the ECB's asset-purchase programs in recent years, namely the public-sector purchase program and the pandemic emergency purchasing program. In line with the ECB's communication, we expect it to taper the latter over the next months and subsequently start raising rates again. We currently expect the first rate hike for December 2022.

Unparalleled government intervention at the pandemic's onset helped contain increases in credit costs and nonperforming loans, maintain asset quality across the German banking industry, and avoid a correction phase. German banks' restrained risk appetite has also helped keep material risk cost increases manageable, but low sector returns on equity remain a considerable challenge. We also believe the risk of a house price bubble has somewhat eased as a result of COVID-19. After increasing by more than 4% annually since 2011, and a 6.6% peak in 2020, we now forecast annual real house price growth will decelerate toward 2%-3% in 2023.

Low returns remain a problem for the banking sector, since they trail that in Northern and Eastern European banking industries. Low interest rates and strong competition continue to drag on profitability, although low credit losses in Germany and stable earnings in some segments offset these somewhat. We believe loan growth could help revenue but compressed net interest margins are likely to remain an overhang for the industry.

We expect Germany's retail banking market will remain dominated by well-funded and strongly capitalized savings and cooperative groups that have about 50% of the market. Large banks typically carry riskier concentrations and business risk, but have made some headway in bolstering their balance sheets due to substantial deleveraging, derisking, and recapitalization in recent years.

Key Statistics

Table 1

Germany--Selected Indicators

Mil. €	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Economic indicators (%)											
Nominal GDP (bil. LC)	3,026	3,135	3,267	3,368	3,473	3,368	3,567	3,838	4,036	4,205	4,355.53
Nominal GDP (bil. $)	3,358	3,470	3,691	3,977	3,888	3,846	4,219	4,231	4,581	4,904	5,095.97
GDP per capita (000s $)	41.4	42.2	44.7	48.0	46.8	46.2	50.7	50.8	54.9	58.6	60.8
Real GDP growth	1.5	2.2	2.7	1.1	1.1	(4.6)	2.8	2.9	2.8	2.2	1.7
Real GDP per capita growth	1.0	1.0	2.2	0.8	0.8	(4.7)	2.8	2.7	2.6	2.0	1.5
Real investment growth	1.7	3.8	2.6	3.4	1.8	(2.2)	1.3	2.8	3.8	2.8	2.1
Investment/GDP	19.7	20.0	21.0	21.9	22.1	21.1	22.3	22.3	22.6	22.7	22.8
Savings/GDP	28.3	28.5	28.8	29.9	29.7	28.2	29.8	28.9	28.7	28.3	28.2
Exports/GDP	46.9	46.1	47.2	47.3	46.6	43.4	47.2	47.9	47.5	47.3	47.1
Real exports growth	5.4	2.5	4.9	2.3	1.1	(9.3)	9.4	3.9	2.7	2.4	2.0
Unemployment rate	4.4	3.9	3.6	3.2	3.0	3.7	3.5	3.1	3.0	2.9	2.9
External indicators (%)											
Current account balance/GDP	8.6	8.5	7.8	7.9	7.6	7.1	7.5	6.5	6.1	5.5	5.5
Current account balance/CARs	15.4	15.5	14.1	14.1	13.5	13.6	13.1	11.1	10.4	9.6	9.5
CARs/GDP	56.0	55.0	55.6	56.5	55.9	52.1	57.0	58.8	58.1	57.5	57.4
Trade balance/GDP	8.2	8.1	7.8	6.6	6.2	5.6	5.7	5.3	5.0	4.8	4.6
Net FDI/GDP	(2.0)	(1.4)	(1.0)	(0.6)	(2.2)	0.1	(4.0)	(2.0)	(1.7)	(1.8)	(1.7)
Net portfolio equity inflow/GDP	(1.2)	(2.0)	(2.4)	(2.3)	(2.3)	(4.2)	(2.6)	(2.5)	(2.0)	(2.0)	(2.0)

Table 1

Germany--Selected Indicators (cont.)

Mil. €	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross external financing needs/CARs plus usable reserves	212.2	199.9	197.5	201.2	202.6	210.4	216.4	214.2	206.4	201.0	197.7
Narrow net external debt/CARs	74.9	69.5	67.7	52.6	57.2	83.2	68.8	65.4	60.2	55.9	53.1
Narrow net external debt/CAPs	88.4	82.3	78.8	61.2	66.1	96.4	79.2	73.6	67.2	61.9	58.6
Net external liabilities/CARs	(60.9)	(68.3)	(82.5)	(92.5)	(108.4)	(131.8)	(124.5)	(131.3)	(133.2)	(135.3)	(139.8)
Net external liabilities/CAPs	(71.9)	(80.8)	(96.1)	(107.6)	(125.3)	(152.6)	(143.3)	(147.7)	(148.7)	(149.7)	(154.5)
Short-term external debt by remaining maturity/CARs	149.4	133.6	129.3	133.3	134.6	147.5	153.8	150.9	139.8	131.6	127.0
Usable reserves/CAPs (months)	1.5	1.3	1.3	1.2	1.3	1.5	1.5	1.6	1.5	1.4	1.3
Usable reserves (mil. $)	173,851	184,205	200,666	198,118	223,408	269,193	296,719	295,201	294,285	293,304	292,285
Fiscal indicators (general government; %)											
Balance/GDP	1.0	1.2	1.3	1.9	1.5	(4.3)	(4.5)	(2.6)	(1.2)	(1.0)	(1.1)
Change in net debt/GDP	(1.0)	(1.1)	(2.5)	(1.2)	(0.0)	5.1	4.3	2.4	1.1	1.0	1.1
Primary balance/GDP	2.4	2.3	2.4	2.8	2.3	(3.7)	(3.9)	(2.0)	(0.7)	(0.4)	(0.6)
Revenue/GDP	45.1	45.5	45.5	46.2	46.5	46.5	46.5	46.4	46.3	46.3	46.3
Expenditures/GDP	44.1	44.4	44.2	44.3	45.0	50.8	51.0	49.0	47.6	47.3	47.4
Interest/revenues	3.1	2.6	2.3	2.0	1.7	1.3	1.3	1.3	1.2	1.2	1.1
Debt/GDP	70.2	67.3	62.9	59.5	57.2	68.4	69.6	65.8	62.2	60.2	58.9
Debt/revenues	155.7	147.8	138.1	128.7	123.2	146.9	149.6	141.8	134.2	129.9	127.1
Net debt/GDP	67.2	63.8	58.8	55.8	54.1	60.9	61.8	59.8	58.0	56.7	55.8
Liquid assets/GDP	3.0	3.4	4.1	3.7	3.1	7.5	7.8	5.9	4.2	3.5	3.1
Monetary indicators (%)											
CPI growth	0.7	0.4	1.7	1.9	1.4	0.3	3.2	5.0	2.4	2.1	2.0
GDP deflator growth	1.9	1.3	1.5	2.0	2.1	1.6	3.0	4.6	2.3	1.9	1.9
Exchange rate, year-end (LC/$)	0.92	0.95	0.83	0.87	0.89	0.81	0.88	0.91	0.87	0.85	0.85
Banks' claims on resident non-gov't sector growth	2.7	2.9	4.2	3.9	4.9	4.1	2.3	7.6	5.2	4.2	3.6

Table 1

Germany--Selected Indicators (cont.)

Mil. €	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Banks' claims on resident non-gov't sector/GDP	87.9	87.3	87.3	87.9	89.4	96.1	92.7	92.7	92.7	92.7	92.7
Foreign currency share of claims by banks on residents	3.8	3.4	2.7	2.6	2.4	2.3	2.3	2.2	2.2	2.2	2.2
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	0.0
Real effective exchange rate growth	(4.1)	(0.9)	0.1	2.3	0.9	3.0	(2.1)	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.

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 eurozone 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, on average, from 2021-2024 (as per Selected Indicators in Table 1).
		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

Table 2

Germany--Ratings Score Snapshot (cont.)

Key rating factors	Score	Explanation
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 authority independence with clear objectives and a wide array of policy instruments, including nonconventional tools. The consumer price index is low and in line with that of its trading partners.
		Germany is a member of 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

- Moving The Russia-Ukraine Scenario Needle: European Output At Risk, March 16, 2022
- Sovereign Ratings Score Snapshot, March 8, 2022
- Sovereign Ratings List, March 3, 2022
- Sovereign Ratings History, March 3, 2022

- A Deep Look At Europe’s Stronger, Smoother, And More Inflation-Resistant Labor Market, Feb. 28, 2022
- Sovereign Risk Indicators, Dec. 13, 2021; a free interactive version is available at http://www.spratings.com/sri
- Banking Industry Country Risk Assessment: Germany, Oct. 5, 2021
- Default, Transition, and Recovery: 2020 Annual Sovereign Default And Rating Transition Study, April 12, 2021

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 issuer participation, access to internal documents and access to management.

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