FitchRatings

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Fitch Upgrades NORD/LB's VR to 'bbb'; Affirms Long-Term IDR at 'AA-'/Stable

Fitch Ratings - Frankfurt am Main - 05 Oct 2026: Fitch Ratings has upgraded Norddeutsche Landesbank Girozentrale's (NORD/LB) Viability Rating (VR) to 'bbb' from 'bbb-' and affirmed its Long-Term Issuer Default Rating (IDR) at 'AA-' and Shareholder Support Rating (SSR) at 'a+'. The Outlook on the Long-Term IDR is Stable. A full list of rating actions is below.

The upgrade reflects Fitch's view that despite its smaller size compared with Landesbanken peers, NORD/LB's business model should allow it to generate adequate new business volumes while maintaining sound asset quality given its risk profile.

Key Rating Drivers

Support Drives IDRs: NORD/LB's SSR is aligned with the Long-Term IDR of Sparkassen-Finanzgruppe (Sparkassen) (SFG; A+/Stable/F1+) reflecting Fitch's view of the very high probability that SFG, which owns about 36% of NORD/LB, would provide support if needed, as NORD/LB is part of SFG's institutional protection scheme (IPS). The Long-Term IDR is one notch above the SSR to reflect NORD/LB's very large resolution debt buffer. The uplift from its SSR anchor is limited to one notch to reflect support already factored into NORD/LB's SSR due to its membership in the IPS.

We believe support would also be available from the bank's other owners, the states of Lower Saxony (58% owner) and Saxony-Anhalt (6%). Fitch uses SFG's Long-Term IDR as the anchor rating because support would need to be forthcoming from SFG and the regional owners to avoid triggering state-aid considerations and resolution under the German Recovery and Resolution Act if NORD/LB fails. The Stable Outlook on NORD/LB's Long-Term IDR mirrors that on SFG.

The VR reflects NORD/LB's largely wholesale-driven business profile, modest profitability, good but concentrated asset quality as well as adequate capitalisation and funding underpinned by its IPS membership.

Medium German Wholesale Bank: NORD/LB's wholesale-driven business model focuses on corporate, asset-based and structured finance, while serving as the central institution for savings banks in northern Germany and providing limited retail banking. Intense competition in most of NORD/LB's product areas limits pricing power and affects profitability, as for German peers.

Concentration Constrains Risk Profile: NordLB has more appetite for growth in businesses Fitch views as higher risk compared to larger Landesbanken, although this remains subject to the owners' close scrutiny. NORD/LB's focus on wholesale banking leads to sector concentrations, in particular in

commercial real estate (CRE). The latter benefits from conservative underwriting standards and good collateralisation.

Resilient Asset Quality: The bank's impaired loans ratio of 2.4% at end-1H26 remained broadly stable in the last two years. We expect the ratio to increase due to higher interest rates and structural changes in sectors Nord/LB is exposed to, but to remain below 3% over the next two years. Loan concentrations, including the energy sector and CRE, are fairly high.

Improving but Modest Profitability: We expect the operating profit to remain above 1% of risk-weighted assets (RWAs) over the next two years, below the average for the German banking sector. The bank's pricing power is limited by intense competition in most of its businesses. This is mitigated by selective growth in higher return segments and a leaner cost structure compared with other Landesbanken. The challenging economic environment in Germany remains a risk to NORD/LB's profitability, as it could weaken loan demand and lead to higher loan impairment charges.

Adequate Capitalisation: We expect the bank's common equity Tier 1 (CET1) ratio, which was 17.4% at end-1H26, to decline over the medium term, reflecting strong RWA growth driven by loan growth and negative rating migrations. Nevertheless, we expect the ratio to remain above 15% in the medium term, comfortably exceeding the 9.4% regulatory requirement.

IPS Membership Underpins Funding: NORD/LB's predominantly wholesale funding benefits from its membership in SFG's IPS and is reflected in a moderately higher loans/deposits ratio than at commercial bank peers. Its liquidity profile is sound.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/ Downgrade

A downgrade of SFG's IDRs would likely lead to a downgrade of NORD/LB's IDRs and SSR.

The VR is sensitive to an increase in the bank's risk appetite, which could be indicated by accelerated loan growth or less conservative risk appetite. The VR would likely be downgraded if NORD/LB's operating profit drops below 0.5% of RWAs without clear recovery prospects. A higher impaired loans ratio at above 3% and a CET1 ratio consistently below 12% would lead to negative rating pressure.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of SFG's IDRs would likely lead to an upgrade of NORD/LB's IDRs and SSR.

An upgrade of the VR is unlikely unless the bank strengthens its franchise and profitability, without relaxing its risk standards. An upgrade would also require asset quality to remain resilient and broadly in line with peers, while maintaining capitalisation at current levels.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

NORD/LB's 'F1+' Short-Term IDR is the only option mapping to its Long-Term IDR and is equalised with

SFG's Short-Term IDR.

NORD/LB's Derivative Counterparty Rating, long-term deposit rating and long-term senior preferred debt (senior unsecured debt under Fitch's Bank Rating Criteria) rating are one notch above the bank's SSR. This reflects the protection of preferred creditors arising from the bank's very large resolution buffers, including senior non-preferred and more junior debt. This buffer was 34% of RWAs at end-2025.

NORD/LB's short-term deposit and senior preferred debt ratings are the only short-term ratings mapping to the long-term deposit and senior preferred debt ratings, respectively.

The 'AAA' rating of NORD/LB's grandfathered state-guaranteed subordinated notes reflects our view of the creditworthiness of the state of Lower Saxony and the state of Saxony-Anhalt, which is closely linked to that of Germany (AAA/Stable), and our expectation that the federal states will honour the guarantee.

The rating of NORD/LB's non-guaranteed Tier 2 subordinated debt is notched down twice from its SSR to reflect poor recoveries in case of non-performance. Fitch uses NORD/LB's SSR rather than its VR as the anchor rating because we expect shareholder support from SFG to be extended to the bank's Tier 2 instruments under the statutes of the IPS, which we believe has reduced the likelihood of regulatory resolution measures at NORD/LB.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

We would downgrade NORD/LB's Short-Term IDR if the Long-Term IDR was downgraded to 'A-'.

NORD/LB's DCR, deposit and debt ratings are sensitive to changes to its SSR and resolution debt buffers. The non-guaranteed subordinated debt could also be downgraded if Fitch no longer believed that shareholder support would be extended to subordinated creditors, or that such support was moderately less likely for subordinated creditors than for senior creditors.

NORD/LB's guaranteed debt ratings are primarily sensitive to a weakening of the guarantors' ability to provide support as assessed by Fitch.

VR ADJUSTMENTS

The asset quality score of 'bbb' is below the 'a' category implied score due to the following adjustment reason(s): concentrations (negative).

The capitalisation & leverage score of 'bbb' is below the 'aa' category implied score due to the following adjustment reason(s): risk profile and business model (negative).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

NORD/LB's ratings are linked to SFG's IDRs.

NORD/LB's grandfathered state-guaranteed Tier 2 subordinated notes are linked to Fitch's assessment of Lower Saxony's and SaxonyAnhalt 's creditworthiness and, by extension, to Germany's ratings

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visitwww.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Norddeutsche Landesbank Girozentrale	LT IDR	AA- ●	Affirmed		AA- ●
	ST IDR	F1+	Affirmed		F1+
	Viability	bbb	Upgrade		bbb-
	DCR	AA-(dcr)	Affirmed		AA-(dcr)
	Shareholder Support	a+	Affirmed		a+
• subordinated	LT	AAA	Affirmed		AAA
• subordinated	LT	A-	Affirmed		A-
• long-term deposits	LT	AA-	Affirmed		AA-
• Senior preferred	LT	AA-	Affirmed		AA-
• Senior non-preferred	LT	A+	Affirmed		A+

ENTITY/DEBT	RATING		RECOVERY	PRIOR
• short-term deposits	ST	F1+	Affirmed	F1+
• Senior preferred	ST	F1+	Affirmed	F1+

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	◈
NEGATIVE	⊖	◈
EVOLVING	◈	◆
STABLE	■	

Applicable Criteria

Bank Rating Criteria (pub.08 May 2026) (including rating assumption sensitivity)

Additional Disclosures

Solicitation Status

Endorsement Status

Norddeutsche Landesbank Girozentrale	EU Issued, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case

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