MOODY'S
RATINGS

Rating Action: Moody's Ratings upgrades Oldenburgische Landesbank AG's bank deposit, senior unsecured, and issuer ratings to A3 from Baa1 and changes outlooks to positive, concluding review for upgrade

07 Jan 2026

Frankfurt am Main, January 07, 2026 -- Moody's Ratings (Moody's) has today upgraded the long-term bank deposit, senior unsecured, and long-term issuer ratings of Oldenburgische Landesbank AG (OLB) to A3 from Baa1 with positive outlooks. Concurrently, we confirmed OLB's short-term bank deposit and short-term issuer ratings at P-2. Furthermore, we confirmed the bank's long-term Counterparty Risk Ratings (CRR) at A2 and we upgraded its senior unsecured MTN ratings to (P)A3 from (P)Baa1, its junior senior unsecured MTN ratings to (P)Baa1 from (P)Baa2, its subordinate rating to Baa1 from Baa3, its subordinate MTN ratings to (P)Baa1 from (P)Baa3, and its preferred stock non-cumulative rating to Baa3 (hyb) from Ba2 (hyb). Previously, the ratings were on review for upgrade. The short-term CRR were affirmed at P-1.

At the same time, we upgraded OLB's long-term Counterparty Risk Assessment (CR Assessment) to A1(cr) from A2(cr) and its Adjusted Baseline Credit Assessment (BCA) to a3 from baa2. Previously, the ratings were on review for upgrade. In addition, we affirmed the bank's BCA at baa2 and its short-term CR Assessment at P-1(cr).

The rating action concludes the review for upgrade that was initiated on 21 March 2025 and reflects the announcement made on 2 January 2026 by the French banking group Credit Mutuel Alliance Federale (CMAF) that its acquisition of OLB via CMAF's German subsidiary TARGO Deutschland GmbH (TARGO) has closed [1].

RATINGS RATIONALE

AFFIRMATION OF THE BCA

The affirmation of OLB's baa2 BCA reflects the bank's still sound asset quality despite the weak operating environment in Germany in the last few years. In addition, the affirmation of the BCA takes into account the bank's solid capitalization, but also its use of internal models to calculate its risk-weighted assets. Furthermore, we consider in the baa2 BCA the bank's stable profitability in relation to its asset base in recent years. Finally, OLB's baa2 BCA incorporates the stickiness of its retail-focused deposit base and the medium-term nature of its market funding, as well as its adequate level of high-quality liquid assets (HQLA).

UPGRADE OF THE ADJUSTED BCA

With the closing of the acquisition, OLB has become part of a stronger banking group. CMAF holds its specialized subsidiaries such as TARGO through Banque Federative du Credit Mutuel (BFCM; long-term bank deposit/senior unsecured ratings A1 stable, BCA a3). Reflecting the 100% ownership of OLB by CMAF, the strategic importance of the German market for the group, and the single-point-of-entry (SPE) resolution strategy envisaged, we assume a very high likelihood of affiliate support for OLB from BFCM, which results in two notches of rating uplift and an a3 Adjusted BCA. Previously, OLB's Adjusted BCA was at the same level as its baa2 BCA as we did not factor in affiliate support from its prior private equity owners.

Under our environmental, social and governance (ESG) framework, we have also aligned OLB's board structure and policies score with that of its parent BFCM, which now stands at 2 compared with 4 previously. As a result, we also changed OLB's governance issuer profile score (IPS) to G-2 from G-3 and its ESG credit impact score to CIS-2 from CIS-3, reflecting the reduced governance risks from the ownership by an established banking group.

CONFIRMATION AND UPGRADE OF LONG-TERM RATINGS

The confirmation of OLB's long-term CRR and the upgrade of its other long-term ratings follows the upgrade of its Adjusted BCA and incorporates the result of our Advanced Loss Given Failure (LGF) analysis, which takes into account the severity of loss in resolution for OLB's different liability classes. In our forward view, we incorporate the expected joint-resolution perimeter with its sister company TARGOBANK AG (TARGOBANK) based on publicly available information and therefore not including the positive effects of potential future issuance of instruments to comply with the minimum requirement for own funds and eligible liabilities (MREL), which is yet to be determined by the regulator. For the long-term bank deposit, senior unsecured, and long-term issuer ratings, our Advanced LGF analysis currently yields zero notches of rating uplift, while the junior senior unsecured and subordinate ratings incorporate a one notch deduction from the bank's a3 Adjusted BCA.

Furthermore, we incorporate in OLB's ratings our unchanged assumption of a low likelihood of government support, not resulting in any further rating uplift, reflecting the continued limited systemic importance of OLB within the enlarged operations of CMAF in Germany.

OUTLOOKS

The outlooks on the long-term bank deposit, senior unsecured, and long-term issuer ratings are positive, reflecting our expectation of a stable credit profile of BFCM as well as a potential rating uplift from our Advanced LGF analysis to be incorporated in the ratings over the next 12 to 18 months, depending on the level of internal loss absorbing debt to be issued to BFCM.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

OLB's long-term ratings could be upgraded following an upgrade of its Adjusted BCA, requiring an improved BCA of both OLB and BFCM. An upgrade of OLB's long-term ratings could also be triggered by sufficient issuance of liabilities designed to be bailed-in, as this would result in more rating uplift from our Advanced LGF analysis.

OLB's BCA could be upgraded if the bank's problem loan formation remains contained in the challenging economic environment and if the bank further develops its track record of sound risk management, while its capitalization and profitability do not deteriorate from current levels, and its funding and liquidity profiles remain sound.

OLB's ratings could be downgraded following a downgrade of its Adjusted BCA, which would follow if the BCA of OLB or the BCA of BFCM were downgraded. Furthermore, a shift in the liability structure towards non-bail-in-able instruments, such that it increases the loss severity for a respective debt class and results in reduced rating uplift from our Advanced LGF analysis, could lead to a downgrade of OLB's ratings.

OLB's BCA could be downgraded because of a pronounced decline in the quality of its investment and loan portfolios. In addition, levels of capital and earnings substantially below our expectations, as well as a shift towards short-term funding and materially lower liquid resources, could trigger a downgrade of the BCA.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in November 2025 and available at https://ratings.moodys.com/rmc-documents/454566. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

OLB's "Assigned BCA" of baa2 is set two notches below the "Financial Profile" initial score of a3 to reflect the bank's asset risk inherent in its loan book, the use of internal models to calculate its risk-weighted assets, and short-term funding that is not captured by our historic ratio. Furthermore, it reflects potentially weakening asset quality, capitalization, and profitability beyond our current baseline expectations.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the UK and is(are) endorsed for use in the UK in accordance with the UK CRA Regulation.

REFERENCES/CITATIONS

[1] Press Release (Credit Mutuel Alliance Federale completes the acquisition of OLB and scales up in Germany), Credit Mutuel Alliance Federale 02-Jan-2026

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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