



Fitch Rates Helaba's Senior Preferred Debt 'AA-'/F1+'

Fitch Ratings-Frankfurt-02 April 2019: Fitch Ratings has assigned Landesbank Hessen-Thüringen Girozentrale's (Helaba; A+/Stable) EUR35 billion debt issuance programme long- and short-term senior preferred debt ratings of 'AA-' and 'F1+', respectively. Fitch has also assigned 'AA-' ratings to Helaba's EUR50 million (XS1966264258) senior preferred notes issued under the programme and to EUR10 million (DE000HLB4WE3) senior preferred notes.

KEY RATING DRIVERS

SENIOR PREFERRED DEBT

Helaba is the central institution of S-Finanzgruppe Hessen-Thüringen (SFG-HT), to which we assign group ratings, in line with Fitch's criteria for rating banking structures backed by mutual support schemes. In our view, Helaba's resolution could only occur if SFG-HT's mutual support scheme fails to protect its members' viability.

Helaba's senior preferred notes, including those issued under its debt issuance programme, are rated one notch above the bank's Long-Term Issuer Default Rating (IDR). The one-notch uplift reflects our view that SFG-HT's consolidated buffers of qualifying junior and senior non-preferred debt are sufficient to provide Helaba's senior preferred creditors with additional protection in a resolution.

The rating uplift reflects our expectation that Helaba will maintain a qualifying junior and senior non-preferred debt buffer of at least 8% of SFG-HT's risk-weighted assets. SFG-HT is not a legal entity but a banking network whose cohesion is ensured by a mutual support scheme. Therefore, SFG-HT is not subject to capital requirements at group level. We assume a recapitalisation amount equivalent to 8% of SFG-HT's risk-weighted assets (corresponding to the sum of the individual Pillar 1 requirements of SFG-HT's members) would be sufficient to restore SFG-HT's viability in a resolution.

The senior preferred unsecured debt class was introduced on 21 July 2018 by amendments to the German resolution regime. The new regime implements the reform of the Bank Resolution and Recovery Directive agreed at EU level at end-2017, which aims at harmonising the ranking of senior debt in resolution and insolvency across the EU.

RATING SENSITIVITIES

SENIOR PREFERRED DEBT

The ratings of Helaba's senior preferred notes and issuance programme are primarily sensitive to changes in SFG-HT's IDRs. They are also sensitive to a potential reduction of SFG-HT's buffers of qualifying junior and senior non-preferred debt below 8% of SFG-HT's risk-weighted assets.

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Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018)

Exposure Draft: Short-Term Ratings (pub. 22 Mar 2019)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

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