

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Landesbank Hessen-Thuringen GZ

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Frankfurt am Main, October 05, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Landesbank Hessen-Thuringen GZ and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 30 September 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

Landesbank Hessen-Thuringen GZ (Helaba)'s Aa3 deposit and senior unsecured debt ratings reflect its baa2 Baseline Credit Assessment (BCA), a one-notch rating uplift from its membership in the institutional protection scheme of Sparkassen-Finanzgruppe (Corporate Family Rating Aa2, BCA a2), the application of Moody's Advanced Loss Given Failure (LGF) analysis to its liabilities, which indicates an extremely low loss given failure and results in three notches of rating uplift, and a one-notch rating uplift resulting from government support, given its membership in systemically relevant Sparkassen-Finanzgruppe.

The baa2 BCA reflects Helaba's sound capitalisation and solid asset quality; while the bank's loan book contains sizeable commercial real estate (CRE) concentration risks, Helaba's CRE portfolio has a sound history of low credit losses compared with its peers and through a full credit cycle. More constraining factors are the bank's high leverage, modest profitability, and a funding structure that relies on significant market funding access, which, however, is partially balanced by stable funding from the savings bank sector and comfortable liquid resources.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in July 2021. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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