

FITCH AFFIRMS 5 GUARANTEED AND NRW.BANK'S PFANDBRIEFE AT 'AAA'/ STABLE

Fitch Ratings-Frankfurt/London-31 March 2017: Fitch Ratings has affirmed the outstanding guaranteed Pfandbriefe issued by four Landesbanks at 'AAA' with Stable Outlook. They are the public sector Pfandbriefe issued by HSH Nordbank AG (BBB-/Negative/F3), Landesbank Baden-Wuerttemberg (A-/Stable/F1) and Landesbank Hessen-Thueringen Girozentrale (A+/Stable/F1+), and the mortgage and public sector Pfandbriefe issued by Bayerische Landesbank (A-/Stable/F1).

Fitch has also affirmed NRW.BANK's (AAA/Stable/F1+) outstanding public sector Pfandbriefe at 'AAA' with Stable Outlook.

KEY RATING DRIVERS

The ratings of the four Landesbanks' guaranteed Pfandbriefe are based on the scope of the grandfathering (Gewahrtraegerhaftung) provided by the respective German regional states (Laender) of Bavaria, Baden-Wuerttemberg, Hamburg, Hesse, Schleswig-Holstein and Thuringia. They are also driven by the credit quality of the states, which in Fitch's view, is underpinned by the stability of the German solidarity system linking their creditworthiness to that of the Federal Republic of Germany (AAA/Stable/F1+). The guarantee still applies to bonds issued before 18 July 2001 .

The rating of NRW.BANK's public sector Pfandbriefe is driven by the bank's 'AAA' Issuer Default Rating (IDR).

RATING SENSITIVITIES

The 'AAA' ratings of Bayerische Landesbank's and Landesbank Hessen-Thueringen Girozentrale's guaranteed public sector Pfandbriefe would be vulnerable to a downgrade, if both of the following occur i) the German sovereign's IDR is downgraded to 'AA+' or below; and ii) the ratings of the unguaranteed Pfandbriefe cross-collateralised with the guaranteed Pfandbriefe are downgraded to 'AA+' or below.

The 'AAA' ratings of Bayerische Landesbank's guaranteed mortgage Pfandbriefe, Landesbank Baden-Wuerttemberg's and HSH Nordbank's guaranteed public sector Pfandbriefe would be vulnerable to a downgrade if the German sovereign's IDR is downgraded to 'AA+' or below. The 'AAA' rating of NRW.BANK's public sector Pfandbriefe would be vulnerable to a downgrade if NRW.BANK's IDR is downgraded to 'AA+' or below and Germany would be concurrently downgraded to 'AA+' or below. For these programmes Fitch does currently not receive sufficient information to conduct a full rating analysis.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Covered Bonds Rating Criteria (pub. 26 Oct 2016)

<https://www.fitchratings.com/site/re/888874>

Global Bank Rating Criteria (pub. 25 Nov 2016)

<https://www.fitchratings.com/site/re/891051>

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