



Fitch Downgrades 6 German Landesbanken on Support Revision Ratings

Endorsement Policy
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Fitch Ratings-Frankfurt/London-19 May 2015: Fitch Ratings has downgraded the Long-term Issuer Default Ratings (IDRs) and senior unsecured debt ratings of Bayerische Landesbank (BayernLB), Landesbank Baden-Wuerttemberg (LBBW), Landesbank Saar (SaarLB), Norddeutsche Landesbank Girozentrale (NORD/LB) and Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale (BremerLB) to 'A-'. Fitch has also downgraded the Short-term IDRs of BayernLB and LBBW to 'F1' and affirmed those of SaarLB, NORD/LB and BremerLB at 'F1'. The Outlook on the Long-term IDRs is Stable.

Fitch has downgraded HSH Nordbank AG's (HSH) Long-term IDR and unsecured senior debt ratings to 'BBB-' and its Short-term IDR to 'F3'.

Fitch has affirmed BayernLB's and SaarLB's Viability Ratings (VRs) at 'bb+' and LBBW's at 'bbb'. NORD/LB's VR has been downgraded to 'bb+' and BremerLB's VR to 'bb'. HSH's VR of 'b' remains on Rating Watch Evolving (RWE).

The rating actions are in conjunction with Fitch's review of sovereign support for banks globally, which the agency announced in March 2014. In line with its expectations announced in March last year and communicated regularly since then, Fitch believes legislative, regulatory and policy initiatives have substantially reduced the likelihood of sovereign support for US, Swiss and European Union commercial banks.

The EU's Bank Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism (SRM) are now sufficiently progressed to provide a framework for resolving banks that is likely to require senior creditors participating in losses, if necessary, instead of or ahead of a bank receiving sovereign support. BRRD was implemented into German legislation with effect from 1 January 2015, including early adoption of the bail-in tool.

As a result, Fitch believes that extraordinary sovereign support while possible can no longer be relied upon for Landesbanken. We have, therefore, revised their Support Rating Floors to 'No Floor' and subsequently withdrawn them because they are no longer meaningful to our coverage given that our support assessment is now based on institutional rather than sovereign support.

The Support Ratings of all banks except HSH have been affirmed at '1' indicating an extremely high probability of support from their owners, the respective Laender and savings banks associations. HSH's Support Rating has been downgraded to '2' from '1'.

A full list of rating actions is at the end of this rating action commentary.

KEY RATING DRIVERS - SR, IDR AND SENIOR DEBT

The SRs of '1' and IDRs of 'A-' reflect Fitch's view of a very strong likelihood of support from the combination of German federal states (Laender) the Sparkassen-Finanzgruppe (Sparkassen) (SFG, A+) and the Sparkassen (savings banks) and Landesbanken-shared institutional protection fund (Haftungsverbund).

Our institutional support considerations are based on our assessment that the owners of the Landesbanken, the respective Laender and regional savings banks, consider their investment as long-term and strategic. The strong propensity to support Landesbanken reflects the banks' increased focus on their statutory roles, supporting the regional economies, acting as the states' house banks, and working with the savings banks.

Our view of the creditworthiness of Germany's Laender is driven by the stability of the solidarity system; the ratings for Laender covered by Fitch are equalised with those of Germany. As a result, those German Laender rated by Fitch have Long-term IDRs of 'AAA'.

In terms of propensity, we believe that each Landesbank has a manageable size relative to the size of the respective Land to ensure that the Land owner would be able to support, absent state aid or BRRD restrictions. In addition, failure to provide support to a failing Landesbank would likely result in considerable damage to the relevant Land's own reputation and funding costs and would have a negative effect on the regional economy, including the savings banks.

However, in Fitch's view support would need to be forthcoming from both the Laender and the Sparkassen to avoid triggering state aid considerations and resolution under BRRD if a Landesbank becomes insolvent. Therefore, Fitch uses the lower of the two owners' Long-term IDRs as its starting point for determining a Landesbank's ratings, which is SFG's 'A+' IDR. We also consider SFG's IDR as the appropriate starting point because the Haftungsverbund would have a pivotal role in a sudden rescue scenario and would ultimately need the resources of the savings banks, especially if a Landesbank without a strong savings bank association owner needs support or if support is needed by more than one Landesbank.

We notch down Landesbanken's Long-term IDRs twice from SFG's 'A+' IDR to arrive at IDRs of 'A-' for BayernLB, LBBW, SaarLB, NORD/LB and BremerLB. One notch is to reflect the role of the Landesbanken as strategic subsidiaries and service providers to the Sparkassen. The other notch reflects the uncertainties around the resolution process and potential prevention of state owners being able to support a bank alongside the savings banks under BRRD.

The 'F1' Short-term IDRs for BayernLB, LBBW, SaarLB, NORD/LB and BremerLB are at the higher of the two Short-term IDRs that map to an 'A-' Long-term IDR on our rating scale. This reflects ample liquidity at the Sparkassen owners and their strong funding and liquidity links to the Landesbanken.

We have applied wider notching to HSH because we consider that weaknesses within its business model burdened by legacy assets and high guarantee costs make it questionable whether a private investor would choose to continue to invest in the bank. HSH's performance track record has been mixed and, in our view, as expressed in our 'b' VR, HSH has not demonstrated that it has a sustainable business model. This introduces higher risk that further extraordinary solvency support would be considered as state aid and that BRRD would restrict support ahead of resolution.

However, we believe that SFG throughout Germany, and the Haftungsverbund, along with HSH's state owners, have strong financial and reputational incentives to ensure that any necessary resolution would be managed in a way that would ensure no losses to senior unsecured creditors. We have, therefore, limited our additional notching for HSH to three from the 'A-' IDR of Landesbanken with more sustainable business models.

RATING SENSITIVITIES - SR, IDR and SENIOR DEBT

The SRs, IDRs and senior unsecured debt ratings are sensitive to any change in assumptions around the propensity or ability of the Landesbanken's owners to provide timely support. This may be indicated by a change to SFG's IDRs. The IDRs are also sensitive to changes in the owners' strategic commitment to and importance of the Landesbanken for their respective home regions.

HSH's SR, IDRs and senior unsecured debt ratings could be upgraded if we change our view of the long-term sustainability of its business model, which would likely be signalled by a multiple upgrade of its VR.

A downgrade of other Landesbanken's VRs to 'bb-' or below could signal weaknesses within their business models. In this respect, BremerLB is most at risk given its VR at 'bb' and high sensitivity to developments in the shipping industry. If BremerLB's shipping exposure is hit further, this would likely result not only in a VR downgrade but also potentially a three- notch downgrade of its IDR.

A change to our assessment of the risks of triggering a resolution process ahead of support for a Landesbank could also affect the SRs, IDRs and senior unsecured debt ratings.

KEY RATING DRIVERS AND RATING SENSITIVITIES - VR

Bayern LB

BayernLB's VR reflects further progress in reducing legacy risks but at the cost of a significant loss reported for 2014. In our view this poses challenges to restore capitalisation to a solid, sustainable level over the medium term, particularly considering its obligation to repay outstanding EUR2.3bn of capital to Bavaria by end-2017.

We believe that BayernLB will return to profit in 2015 thanks to Germany's benign operating environment. For 2014, the realised losses from the sale of MKB Bank Zrt, BayernLB's former Hungarian subsidiary, in 3Q14 and

a loan impairment charge, which we estimate to be around EUR1.3bn for the previously uncovered exposure of about EUR2.4bn to Hypo Alpe Adria International (now HETA), led to a significant pre-tax loss of EUR348m (EUR1.32bn after tax). Legacy issues have now been largely resolved although some tail risk remains; for example the HETA case is still subject to pending court decisions. This enables BayernLB to concentrate on developing its core business, which posted a pre-tax profit of EUR669m in 2014.

BayernLB's asset quality is solid in its core business, which is now predominantly domestically driven. Despite the large one-off write down of HETA, non-performing loans (NPLs) decreased due to the sale of MKB and further declines of NPLs in the core business. However, tail risks exist in BayernLB's large exposure of EUR1.8bn to Russia at end-2014 (of which 41 % is guaranteed by export credit agencies).

Despite the sale of its entire ABS portfolio (EUR6.5bn) in 4Q14 risk assets in the restructuring unit still amount to EUR14bn Bayern LB plans to reduce the restructuring unit exposure to EUR10bn by end-2015.

The small decline in the bank's 'fully loaded' CET1 ratio to 10.2% end-December 2014 from 10.4% end-March 2014 was balanced by the reduction in legacy risks. BayernLB's strategic flexibility would benefit from a strengthening of its 'fully loaded' leverage ratio (end-2014: 3.9%).

Funding and liquidity is sound. Funding sources are diversified, including Pfandbriefe and retail deposits, and helped by lower funding needs due to deleveraging and on-going demand from the savings banks for investments.

BayernLB's VR is primarily sensitive to a sustained improvement in underlying earnings and a final successful resolution of the HETA case, which would bring its restructuring phase close to completion. Conversely, the rating may be downgraded if risk provisioning proves insufficient and further affects profit and capital or if asset quality deteriorates through a significant deterioration of Germany's and, particularly, Bavaria's economic performance, which we consider unlikely.

LBBW

LBBW's 'bbb' VR is negatively affected by continued low earnings stemming mainly from challenges to enforcing greater efficiency. However, its VR is the highest among the German Landesbanken, reflecting the strength of its core commercial banking franchise in its home region, which has benefited from a solid performance in the automotive industry and commercial real estate markets, two of LBBW's key market sectors. Declining risk-weighted assets (RWAs) and stable earnings enabled LBBW to repay EUR1bn of silent participations to its owners.

Asset quality in its core business is sound but constrained by asset and sector concentration risks. Fitch views positively that these risks have been reduced in the last three years particularly due to lowering loan exposures above EUR1bn. Risks in the non-core business declined further in 2014, mainly through the sale of a EUR4.7bn securitisation portfolio. Exposure to higher-risk sovereigns such as Russia or other more volatile asset classes is moderate.

LBBW's capitalisation is solid. It reported a 'fully loaded' CET1-ratio of 13.6% end-2014 and a 'fully loaded' leverage ratio of 4.1%.

LBBW has some retail funding through its regional branch network under the brand Baden-Wuerttembergische Bank, but, similar to its peers, is reliant on wholesale funding, albeit from diversified sources, including Pfandbriefe. We believe that strong demand from associated savings banks in its regions and moderate funding needs lower its dependence on capital markets.

LBBW's VR is sensitive to negative changes in the economic environment in Germany but also in developments in Baden Wurttemberg's key industries. A sustainable improvement in profitability would be a positive VR driver.

SaarLB

SaarLB's 'bb+' VR benefits from the bank addressing capitalisation, previously the lowest among peers, by converting silent partnership shares into core capital. However, capitalisation is not yet sufficiently strong to be commensurate with an investment-grade VR.

SaarLB is also developing its franchise with a stronger focus on Sparkassen and municipal finance than in the past and incremental improvements in a number of its structural weaknesses such as asset concentration.

SaarLB's 2014 financial results were driven by sound performance in its core businesses, but also by positive valuation effects from interest-rate swaps. As a result pre-tax profits increased 57% to EUR88m.

Its asset quality has remained robust and loan impairment charges (LICs) were low in 2014 in its operating segments despite a single large provision in its special finance portfolio. Concentration remains a challenge for SaarLB but we positively view the bank's efforts to mitigate this with stronger capital and declining single exposures.

Liquidity is adequate to sustain stresses. SaarLB's expected funding needs should be manageable, given a variety of funding instruments including Pfandbriefe and its capacity to access smaller insurance companies and pension funds and its strong access to the savings bank sector.

SaarLB's VR is sensitive to changes in economic factors that drive its corporate and asset-based financing franchise. Its renewable energy segment is fairly large and sensitive to risks from changes to the legal and regulatory framework that could impact the cost-effectiveness of related projects and hence could put pressure on its VR. A stable business performance in combination with a further rise in the bank's common equity would benefit its VR.

NORD/LB

The downgrade of NORD/LB's VR to 'bb+' primarily reflects the bank's weakened capital ratios and continued asset quality pressure from its large shipping exposure. Subdued earnings, low regulatory capital ratios and the lack of foreseeable material and lasting improvement in the shipping sector have reduced NORD/LB's resilience to adverse market movements and its managerial flexibility. This means its VR is no longer commensurate with the 'bbb' range.

Capital ratios have been burdened by rising RWAs resulting from the strengthening of the USD. Its already moderate capitalisation compared with its immediate Landesbanken peers and other European banks ('fully loaded' CET1-ratio of 8.4% at end-2014) is set to weaken further in the short-term as the USD gained another 8% against the EUR in the first four months of 2015. Furthermore, despite some profit retention NORD/LB plans to propose a dividend payment to its owners based on its 2014 results, which is not conducive to strengthening its capital-generating capacity.

NORD/LB's regulatory capital ratios include a EUR2.2bn shortfall deduction to cover unreserved expected losses primarily in its shipping portfolio, which provides a buffer for the capital ratio against further increases in LICs.

However, NORD/LB remains challenged by a persistent need for risk coverage in its shipping portfolio. Requirements in 2015 could be lower due to a modest stabilisation of charter rates in the container and tanker segment in the first four months of this year, but we expect impairments against the shipping portfolio to continue to burden NORD/LB's financial performance. The increase of its total NPLs by EUR1bn in 2014 was, however, mainly due to currency effects.

Fitch expects that 2015 results will be hampered by LICs for the group's fairly high exposure to HETA (EUR380m) for which it took a EUR105m charge in 2014. Fitch expects an additional amount to have been booked in the first quarter as enforced by the regulator. NORD/LB posted an improved pre-tax profit of EUR276m in 2014 (2013: EUR140m), but its persistently low profitability delays its capacity to complete its planned business alignment process, specifically reducing its shipping loans.

NORD/LB's wholesale-driven funding profile is robust in light of access to the liquidity pool of local savings banks but also to other institutional investors. Funding needs are expected to increase in 2015 but remain moderate given its still declining balance sheet.

NORD/LB's VR is expected to be stable at the current level as long as it remains profitable and no further additional stress arises in shipping or its other economically sensitive lending areas such as commercial real estate. It is sensitive to foreign exchange fluctuations and the related impact on its capital.

A material and lasting recovery of shipping markets would be positive for the VR, as this would help to lower LICs, improve profits and asset quality and strengthen capital ratios. A capital injection by the owners could also be a positive VR driver.

Bremer LB

The downgrade of BremerLB's VR to 'bb' reflects the bank's weakening capital base as a result of a materially wider expected loss shortfall, adverse effects from a stronger USD and the lack of material recovery in the shipping sector, which hampers its asset quality. We believe its business model is becoming increasingly constrained by the slow restructuring progress of its shipping portfolio in difficult market conditions. The length of

the current shipping crisis is jeopardising the recovery assumptions that underpin the management of its shipping portfolio.

BremerLB's low capitalisation - the weakest among peers - was further impaired by rising RWAs due to the strengthening of USD as 15% of BremerLB's loan book is denominated in USD.

In 2014 BremerLB's capital ratios slipped further, and it reported a core CET1 (phased in) ratio of 8%. Capital measures planned for 2015 may prove to be insufficient to reverse the weakening of the regulatory ratios, especially if the shipping sector fails to recover more broadly. These measures include issuance of additional tier 1 capital and a potential carve-out of non-performing shipping loans through structured transactions.

BremerLB continued deleveraging in 2014 but its portfolio is the least diversified among Landesbanken. Its business mix has become more imbalanced as assets in its corporate segment and private client business both declined by 13%. This makes its asset-based franchise by far the most dominant driver at 44 % of total assets.

BremerLB's profitability is low due to high LICs on shipping exposure. However, Bremer LB remained profitable in 2014, reporting pre-tax net income of EUR43m for 2014 (2013: EUR68m). Earnings were underpinned by stable net interest and fee income despite a declining balance sheet, and also by lower expenses. Measures by management to strengthen internal financial flexibility and address business risks are positive, including a dividend waiver by its owners.

Despite the challenges BremerLB has a satisfactory funding and liquidity base, supported by its relationships with local savings banks and institutional investors. Its liquidity profile is adequate.

BremerLB's VR is sensitive to deterioration of its shipping portfolio arising from negative developments in the maritime industry. Even in a recovering shipping sector, an upgrade is contingent on the bank achieving broader stability, which is likely to take time.

HSH

HSH's 'b' VR reflects the bank's weak company profile and legacy asset quality, with material risk of failure. In our view HSH will no longer be a viable business if the European Commission (EC) does not approve new state aid in the form of the restoration of an additional EUR3bn asset guarantee (taking the total to EUR10bn) from the States of Hamburg and Schleswig Holstein granted through HSH Finanzfonds.

The RWE on the VR is driven by the state aid process and will be resolved once the EC has taken its decision. However, if the increase in state aid is finally approved, it would not be sufficient on its own for Fitch to upgrade HSH's VR. The amount of guarantee fees would surpass HSH's recurring earnings capacity, despite new business. Consequently, HSH is unlikely to become strong enough to reach the 'bb' VR category.

However, HSH is seeking discussions with the EC to review not only the volume of the guarantee but also its terms and conditions. Adjustments to the terms and conditions which are supportive for HSH's capital-generating capacity - although not our base case - could improve the bank's long term viability. A transfer of the legacy assets off the bank's balance sheet or sale of the assets without depleting capital would also be beneficial for the VR.

The existing guarantee amount and mechanism provides strong asset protection and supports capitalisation through its embedded capital protection clause. However, if the full amount of EUR10bn is not approved by the EC, we believe HSH's solvency would be threatened.

HSH has reported notable new business during the past three years. It acquired EUR9.5bn new assets in 2014 in a highly competitive market environment. We believe that this level of growth could suggest a softening of lending standards as loan growth in Germany as whole was only around 1%.

HSH reported a net profit of EUR278m for 2014 (2013: EUR518m loss). However, we do not consider this as representative of its sustainable earnings capacity, particularly as net interest income declined 37%, although allowing for extraordinary effects. HSH's core bank still reported a net loss of EUR120m, burdened by the core shipping exposure and total guarantee expenses (base and additional fees) of EUR298m attributable to this exposure.

The key driver of HSH's improved financial performance has been the compensation effects of its underlying guarantee. This led to a positive swing of LICs of EUR1.062m, resulting in a positive EUR576m net impairment result, compared with a negative EUR486m before compensation.

HSH's efforts to lower its cost base are positive. However, further staff reductions could also negatively affect staff morale and potentially the bank's franchise. In this context, the bank is challenged by talent retention following the resignation of its Chief Risk Officer in February 2015 after serving only one term.

HSH's capital benefits from the capital protection clause and additional buffers within the guarantee mechanism. Its leverage ratio of 4.8% is above Landesbanken peers. However, as with its northern Landesbanken peers, its capitalisation is sensitive to a depreciation of EUR against USD as USD-denominated assets make up 37% of its customer loan book including financial assets. A further significant decline of EUR would erase the current benefit of the state guarantee on RWAs.

HSH's funding and liquidity position is stable, supported by a sound placement capacity among a range of investors, including savings banks HSH reported LCR of 143% at end-2014, higher than most peers and a net stable funding ratio (NSFR) of 96%.

HSH's VR has limited upside potential as long as the terms and conditions of its restructuring, primarily the guarantee fees, remain unchanged. We believe that a substantial improvement in the shipping portfolio would free up impairment reserves in its balance sheet and bolster profits. This could also lift the VR but is not our base case scenario.

HSH's VR would primarily be negatively affected if the EC rejects the full restoration of its guarantee. In our view, this would increase the likelihood of an orderly wind-down.

KEY RATING DRIVERS AND SENSITIVITIES - SUBORDINATED DEBT: BayernLB, LBBW, HSH

The three Landesbanken's subordinated debt instruments are notched down once from the respective obligors' VRs to reflect loss severity and are sensitive to changes in the VRs.

KEY RATING DRIVERS AND SENSITIVITIES - OTHER HYBRID SECURITIES: Bayern LB

The affirmation of BayernLB Capital Trust I's at 'CCC' is based on Fitch's view that the hybrid instruments will continue to be non-performing, as BayernLB has not yet reported sufficient distributable profits based on unconsolidated German GAAP accounting. However, the prospectus stipulates that certain events require Bayern LB to pay dividends irrespective of distributable profits. As a result, for 2014, a dividend of USD 4.9m will be paid triggered by the repayments of state aid. The rating would be upgraded if these instruments return to performing status. A further downgrade would result if BayernLB continued to report significant losses in its unconsolidated financial accounts, which Fitch views as unlikely.

KEY RATING DRIVERS AND SENSITIVITIES - STATE-GUARANTEED/GRANDFATHERED SECURITIES

The 'AAA' ratings of the six German Landesbanken's state-guaranteed/grandfathered senior and subordinated debt including LBBW Dublin Management GmbH's and market linked securities reflect the credit strength of the guarantors, the German Laender. All ratings are sensitive to any changes in Fitch's view of the creditworthiness of the Laender.

KEY RATING DRIVERS AND RATING SENSITIVITIES - SUBSIDIARY AND AFFILIATED COMPANY - NORD/LB Covered Finance Bank S.A (NORD/LB CFB)

We have downgraded NORD/LB CFB's Long- and Short-term IDR's and senior unsecured debt ratings to 'A-' from 'A' following the downgrade of NORD/LB, its ultimate parent. NORD/LB CFB's IDR is based on the extremely high likelihood of support from Norddeutsche Landesbank Luxembourg S.A. and NORD/LB, the bank's direct and ultimate owners, respectively.

Fitch considers NORD/LB CFB as core to NORD/LB's business, a view supported by a declaration of backing (Patronatserklaerungen) for NORD/LB CFB from NORD/LB Luxembourg S.A and NORD/LB. Fitch does not assign a VR to NORD/LB CFB as a result of its strong integration with NORD/LB.

Any rating action on NORD/LB CFB would most likely be driven by similar rating action on NORD/LB. NORD/LB CFB's ratings are also sensitive to a change in Fitch's view of the propensity of support from NORD/LB.

The rating actions are as follows:

Bayerische Landesbank

Long-term IDR: downgraded to 'A-' from 'A+'; Outlook Stable

Short-term IDR: downgraded to 'F1' from 'F1+'

Support Rating: affirmed at '1'

Support Rating Floor: revised to 'No Floor' from 'A+'; withdrawn

Viability Rating: affirmed at 'bb+

Long- and Short-term senior debt, including programme ratings: downgraded to 'A-/F1' from 'A+/F1+'

State-guaranteed/grandfathered senior and subordinated debt: affirmed at 'AAA'

State-guaranteed/grandfathered market-linked securities: affirmed at 'AAAemr'

Senior market-linked securities: downgraded to 'A-emr' from 'A+ emr'

Subordinated debt: affirmed at 'BB'

BayernLB Capital Trust I

Hybrid capital instruments: affirmed at 'CCC'

Landesbank Baden Wuerttemberg

Long-term IDR: downgraded to 'A-' from 'A+'; Outlook Stable

Short-term IDR: downgraded to 'F1' from 'F1+'

Support Rating: affirmed at '1'

Support Rating Floor: revised to 'No Floor' from 'A+'; withdrawn

Viability Rating: affirmed at 'bbb'

Long- and Short-term senior debt, including programme ratings: downgraded to 'A-/F1' from 'A+/F1+'

State-guaranteed/grandfathered senior and subordinated debt: affirmed at 'AAA'/F1+'

State-guaranteed/grandfathered market-linked securities: affirmed at 'AAAemr'

Subordinated debt: affirmed at 'BBB-'

LBBW Dublin Management GmbH:

Grandfathered Long-term debt affirmed at 'AAA'

Landesbank Saar

Long-term IDR: downgraded to 'A-' from 'A'; Outlook: Stable

Short-term IDR: affirmed at 'F1'

Support Rating: affirmed at '1'

Support Rating Floor: revised to 'No Floor' from 'A'; withdrawn

Viability Rating: affirmed at 'bb+'

Short-term debt: affirmed at 'F1'

State-guaranteed/grandfathered debt: affirmed at 'AAA'

Norddeutsche Landesbank Girozentrale

Long-term IDR: downgraded to 'A-' from 'A'; Outlook Stable

Short-term IDR affirmed at 'F1'

Support Rating affirmed at '1'

Support Rating Floor: revised to 'No Floor' from 'A'; withdrawn

Viability Rating: downgraded to 'bb+' from 'bbb-'

State-guaranteed/grandfathered senior and subordinated debt affirmed at 'AAA'

Long- and Short-term senior debt, including programme ratings: downgraded to 'A-' from 'A' and affirmed at 'F1'

NORD/LB CFB

Long-term IDR: downgraded to 'A-' from 'A'; Outlook Stable

Short-term IDR affirmed at 'F1'

Support Rating affirmed at '1'

Senior debt: downgraded to 'A-' from 'A'

Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale

Long-term IDR: downgraded to 'A-' from 'A'; Outlook Stable

Short-term IDR affirmed at 'F1'

Support Rating Floor: revised to 'No Floor' from 'A'; withdrawn

Support Rating affirmed at '1'

Viability Rating: downgraded to 'bb' from 'bb+'

State-guaranteed/grandfathered senior debt affirmed at 'AAA'

Long- and Short-term senior debt, including programme ratings: downgraded to 'A-' from 'A' and affirmed at 'F1'

HSH Nordbank AG

Long-term IDR: downgraded to 'BBB-' from 'A-'; Outlook Stable

Short-term IDR: downgraded to 'F3' from 'F1'

Support Rating: downgraded to '2' from '1'
Support Rating Floor: revised to 'No Floor' from 'a-'; withdrawn
Viability Rating: 'b' remains on Rating Watch Evolving
Long- and Short-term senior debt, including programme ratings: downgraded to 'BBB-/F3' from 'A-/F1'
State-guaranteed/grandfathered senior and subordinated debt: affirmed at 'AAA'
State-guaranteed/grandfathered market-linked securities: affirmed at 'AAAemr'
Senior market-linked securities: downgraded to 'BBB-emr' from 'A-emr'
Subordinated debt: 'B-' remains on Rating Watch Evolving

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Additional information is available at www.fitchratings.com.

Applicable criteria, 'Global Bank Rating Criteria', dated 20 March 2015, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Global Bank Rating Criteria

Additional Disclosure

Solicitation Status

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