

Germany-Based Wuestenrot Bausparkasse's Subordinated Debt Assigned 'BBB' Rating

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FRANKFURT (S&P Global Ratings) Oct. 27, 2017-- S&P Global Ratings said today that it had assigned its 'BBB' long-term issue rating to the €58 million subordinated debt Tier 2 notes issued by Wuestenrot Bausparkasse AG (A-/Stable/A-1).

The issue rating reflects our analysis of the instrument and our assessment of Wuestenrot Bausparkasse's creditworthiness (see "Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions," published Jan. 29, 2015, on RatingsDirect).

We consider Wuestenrot Bausparkasse a core subsidiary of the Wuestenrot & Wuerttembergische AG (W&W AG) and therefore equalize our long-term issuer credit rating (ICR) on Wuestenrot Bausparkasse with the group's core operating entities, which we assess at 'a-'. Given Wuestenrot Bausparkasse's core group status, we rate the notes by notching down from our 'A-' ICR on Wuestenrot Bausparkasse, because we believe that support from W&W AG will flow to these hybrid capital instruments.

The 'BBB' issue rating is two notches lower than the ICR, reflecting the deduction of:

- One notch because the notes are contractually subordinated; and
- One notch due to the principal write-down; even in cases where this is not contractually documented, the relevant regulatory and legal frameworks in Germany create the equivalent of such a clause and we

expect regulators to enforce this.

RELATED CRITERIA

- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

RELATED RESEARCH

- W&W Group, Aug. 31, 2017

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