Creditreform Bank Rating
Landesbank Hessen-Thueringen AöR (Group)

Creditreform Rating

Rating Object	Rating Information	
Landesbank Hessen-Thueringen AöR (Group)	Long Term Issuer Rating / Outlook: **A+ / stable**	Short Term: **L2**
Creditreform ID: 6070018446	Type: Update / Unsolicited	

Rating Date:	**31 October 2024**
Monitoring until:	withdrawal of the rating
Rating Methodology:	CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2" CRA "Government-Related Banks v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3" CRA "Institutional Protection Scheme Banks v1.0"
Rating History:	www.creditreform-rating.de

Rating of Bank Capital and Unsecured Debt Instruments:

Preferred Senior Unsecured (PSU):	**A+**
Non-Preferred Senior Unsecured (NPS):	**A**
Tier 2 (T2):	**BBB**
Additional Tier 1 (AT1):	**BBB-**

Rating Action

Creditreform Rating upgrades Landesbank Hessen-Thueringen AöR's (Group) Long-Term Issuer Rating to A+ (Outlook: stable)

Creditreform Rating (CRA) upgrades Landesbank Hessen-Thueringen AöR's (Group) Long-Term Issuer Rating to A+. The rating outlook is stable.

CRA upgrades Landesbank Hessen-Thueringen AöR's Preferred Senior Unsecured Debt to A+, Non-Preferred Senior Unsecured Debt to A, Tier 2 Capital to BBB and AT1 Capital to BBB-.

Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Drivers

- Stability due to institution protection system (IPS) of SFG
- Establishment of an additional fund for the savings banks and Landesbanken beginning in 2025
- Continuous improvement in operating profitability
- Good asset quality, despite a sharp increase in the NPL ratio
- Further decrease in capitalization

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Executive Summary

*PSU: Preferred Senior Unsecured; NPS: Non-Preferred Senior Unsecured; T2: Tier 2; AT1: Additional Tier 1

The rating of Landesbank Hessen-Thueringen AöR (hereinafter Helaba) is prepared on the basis of group consolidated accounts, supplemented by information on the institutional protection scheme the bank is affiliated with.

Creditreform Rating (CRA) upgrades Helaba's Long-Term Issuer Rating to A+. The rating outlook is stable. As with the other Landesbanks, Helaba also benefits from the institutional protection system of the Sparkassen Finanzgruppe.

In the Institutional Support Assessment, Creditreform Rating examines the extent to which an existing cross-guarantee system or IPS can have an influence on Helaba's rating. As a result, Creditreform Rating comes to the conclusion that in the case of Helaba's Long-Term Issuer Rating, there is a strong connection between Sparkassen Finanzgruppe (SFG) and Helaba due to Sparkassenunterstützungsfonds of the regional Sparkassen and Giroverbände, the Guarantee Fund of the Landesbausparkassen and the Guarantee Reserve of the Landesbanks and Girozentralen. This enables additional notching. In the opinion of Creditreform Rating, a stand-alone rating of Helaba is thus not appropriate due to its affiliation with SFG. Helaba does receive additional notching as a result of its membership in SFG/IPS.

The rating upgrade of one notch is mainly due to the new established supplementary fund, which leads to a strengthening of the IPS.

Company Overview

Hessische Landesbank Girozentrale (hereinafter referred to as Helaba), established on 01 June 1953, is a Zentralsparkasse and service provider for approximately 40% of all German Sparkassen (largest Landesbank in Germany in terms of responsibility for the Sparkassen sector). In 2005, Helaba acquired the financially distressed Frankfurter Sparkasse and on 01 July 2012, it took over the Verbundbank, which was spun off from WestLB. At the same time, Helaba had to take over the risk-weighted assets of WestLB in the amount of EUR 8.3bn.

According to its strategic business model, Helaba operates as a commercial bank, a central savings bank and a development bank. It distinguishes between four business areas: *Real Estate*, *Corporates & Markets*, *Retail & Asset Management* and *Development Business*. Major subsidiaries include Frankfurter Sparkasse and its direct bank 1822, as well as the development bank *WIBank*.

Helaba is a member of the Sparkassen-Finanzgruppe. The Sparkassen-Finanzgruppe (hereinafter: SFG) has an institution-specific protection system (IPS). This has been recognized as a deposit guarantee system under the German Deposit Guarantee Act (Einlagensicherungsgesetz - EinSiG) since July 3, 2015. Under the statutory deposit protection scheme, customers are entitled to have their deposits of up to EUR 100,000 reimbursed by the protection scheme.

Prior to a reorganization starting in 2025, the Joint Liability Scheme of the SFG comprises three elements: the Sparkassen Guarantee Fund of the regional Sparkassen and Giro associations, the Guarantee Fund of the Landesbausparkassen and the Guarantee Reserve of the Landesbanks and Girozentralen. Together, these three guarantee funds ensure the continued existence of each individual Sparkasse and Landesbanks.

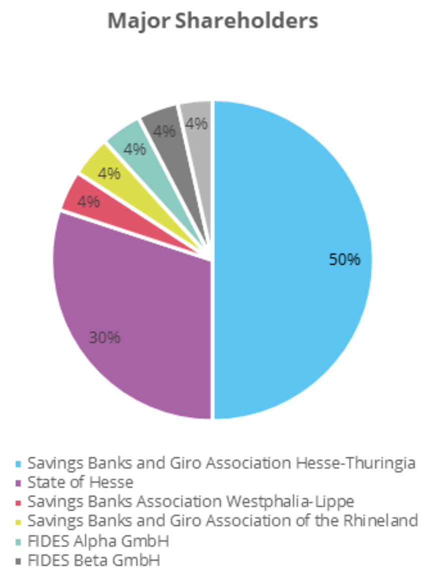
The primary objective of the IPS is to avoid a support case and to protect the institutions themselves, i.e. to ensure liquidity and solvency. The protection of the institutions can be ensured, for example, by the following measures: Injection of equity capital, assumption of guarantees and sureties, and compliance with third-party claims. Mergers with other institutions may also occur. The regional Sparkassen associations have a total of 11 Sparkassen guarantee funds. The individual guarantee funds are interlinked. There is a supra-regional equalization between them, which takes place if the funds available in a region are not sufficient for a so-called support case of an institution. In this case, the resources of all funds are available if required. If necessary, all the guarantee funds will stand together as part of the system-wide equalization process: all the Sparkassen guarantee funds, the guarantee reserve of the Landesbanks and the guarantee fund of the Landesbausparkassen. This applies in the event that the resources of one of the three protection schemes concerned are insufficient. This equalization means that all the funds of all the protection schemes are available for action in the event of a crisis.

The members of the protection scheme pay annual contributions to the Sparkassen deposit guarantee scheme. These are pooled in a special fund that is used to rescue the affected member institution in the event of a crisis.

As part of the restructuring of the protection scheme originally agreed in 2021, a supplementary fund will be established for the savings banks and Landesbanken, alongside the existing subfunds, which will be funded from 2025 onwards. A key improvement to the system is a more rules-based approach to decision-making, including tight deadlines. This should significantly increase the efficiency of the IPS. The additional fund is set to have a volume of 5.2bn EUR, which will be filled starting in 2025 until 2032. Landesbanks will cover EUR 2.6bn of said fund.

In the Institutional Support Assessment, Creditreform Rating examines the extent to which an existing cross-guarantee system or IPS can have an influence on Helaba's rating. As a result, Creditreform Rating comes to the conclusion that in the case of Helaba's Long-Term Issuer rating, there is a strong linkage due to its membership in SFG's cross-guarantee system/IPS, which in turn allows for additional notching. SFG's IPS has far-reaching competencies in monitoring and crisis situations and has an extensive catalog of measures at its disposal. Support cases are linked to restructuring agreements and conditions. In the opinion of Creditreform Rating, a stand-alone rating of Helaba is not appropriate due to its membership in SFG and its IPS. Helaba does receive additional notching as a result of its membership in SFG/IPS.

Chart 1: Major Shareholders of Helaba | Source: Website of Helaba



Business Development

Profitability

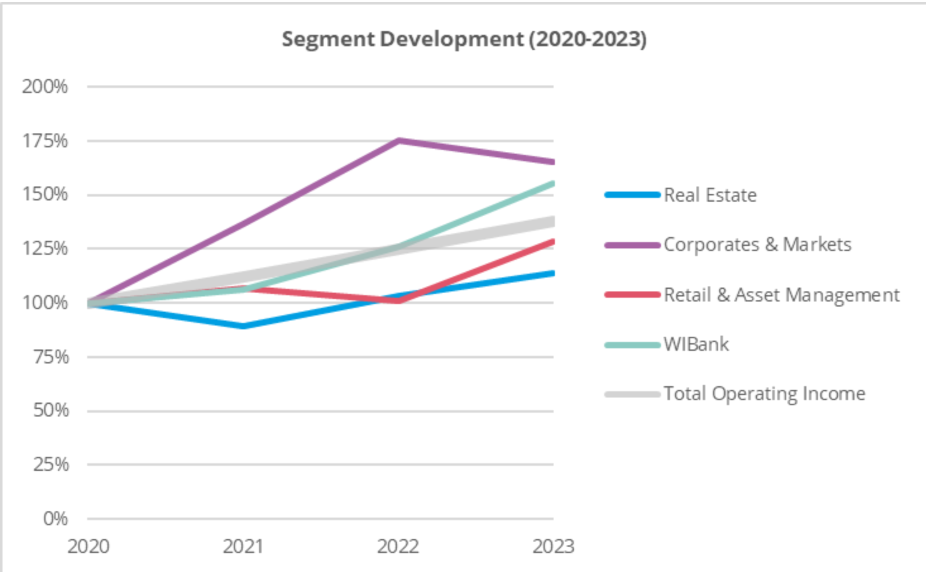
Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

The fiscal year 2023 proved to be a successful one for Landesbank Hesse Thuringia (Helaba), with results exceeding those of 2022, although not reaching the same level as in the fiscal year 2021. Net profit for the period was EUR 466mn, just above the 2022 result of EUR 431mn. The main reason for this was a higher operating income. Both operating income and operating expenses increased compared with 2022. Cost of risk was also higher.

In detail, most of the income resulted from net interest income, which amounted to EUR 1.8bn and was primarily influenced by the higher interest rate environment. Net commission income rose slightly by 0.38% amounting to EUR 535mn, while the trading and fair value result, which has been quite volatile in recent years, increased by 57.3% to around EUR 206mn.

As in previous years, Helaba's largest segment was *Retail & Asset Management*, which was responsible for approximately EUR 982mn of income. This was followed by the *Corporates & Markets* segment with EUR 897mn of revenue, as well as the *Real Estate* segment, which generated revenues of EUR 459mn in fiscal year 2023.

Chart 2: Segment Income Development of Helaba | Source: Helaba Annual Report

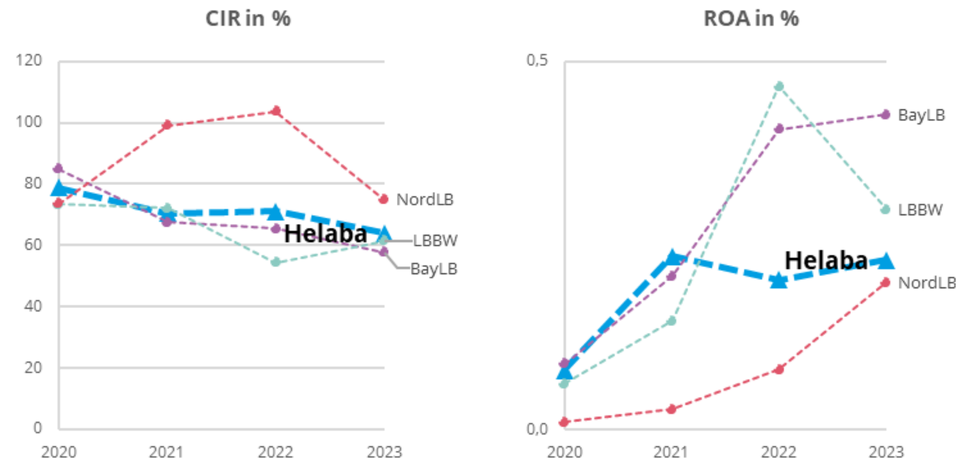


On the cost side, Helaba recorded a increase. Personnel expenses increased by 0.7% to EUR 738mn, while depreciation and amortization expenses rose by 43% to EUR 258mn. Tech & communications expenses increased by 13% to EUR 314mn. These developments resulted in an increase in operating expenses by 6.3% to EUR 2bn. Income taxes increased by 26.2% to EUR

255mn. Net profit rose by 8.1% to EUR 466 mn, but is still lower than in 2021 due to adverse tax effects.

RoA and RoE after taxes increased compared to the previous year. Helaba's operational improvement is also evident from the key figures before taxes, which improved compared to the previous year. The cost income ratio (CIR) ex. trading and the CIR incl. trading decreased due to the strong increase in operating income last year. In comparison to the peer group, Helaba's CIR is at an average level. The RoA remains comparatively low in relation most of the other Landesbanks

Chart 2: CIR and ROA of Helaba in comparison to the peer group | Source: eValueRate / CRA

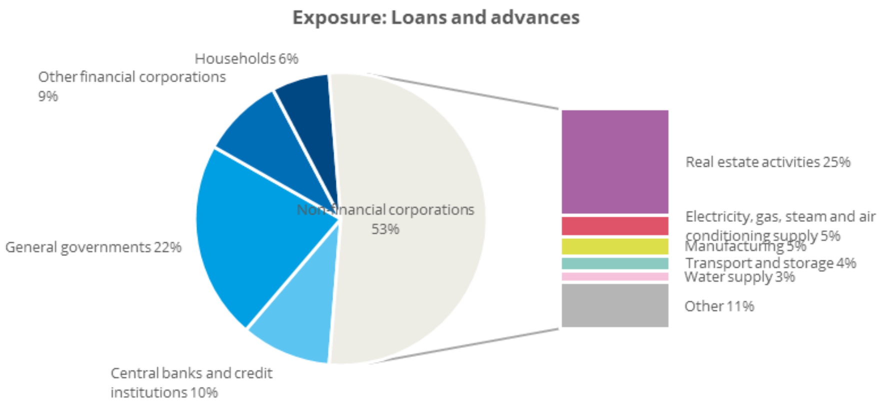


Helaba reports a slight decline in net interest income and net trading and securities income for the first half of the year. Personnel expenses are expected to be slightly higher in 2024 than in 2023. Overall, however, operating expenses are expected to be significantly lower than in 2023. Risk costs are also expected to be higher. Due to the sharp reduction in costs, net profit is estimated to be significantly higher than in 2023. We expect most key earnings figures to improve.

Asset Situation and Asset Quality

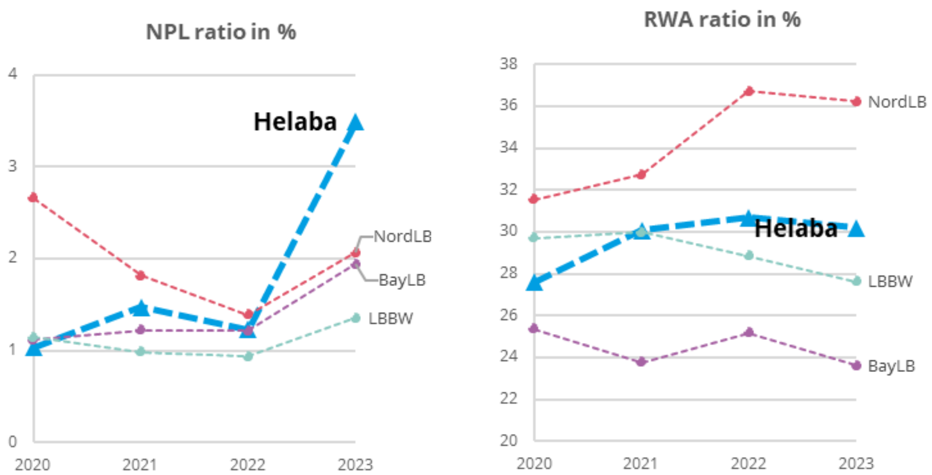
On the assets side of the balance sheet, total assets fell by 4.5% in the 2023 financial year. There were no significant shifts on the assets side of the balance sheet, but the balance sheet total has fallen continuously in recent years. Cash and balances with central banks fell by more than EUR 7bn. Net loans to customers remained virtually unchanged and fell by only 2.4 %, while net loans to banks fell by 3.8 %. Net loans to customers thus remained at a stable level for the fifth year in a row. In contrast to previous years, the cash ratio fell. It amounted to just under 16.6%.The RWA ratio fell slightly to 30.2% in 2023 driven by a decline in RWA.

Chart 3: Exposure Loans and Advances of Helaba | Source: Pillar III



Helaba's asset quality declined in 2023. NPLs (Stage 3) rose to about 3.5%. This was mainly due to the difficult environment in the German real estate sector. The development bank WIBank contributes 8% to the exposure. The German market continues to account for more than 2/3 of the portfolio. The peer group comparison below shows that Helaba's NPL ratio was broadly aligned with the other Landesbanken until the steep increase last year year. Regarding the RWA ratio, Helaba remains on an average level compared to the other Landesbanken.

Chart 5: NPL and RWA ratios of Helaba in comparison to the peer group | Source: eValueRate / CRA



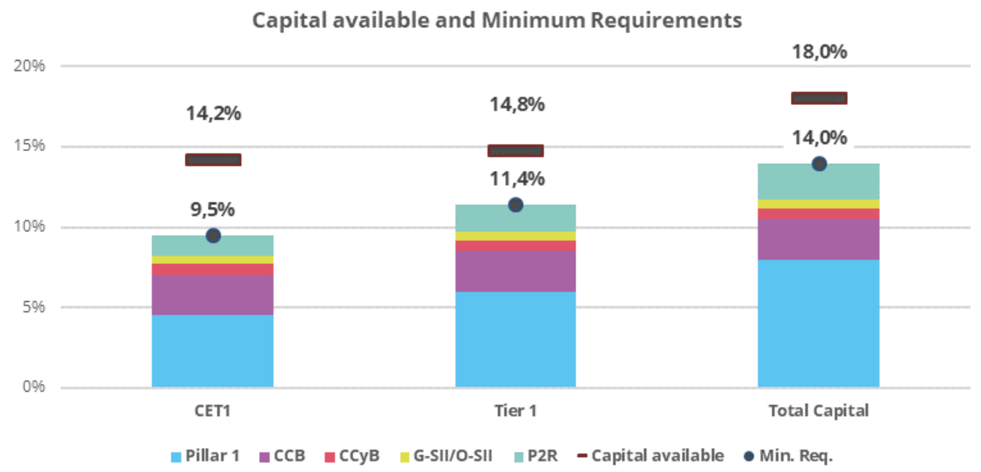
In the first half of 2024, Helaba's total assets remained virtually unchanged and increased only slightly by 2%. The cash position also increased to EUR 39bn, which corresponds to an increase of 16.5% compared with the 2023 financial statements. Net loans to customers, on the other hand, decreased by quite a bit by 5% to EUR 111.5bn. The NPL ratio increased slightly, which the company says is due to the exposure in the real estate area, as well as the challenging economic environment overall.

Refinancing, Capital Quality and Liquidity

As already mentioned above in the asset situation and asset quality section, the balance sheet remained almost unchanged. Total Deposits from Customer rose by 2.4% year-on-year to EUR

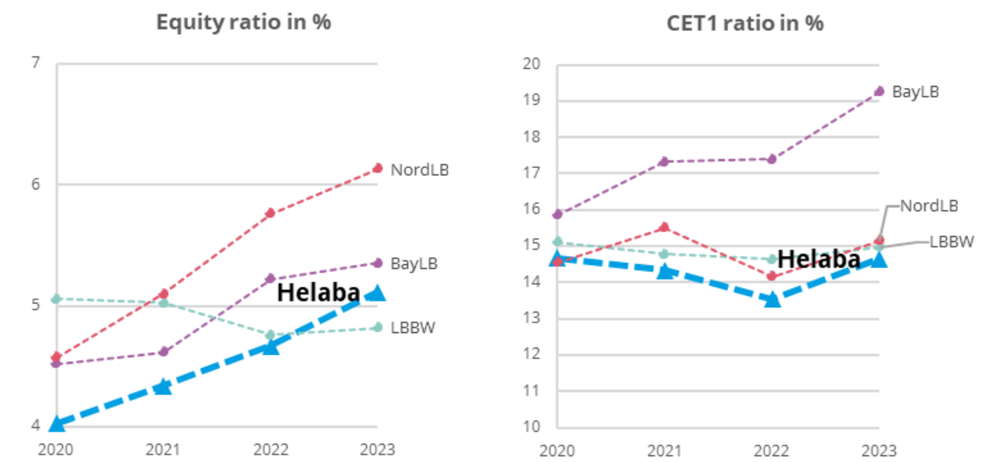
70.2bn. The balance sheet equity ratio improved slightly due to the increase in equity. This increase can be explained by the overall result. Regulatory capital ratios increased in 2023. The leverage ratio, which decreased last year, rose to 4.9%. The Net Stable Funding Ratio (NSFR) increased to 120.4%, while the Liquidity Coverage Ratio (LCR) rose to 188.7%. The CET1 ratio rose to 14.7%. It comfortably exceeds the regulatory requirements for Helaba.

Chart 6: Available Capital and Minimum Requirements per H1-24 | Source: P3 (EU KM1)



In the peer group comparison with the other Landesbanken below, Helaba is among the lower section of the Landesbanken. Regarding the CET1 ratio, Helaba remains the lowest compared to the other Landesbanken.

Chart 7: Equity and CET1 ratios of Helaba in comparison to the peer group | Source: eValueRate / CRA



As of the first half of 2024, Helaba reported a slight decrease in the CET1 ratio. Deposits from banks were significantly reduced by 14.8%, while deposits from customers sank by 4.1%. Equity increased by 2.5%. In contrast, the LCR decreased slightly to 166.5%, whereas the NSFR rose to 123.5%.

Due to Landesbank Hesse Thuringia's bank capital and debt structure, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, Helaba's Non-Preferred Senior Unsecured debt is rated A. Helaba's Tier 2 Capital is rated BBB based on the Helaba's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated BBB-, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

Helaba has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated neutral.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral, Coporate Behaviour is rated positive.

ESG Bank Grade
3,4 / 5

Grade Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating.	1	( )
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	4	( )
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Grade is based on the Methodology "Environmental, Social and Governance Grade of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of Helaba is stable. In the medium term, CRA expects the bank's profitability to remain solid and increase. Furthermore, we expect asset quality to stabilize after a further deterioration, although we do not expect asset quality to fall to an alarming level.

Scenario Analysis

Best-case scenario: AA-

Worst-case scenario: A

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of AA- in the "Best-Case-Scenario" and a Long-Term Issuer Rating of A in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade Helaba's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to an upgrade of the SFG.

By contrast, a downgrade of Helaba's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to a downgrade of the SFG as well as a decline in asset quality.

Appendix

Bank ratings Landesbank Hessen-Thueringen

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A+ / stable / L2**

Bank Capital and Debt Instruments Ratings Landesbank Hessen-Thueringen

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU):	**A+**
Non-Preferred Senior Unsecured (NPS):	**A**
Tier 2 (T2):	**BBB**
Additional Tier 1 (AT1):	**BBB-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Long-Term Issuer Rating	Rating Date	Result
Initialrating	23.02.2017	A / stable / L2
Update	20.04.2018	A- / stable / L2
Update	17.09.2019	A- / stable / L2
Monitoring	24.03.2020	A- / NEW / L2
Update	15.09.2020	A- / stable / L2
Update	24.09.2021	A- / stable / L2
Update	10.10.2022	A- / stable / L2
Update	17.10.2023	A / stable / L2
Update	31.10.2024	A+ / stable / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	20.04.2018	A- / BB+ / BB
PSU / NPS / T2 / AT1	17.09.2019	A- / BBB+ / BB+ / BB
Monitoring	24.03.2020	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	15.09.2020	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	24.09.2021	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	10.10.2022	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	17.10.2023	A / A- / BBB- / BB+
PSU / NPS / T2 / AT1	31.10.2024	A+ / A / BBB / BBB-

Tables Group (if applicable)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	1.840	+29,8	1.418	1.326	1.172
Net Fee & Commission Income	535	+0,4	533	485	436
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	206	+57,3	131	182	14
Equity Accounted Results	-13	> +100	-4	22	4
Dividends from Equity Instruments	19	+11,8	17	8	16
Other Income	552	-2,3	565	493	273
Operating Income	**3.139**	**+18,0**	**2.660**	**2.516**	**1.915**
Expense					
Depreciation and Amortisation	258	+43,3	180	149	153
Personnel Expense	738	+0,7	733	709	686
Tech & Communications Expense	314	+12,9	278	269	267
Marketing and Promotion Expense	31	+24,0	25	20	20
Other Provisions	-28	-12,5	-32	-11	-13
Other Expense	697	-1,4	707	637	396
Operating Expense	**2.010**	**+6,3**	**1.891**	**1.773**	**1.509**
Operating Profit & Impairment					
Operating Profit	**1.129**	**+46,8**	**769**	**743**	**406**
Cost of Risk / Impairment	448	> +100	162	207	305
Net Income					
Non-Recurring Income	40	+53,8	26	32	122
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**721**	**+13,9**	**633**	**568**	**223**
Income Tax Expense	255	+26,2	202	67	46
Discontinued Operations	-	-	-	-	-
Net Profit	**466**	**+8,1**	**431**	**501**	**177**
Attributable to minority interest (non-controlling interest)	-	-	-	2	1
Attributable to owners of the parent	466	+8,1	431	500	176

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	64,03	-7,06	71,09	70,47	78,80
Cost Income Ratio ex. Trading (CIRex)	68,53	-6,24	74,77	75,96	79,38
Return on Assets (ROA)	0,23	+0,03	0,20	0,24	0,08
Return on Equity (ROE)	4,51	+0,15	4,36	5,43	2,00
Return on Assets before Taxes (ROAbT)	0,36	+0,06	0,30	0,27	0,10
Return on Equity before Taxes (ROEbT)	6,98	+0,57	6,41	6,16	2,52
Return on Risk-Weighted Assets (RORWA)	0,76	+0,10	0,66	0,78	0,29
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,18	+0,21	0,98	0,89	0,37
Net Financial Margin (NFM)	1,05	+0,29	0,75	0,73	0,55
Pre-Impairment Operating Profit / Assets	0,56	+0,20	0,36	0,35	0,19

Change in %- Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	33.543	-17,7	40.750	34.820	26.864
Net Loans to Banks	12.862	-3,8	13.375	15.779	17.861
Net Loans to Customers	117.467	-2,4	120.357	119.035	119.275
Total Securities	21.608	+10,6	19.531	20.586	26.336
Total Derivative Assets	9.929	-11,7	11.246	16.011	23.418
Other Financial Assets	-	-	46	230	133
Financial Assets	**195.409**	**-4,8**	**205.305**	**206.461**	**213.887**
Equity Accounted Investments	36	+5,9	34	40	49
Other Investments	3.485	+12,1	3.109	2.994	2.702
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	857	+12,9	759	688	588
Tangible and Intangible Assets	944	+3,7	910	830	816
Tax Assets	536	-16,3	640	789	704
Total Other Assets	805	+8,1	745	539	578
Total Assets	**202.072**	**-4,5**	**211.502**	**212.341**	**219.324**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	58,13	+1,23	56,91	56,06	54,38
Risk-weighted Assets[1] / Assets	30,18	-0,48	30,66	30,08	0,00
NPL[2]/ Loans to Customers[3]	3,49	+2,26	1,23	1,48	1,04
NPL[2]/ Risk-weighted Assets[1]	5,14	+3,41	1,73	2,01	1,46
Potential Problem Loans[4]/ Loans to Customers[3]	9,91	+1,74	8,17	8,28	7,04
Reserves[5]/ NPL[2]	65,58	-9,71	75,29	79,92	78,09
Cost of Risk / Loans to Customers[3]	0,50	+0,32	0,18	0,24	0,36
Cost of Risk / Risk-weighted Assets[1]	0,73	+0,48	0,25	0,32	0,50
Cost of Risk / Total Assets	0,22	+0,15	0,08	0,10	0,14

Change in %- Points
1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non- Performing Loans of the categories Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	49.469	-28,5	69.141	61.325	56.460
Total Deposits from Customers	70.209	+2,4	68.548	72.200	72.468
Total Debt	59.308	+23,3	48.110	51.135	56.476
Derivative Liabilities	10.079	-24,7	13.394	15.373	21.495
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	627	+28,7	487	592	494
Total Financial Liabilities	**189.692**	**-5,0**	**199.680**	**200.625**	**207.393**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	127	-40,9	215	106	144
Provisions	1.175	+0,3	1.171	1.876	2.551
Total Other Liabilities	745	+33,3	559	512	395
Total Liabilities	**191.739**	**-4,9**	**201.625**	**203.119**	**210.483**
Total Equity	**10.333**	**+4,6**	**9.877**	**9.222**	**8.841**
Total Liabilities and Equity	**202.072**	**-4,5**	**211.502**	**212.341**	**219.324**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	5,11	+0,44	4,67	4,34	4,03
Leverage Ratio[1]	4,88	+0,48	4,40	5,70	4,82
Common Equity Tier 1 Ratio (CET1)[2]	14,65	+1,10	13,55	14,33	14,67
Tier 1 Ratio (CET1 + AT1)[2]	15,23	+1,14	14,10	15,05	15,60
Total Capital Ratio (CET1 + AT1 + T2)[2]	18,68	+1,42	17,26	18,12	19,05
CET1 Minimum Capital Requirements[1]	9,28	+0,69	8,58	8,51	8,74
Net Stable Funding Ratio (NSFR)[1]	120,38	+1,82	118,56	117,80	0,00
Liquidity Coverage Ratio (LCR)[1]	188,70	+11,80	176,90	188,02	187,58

Change in %- Points

1 Pillar 3 EU KM1

2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.3)
- Rating of bank capital and unsecured debt instruments (v2.2)
- Government-Related Banks (v2.1)
- Institutional Protection Scheme Banks (v1.0)
- Environmental, Social and Governance Score for Banks (v1.1)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 31 October 2024, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Landesbank Hessen-Thueringen AöR, and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Landesbank Hessen-Thueringen AöR (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

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The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

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