

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Bayerische Landesbank

05 Oct 2021

Frankfurt am Main, October 05, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of Bayerische Landesbank 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.

Bayerische Landesbank (BayernLB)'s Aa3 deposit and senior unsecured debt ratings reflect the bank's baa2 Baseline Credit Assessment (BCA), 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.

BayernLB's baa2 BCA reflects the bank's sound asset quality and risk-weighted capital ratios, as well as its ability to mitigate its partial dependence on wholesale market funding through access to readily available and additional liquid resources through a variety of funding channels which compares well with domestic competitors. BayernLB's BCA remains constrained by the bank's concentrated exposures to the commercial real estate (CRE) and renewable energy sectors and by the low profitability of the bank's operations excluding its core subsidiary Deutsche Kreditbank AG (DKB, deposits A1/senior unsecured debt A1, BCA baa1). Furthermore, the bank's low level of nominal leverage continues to weigh on its overall financial profile.

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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