

Landesbank Hessen-Thüringen Girozentrale

Key Rating Drivers

Support Drives IDRs: Landesbank Hessen-Thüringen Girozentrale's (Helaba) Issuer Default Ratings (IDRs) are aligned with those of Sparkassen-Finanzgruppe (Sparkassen) (SFG; A+/Stable/F1+), the German savings bank network. This reflects Fitch Ratings' view of a very high probability that SFG, 66% owner of Helaba, would provide timely support if needed, due to Helaba's membership in SFG's institutional protection scheme (IPS). The IPS has an impeccable record of comprehensive protection to depositors and investors.

We believe support would also be available from the states of Hesse and Thuringia, but Helaba's Shareholder Support Rating (SSR) does not factor in support from the states as it is based on the lowest of the owners' ratings. Fitch uses SFG's Long-Term IDR as the anchor rating because support would need to be forthcoming from SFG and the states to avoid triggering state aid considerations and resolution under the German Recovery and Resolution Act if Helaba fails. The Outlook on Helaba's Long-Term IDR mirrors that on SFG.

German Corporate Bank: Helaba's Viability Rating (VR) reflects the bank's mainly wholesale-driven business model, large exposure to cyclical asset classes, which has recently resulted in a deterioration of its asset quality, and weaker profitability than international peers. This is mitigated by adequate capitalisation and access to the savings banks' excess liquidity.

Helaba focuses on corporate and asset-based lending, including commercial real estate (CRE) financing and institutional clients. This is balanced by the bank's close cooperation with the savings banks. Earnings in Helaba's regional retail franchise, asset management, and rents from a portfolio of residential investment properties provide additional revenue diversification. Intense competition in most of Helaba's product areas limits pricing power and affects profitability, as for German peers.

Significant Sector Concentrations: Helaba is largely exposed to cyclical asset classes, mainly CRE and export-oriented corporates. Underwriting standards and risk monitoring are broadly in line with market practice, but exposure to CRE development, office properties and CRE in the US is higher than at its peers. Market risk is adequately hedged.

Above-Average Impaired Loans: The impaired loans ratio of 3.4% at end-1H25 is above German peers', driven by CRE portfolio defaults. We project the ratio to remain broadly stable in the next two years, as new CRE and corporate defaults should be mostly offset by workouts. However, we expect loan impairment charges (LICs) to remain above their historical average.

Improved Profitability, Behind Peers: Rising interest rates aided profits, more than offsetting higher LICs. However, average profitability is weaker than most peers', with lower margins and higher costs. Pre-tax profit improved by 11% year on year (yoy) in 1H25, driven by trading and fair value gains on investments in residential properties, leading to operating profit/risk-weighted assets (RWAs) of 1.6%. We expect operating profit to remain above 1% of RWAs in the next two years.

Sound Funding and Liquidity: Helaba is mainly wholesale-funded, as reflected in a moderately higher loans/deposits ratio than commercial bank peers. However, the bank benefits from moderate capital-market funding requirements due to its privileged placement capacity within the savings bank sector. Its liquidity is sound, underpinned by a large portfolio of cash and liquid securities, and low encumbrance of collateral pools eligible for covered bonds.

Ratings

Foreign Currency	
Long-Term IDR	A+
Short-Term IDR	F1+
Derivative Counterparty Rating	AA-(dcr)
Viability Rating	bbb
Shareholder Support Rating	a+

Sovereign Risk (Germany)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

[Bank Rating Criteria \(March 2025\)](#)

Related Research

- [German Landesbanken – Peer Credit Analysis \(September 2025\)](#)
- [Fitch Affirms Helaba at 'A+'; Outlook Stable \(June 2025\)](#)
- [Fitch Affirms Sparkassen-Finanzgruppe at 'A+'; Outlook Stable \(March 2025\)](#)

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Rating Sensitivities

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

A downgrade of SFG's IDRs would lead to a downgrade of Helaba's IDRs and SSR.

Helaba's VR would be likely to be downgraded if the impaired loans ratio increased above 5% for an extended period, or if heightened LICs weighed on operating profitability, lowering its operating profit/RWAs ratio below 0.5% in the longer term.

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

An upgrade of SFG's Long-Term IDR would lead to an upgrade of Helaba's Long-Term IDR and SSR.

An upgrade of the VR would be contingent on a durable lowering of the impaired loans ratio below 3% and maintaining the operating profit/RWAs ratio above 1%. An upgrade would also require the common equity Tier 1 (CET1) ratio to remain above 14%.

Other Debt and Issuer Ratings

Rating Level	Rating
Deposits	AA-/F1+
Senior preferred debt	AA-/F1+
Senior non-preferred and unsecured debt	A+
Subordinated debt	A-
Guaranteed senior and subordinated debt	AAA

Source: Fitch Ratings

Helaba's Derivative Counterparty Rating, long-term deposit rating and long-term senior preferred debt rating are one notch above the bank's Long-Term IDR. This reflects the protection of preferred creditors arising from the bank's large resolution buffers, including senior non-preferred and more junior debt. For the same reason, the senior non-preferred and legacy senior unsecured debt ratings are in line with the bank's Long-Term IDR.

Helaba'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.

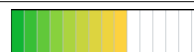
The 'AAA' ratings of Helaba's grandfathered state-guaranteed senior unsecured and Tier 2 subordinated notes reflect our view of the creditworthiness of the federal states of Hesse and Thuringia, which is closely linked to that of Germany (AAA/Stable), and our expectation that Hesse and Thuringia will honour their guarantees. Fitch believes that the senior and subordinated instruments are equally protected because the guarantee does not differentiate between seniorities.

The rating of Helaba's non-guaranteed Tier 2 subordinated bond is notched down twice from the bank's Long-Term IDR to reflect poor recoveries in case of non-performance. Fitch uses Helaba's Long-Term IDR 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 IPS statutes, which we believe has reduced the likelihood of regulatory resolution measures at Helaba.

Ratings Navigator

Landesbank Hessen-Thüringen Girozentrale

ESG Relevance:

Banks
Ratings Navigator

	Operating Environment	Business Profile	Risk Profile	Financial Profile			Implied Viability Rating	Viability Rating	Shareholder Support	Issuer Default Rating
				Asset Quality	Earnings & Profitability	Capitalisation & Leverage				
		20%	10%	20%	15%	25%	10%			
aaa							aaa	aaa	aaa	AAA
aa+							aa+	aa+	aa+	AA+
aa							aa	aa	aa	AA
aa-							aa-	aa-	aa-	AA-
a+							a+	a+	a+	A+ Sta
a							a	a	a	A
a-							a-	a-	a-	A-
bbb+							bbb+	bbb+	bbb+	BBB+
bbb							bbb	bbb	bbb	BBB
bbb-							bbb-	bbb-	bbb-	BBB-
bb+							bb+	bb+	bb+	BB+
bb							bb	bb	bb	BB
bb-							bb-	bb-	bb-	BB-
b+							b+	b+	b+	B+
b							b	b	b	B
b-							b-	b-	b-	B-
ccc+							ccc+	ccc+	ccc+	CCC+
ccc							ccc	ccc	ccc	CCC
ccc-							ccc-	ccc-	ccc-	CCC-
cc							cc	cc	cc	CC
c							c	c	c	C
f							f	f	ns	D or RD

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

VR - Adjustments to Key Rating Drivers

The business profile score of 'bbb' has been assigned below the 'a' implied category score due to the following adjustment reason: business model (negative).

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

The capitalisation & leverage score of 'bbb+' has been assigned below the 'a' implied category score due to the following adjustment reasons: business model and risk profile (negative).

Company Summary and Key Qualitative Factors

Business Profile

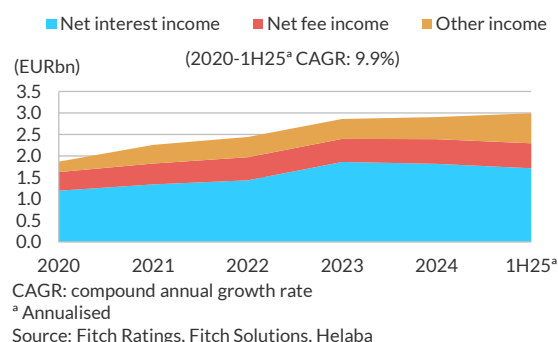
Helaba is a large German publicly owned commercial bank with a mainly wholesale-driven business model that focuses on corporate and CRE finance, in addition to its statutory roles. These include acting as a house bank for its federal state owners and their municipalities, as well as supporting the regional economy, mainly by administering Hesse's public sector development programmes through WIBank (EUR30 billion assets), Helaba's legally dependent development bank. Helaba is also the central bank for the savings banks in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg (about 40% of Germany's savings banks), for which it clears liquidity and provides access to capital markets. Together with the savings banks in Hesse and Thuringia, Helaba forms a common economic unit, the cohesion of which is maintained by a mutual support scheme (additional to SFG's IPS), a regional reserve fund and a common business and risk strategy.

Helaba's corporates and markets and CRE segments encompass the client-driven wholesale business, catering to corporates, large SMEs, financial institutions and the public sector. As with other Landesbanken, Helaba's SME business is relationship-based with a strong regional focus. Its corporate franchise is nationwide, but strong competition limits the bank's pricing power. Helaba's international franchise is modest. The bank supports its corporate customers abroad in selected international financial centres. Cheap funding through German covered bonds allows Helaba to acquire CRE business abroad, mainly in the US and western Europe.

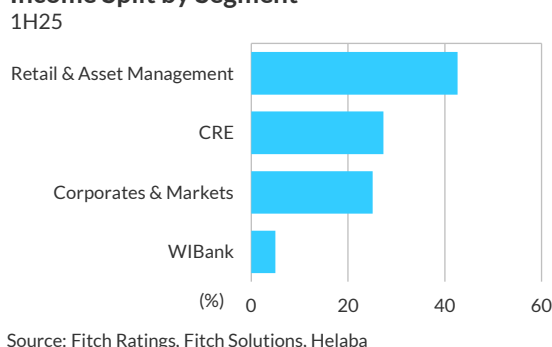
Helaba's subsidiaries are key in providing additional revenue diversification. Retail clients are served through Frankfurter Sparkasse, Germany's fifth-largest savings bank and Helaba's in-house home loans and savings brand. Helaba's retail business faces higher competition than most domestic savings banks due to the presence of many competitors in the Frankfurt am Main region. Combined with margin pressure from negative interest rates in the past decade, this resulted in only a modest contribution to Helaba's earnings before 2022. However, Frankfurter Sparkasse benefitted substantially from increasing interest rates in 2023 and 2024, more than offsetting muted new business and higher LICs in the corporates and markets, and CRE segments.

Operating income remains largely dependent on net interest income, but the contribution of non-interest income to revenue (39% on average in the past four years) is above that of other Landesbanken, and benefits significantly from net rents and valuation gains on Helaba's investments in residential properties. Net commission income is mainly generated from payments, lending, asset management for institutional clients (EUR162 billion assets under management; AUM) and wealth management mainly for savings bank clients (EUR23 billion AUM). However, asset management and wealth management contribute only a minor share of profit due to their small scale.

Revenue Breakdown



Income Split by Segment



Risk Profile

Helaba's risk profile is dominated by credit risk. Underwriting standards are broadly in line with those of Landesbanken peers for most asset classes.

Like peers, Helaba tightened its underwriting standards for CRE loans from the beginning of 2023 and reduced its exposure to the sector by 16% to EUR33.1 billion at end-1H25. Compared with its Landesbanken peers and most large German banks, Helaba is more exposed to CRE developers, office (49% of CRE loans) and retail (14% of CRE loans) properties. Helaba's CRE portfolio is mainly in Germany (44%) and in other European countries (34%, mostly France and the UK). The bank has reduced its exposure to North America (mainly New York and Washington D.C. metropolitan regions) to 21% of CRE loans, though this is still higher than peers'. However, over half of Helaba's CRE exposure to North America is residential, and the size of the US office portfolio is EUR2.9 billion.

Helaba's exposure to corporates and asset finance was EUR55.1 billion at end-1H25, and is well diversified by sector, with moderate single-borrower concentrations. The portfolio is mostly exposed to Germany (56%), followed by other European countries (33%) and North America (8%). Helaba focuses on German corporates with more than EUR250 million in revenue and has a higher appetite for acquisition finance than peers (EUR3.3 billion exposure at end-1H25).

Market risk is driven by interest-rate and credit spread risk, both of which are adequately hedged. Helaba's vulnerability to interest-rate shocks is considerably lower than that of most German banks due to the higher proportion of match-funded business. A flattening of the yield curve (the regulatory stress scenario that leads to the worst outcome) would result in an economic loss of EUR249 million in the banking book (about 3% of CET1 capital). Foreign-exchange, commodity and equity risks are not material. Trading volumes are commensurate with Helaba's size and business model.

Financial Profile

Asset Quality

Helaba's impaired loans ratio stabilised at 3.4% at end-1H25, as new impairments in the CRE and corporate portfolios were offset by workouts, but remains significantly above that of its peers. The ratio increased sharply to 3.4% at end-2024 (end-2022: 0.8%), mainly driven by defaults in the CRE portfolio. Helaba's Stage 2 loans ratio decreased to about 16% at end-1H25 (end-2024: 26%) following a review of loans classified as critical by the bank and is now more in line with peers'. However, the amount of loans on the watchlist remained broadly unchanged at 5.4% of gross loans.

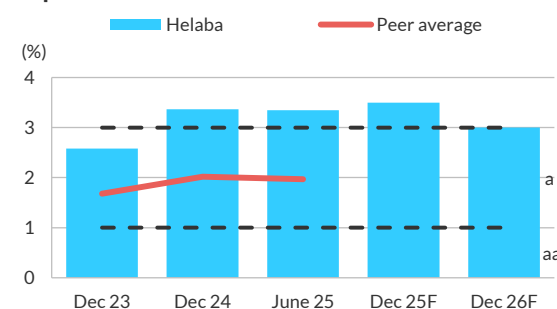
Additions to Stage 3 LICs declined by close to a third yoy in 1H25, but overall LICs remained close to their 1H24 level due to additions to the management overlays booked in Stage 2, which account for 17bp of gross loans at end-1H25. We expect LICs to continue to gradually decline in 2H25 and 2026 but remain above the historical average, driven by higher provisions on already-impaired loans and new defaults.

Helaba's proportion of CRE loans with a loan-to-value ratio above 75% was 20% at end-1H25, substantially higher than large Landesbanken peers. We expect LICs to remain high in this segment. Helaba's exposure to sectors particularly vulnerable to direct fallout from US tariffs is moderate, with machinery, vehicle manufacturing and chemicals amounting to about 6% of gross loans at end-1H25.

Loan loss allowances covered 39% of impaired loans at end-1H25. This coverage is significantly below that of large peers, mainly because over 80% of Helaba's impaired loans are backed by CRE collateral.

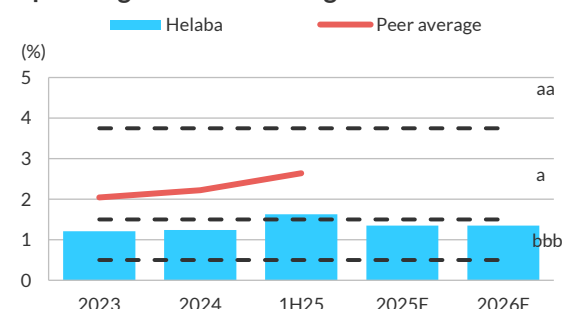
Lower-risk lending to public sector entities and promotional business conducted on behalf of the state account for 38% of total lending volumes. Non-loan assets are generally of good credit quality and neutral to our asset-quality assessment.

Impaired Loans/Gross Loans



Source: Fitch Ratings, Fitch Solutions, banks

Operating Profit/Risk-Weighted Assets



Source: Fitch Ratings, Fitch Solutions, banks

Earnings and Profitability

Helaba's pre-tax profit increased by 11% in 1H25, leading to operating profit/RWAs of 1.6%. Slightly lower net interest income in the retail business was more than compensated by strong trading and fair value gains on the banks' investments in residential properties. Significant wage inflation was also largely offset by a reduction of bank levies.

The bank's subsidiaries had a significant role in balancing lower earnings at the parent in the past two years. High deposit margins drove Frankfurter Sparkasse's strong performance, while earnings net of amortisations from residential investment properties contributed almost a quarter of pre-tax profit in 1H25. Pre-tax profits in Helaba's corporates and markets segment improved substantially in 1H25 from a very weak 1H24 on strong trading and lower LICs, while the underlying performance of the CRE segment was in line with last year's.

Personnel expenses increased by 11% yoy on higher wages and headcount. Substantially increasing expenses related to IT infrastructure modernisation were more than offset by lower contributions to SFG's IPS. This is because Helaba's contributions to SFG's newly established IPS fund are partially financed by the gradual release of the regional IPS fund of Helaba and the savings banks in Hesse and Thuringia.

Helaba's medium-term aim is for pre-tax profit of EUR1 billion. This will be driven by lower LICs and both organic and inorganic growth, especially in non-interest income, to more than offset likely cost inflation. We expect net interest margins to decline in 2H25 in line with lower interest rates but to remain well above the 2019-2022 average. We expect Helaba's operating profit to remain at about 1% of RWAs in the next two years.

Capitalisation and Leverage

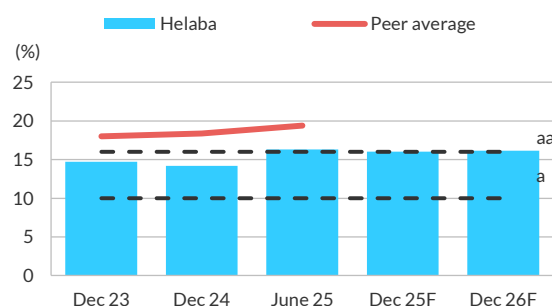
Helaba's capital ratios have sufficient buffers above regulatory requirements to absorb cyclical performance swings. The transitional CET1 ratio increased to 16.3% by end-1H25 (end-2024: 14.2%) due to the implementation of final Basel III endgame rules. These should support the ratio until the end of the decade, when the benefits will be reversed by the phase-in of the output floor.

We also expect capital ratios to benefit in the next two years from resilient profitability and RWA optimisation measures, including significant risk transfers and syndications, which we expect to mostly offset loan growth, negative ratings migration in the corporate portfolio and calendar provisioning in the CRE book. The bank's capitalisation also offers some room for potential bolt-on acquisitions and higher dividend payments.

The CET1 capital burden from unreserved impaired loans is higher than at peers at 25%. However, this is mitigated by the high proportion of real estate collateral.

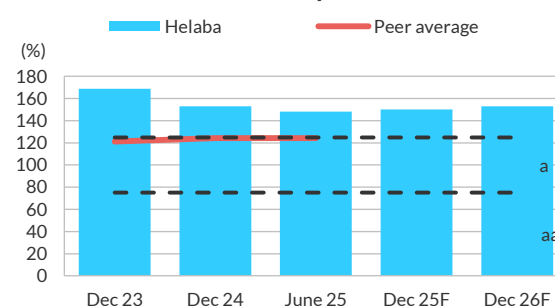
Helaba's Basel leverage ratio (5.3%) and RWA density (31%) at end-1H25 were broadly in line with those of other Landesbanken and with the median for large European banks.

CET1 Ratio



Source: Fitch Ratings, Fitch Solutions, banks

Gross Loans/Customer Deposits



Source: Fitch Ratings, Fitch Solutions, banks

Funding and Liquidity

Helaba's reliance on wholesale deposits and market funding is mitigated by its privileged placement capacity within SFG, which ensures stable access to the savings banks' excess liquidity and valuable insulation from funding market disruptions. This is because the savings banks and other Landesbanken can invest in Helaba's senior debt and deposits with a 0% regulatory risk-weight. Moreover, the funding for WIBank's promotional lending, which accounts for about 15% of Helaba's market funding, is guaranteed by the State of Hesse.

Interbank deposits were almost a quarter of total funding at end-1H25, but about one-third were from savings banks and other Landesbanken. Customer deposits accounted for 42% of total funding. Corporate deposits were 45% of customer deposits and were mainly price-sensitive treasury deposits with maturities of under three months. Through Frankfurter Sparkasse, Helaba has access to a granular and sticky retail deposit base, which accounted for 30% of customer deposits. The remaining deposits are mainly from German municipalities and Helaba's federal state owners.

Helaba also has a well-established capital markets franchise across a diversified range of products. The bank significantly exceeds its minimum requirement for own funds and eligible liabilities of 25.9% of RWAs (including the combined buffer requirement) due to its large stock of legacy senior non-preferred debt. We expect resolution buffers to decline gradually as legacy senior non-preferred debt matures, but to remain comfortably above required levels.

Liquidity is sound. Less than 60% of Helaba's mortgage and public covered pools (combined 23% of total assets) were encumbered by covered bonds at end-1H25, ensuring an additional stable liquidity source if market conditions worsen. The bank's high-quality liquid assets were EUR52 billion at end-1H25, including mostly central bank overnight deposits. This offers a sufficient buffer against EUR31 billion loan commitments. Helaba has a target regulatory liquidity coverage ratio of 135%, which it has comfortably exceeded in the past two years.

Additional Notes on Charts

Black dashed lines represent boundaries for indicative quantitative ranges and implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category. Peer average includes Landesbank Baden-Wuerttemberg (VR: bbb+), Bayerische Landesbank (bbb+), Norddeutsche Landesbank Girozentrale (bbb-), Unicredit Bank GmbH (a-).

Financials

Financial Statements

	31 Dec 22 12 months (EURm)	31 Dec 23 12 months (EURm)	31 Dec 24 12 months (EURm)	30 Jun 25 1st half (EURm)	31 Dec 25F 12 months (EURm)	31 Dec 26F 12 months (EURm)
Summary income statement						
Net interest and dividend income	1,434	1,859	1,811	856	-	-
Net fees and commissions	533	535	578	290	-	-
Other operating income	475	470	523	360	-	-
Total operating income	2,442	2,864	2,912	1,506	2,955	2,905
Operating costs	1,653	1,681	1,784	898	1,863	1,911
Pre-impairment operating profit	789	1,183	1,128	608	1,092	994
Loan and other impairment charges	162	448	357	150	308	178
Operating profit	627	735	771	458	784	816
Other non-operating items (net)	6	-13	-4	0	-	-
Tax	202	256	241	116	-	-
Net income	431	466	526	342	538	559
Other comprehensive income	330	94	66	46	-	-
Fitch comprehensive income	761	560	592	388	-	-
Summary balance sheet						
Assets						
Gross loans	121,155	118,442	116,211	113,764	116,211	120,859
– of which impaired	941	3,056	3,919	3,815	-	-
Loan loss allowances	844	1,223	1,456	1,499	-	-
Net loans	120,311	117,219	114,755	112,265	-	-
Interbank	13,904	13,540	12,941	11,584	-	-
Derivatives	11,247	9,929	8,866	8,609	-	-
Other securities and earning assets	22,720	25,376	27,349	29,732	-	-
Total earning assets	168,182	166,064	163,911	162,190	-	-
Cash and due from banks	40,266	32,864	33,438	37,807	-	-
Other assets	3,054	3,144	3,290	3,265	-	-
Total assets	211,502	202,072	200,639	203,262	200,424	205,250
Liabilities						
Customer deposits	68,551	70,209	75,922	76,757	77,440	78,989
Interbank and other short-term funding	70,774	52,506	49,224	52,317	-	-
Other long-term funding	45,773	55,922	53,246	52,484	-	-
Trading liabilities and derivatives	13,438	10,278	8,772	8,070	-	-
Total funding and derivatives	198,536	188,915	187,164	189,628	-	-
Other liabilities	2,387	2,476	2,455	2,466	-	-
Preference shares and hybrid capital	1,056	702	987	858	-	-
Total equity	9,523	9,979	10,033	10,310	-	-
Total liabilities and equity	211,502	202,072	200,639	203,262	200,424	205,250
Exchange rate	USD1= EUR0.9376	USD1= EUR0.9127	USD1= EUR0.9622	USD1= EUR0.8532	-	-

Source: Fitch Ratings, Fitch Solutions, Helaba

Key Ratios

	31 Dec 22	31 Dec 23	31 Dec 24	30 Jun 25	31 Dec 25F	31 Dec 26F
(%; annualised as appropriate)						
Profitability						
Operating profit/risk-weighted assets	1.0	1.2	1.2	1.6	1.4	1.4
Net interest income/average earning assets	0.8	1.1	1.1	1.1	1.0	1.0
Non-interest expense/gross revenue	67.8	58.8	61.5	60.1	63.1	65.8
Net income/average equity	4.7	4.8	5.2	6.8	-	-
Asset quality						
Impaired loans ratio	0.8	2.6	3.4	3.4	3.5	3.0
Growth in gross loans	1.7	-2.2	-1.9	-2.1	0.0	4.0
Loan loss allowances/impaired loans	89.7	40.0	37.2	39.3	41.1	41.2
Loan impairment charges/average gross loans	0.1	0.4	0.3	0.3	0.3	0.2
Capitalisation						
Common equity Tier 1 ratio	13.5	14.7	14.2	16.3	16.0	16.1
Tangible common equity/tangible assets	4.4	4.8	4.9	4.8	-	-
Basel leverage ratio	4.4	4.9	5.2	5.3	-	-
Net impaired loans/common equity Tier 1	1.1	20.5	27.9	25.1	-	-
Funding and liquidity						
Gross loans/customer deposits	176.7	168.7	153.1	148.2	-	-
Gross loans/customer deposits + covered bonds	145.9	139.5	128.9	124.2	126.7	129.6
Liquidity coverage ratio	216.8	188.7	166.1	159.9	-	-
Customer deposits/total non-equity funding	36.8	39.1	42.3	42.0	-	-
Net stable funding ratio	119.0	120.4	120.2	121.3	-	-

Source: Fitch Ratings, Fitch Solutions, Helaba

Support Assessment

Shareholder Support	
Shareholder IDR	A+
Total Adjustments (notches)	0
Shareholder Support Rating	a+
Shareholder ability to support	
Shareholder Rating	A+/ Stable
Shareholder regulation	Equalised
Relative size	1 Notch
Country risks	Equalised
Shareholder propensity to support	
Role in group	1 Notch
Reputational risk	Equalised
Integration	1 Notch
Support record	Equalised
Subsidiary performance and prospects	1 Notch
Legal commitments	Equalised

The colours indicate the weighting of each KRD in the assessment.

Higher influence Moderate influence Lower influence

Helaba's SSR reflects our view of very high support propensity and ability from its owners. Fitch uses SFG's Long-Term IDR, the lower of the owners' ratings, as the anchor rating for determining Helaba's support-driven ratings. This is because Fitch believes support would need to be forthcoming from both SFG and the State of Hesse to avoid triggering state aid considerations and resolution under the German Recovery and Resolution Act if Helaba fails. Fitch believes that the State of Hesse would participate in any support measures for the bank, but Helaba's SSR does not factor in such support.

Fitch's assumptions on support from SFG are underpinned by the provisions contained in the statutes of the IPSs of SFG and the Landesbanken. SFG initiated a reform of its IPS in 2021, which came into force in January 2024. In Fitch's view, the amendments have substantially strengthened its governance, risk-monitoring capabilities and available funds.

Fitch believes that the reformed IPS, underpinned by a dedicated rulebook, clearly defines the responsibilities and timelines in a potential support scenario. Decision-making within the IPS is streamlined and more efficient, and the role and powers of the IPS's central body have been strengthened. The central body determines recovery and support measures, including the raising of required funds from its members, with a simple majority within two weeks of the receipt of the request for intervention. We therefore believe that the IPS would provide support to a member in need in a timely manner.

The risk-monitoring system has been strengthened with quantitative triggers, allowing for early identification of a member with a deteriorating financial profile and enabling early intervention measures. This is also supported by a newly created internal audit unit within the IPS. In our view, this should result in timely interventions and avoid a protracted decision-making process.

The creation of an additional support fund as part of the reform, which we estimate will reach EUR5 billion to EUR6 billion by 2033, also improves the IPS's ability to support a larger number of members that may require capital support at the same time. This is in addition to SFG's sound pre-impairment operating profitability and strong capitalisation, which already provide it with sufficient financial flexibility to support the Landesbanken. Fitch's support assumptions are also underpinned by Helaba's focus on its statutory roles.

Environmental, Social and Governance Considerations

FitchRatings Landesbank Hessen-Thüringen Girozentrale

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

ESG Relevance to
Credit Rating

Landesbank Hessen-Thüringen Girozentrale has 5 ESG potential rating drivers		key driver	0	issues	5	
Landesbank Hessen-Thüringen Girozentrale has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.		driver	0	issues	4	
Governance is minimally relevant to the rating and is not currently a driver.		potential driver	5	issues	3	
		not a rating driver	4	issues	2	
			5	issues	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance	How to Read This Page ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance. The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Scores of 3, 4 or 5) and provides a brief explanation for the score. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.
GHG Emissions & Air Quality	1	n.a.	n.a.	5	
Energy Management	1	n.a.	n.a.	4	
Water & Wastewater Management	1	n.a.	n.a.	3	
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2	
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1	

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance	How to Read This Page ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance. The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Scores of 3, 4 or 5) and provides a brief explanation for the score. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5	
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4	
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3	
Employee Wellbeing	1	n.a.	n.a.	2	
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1	

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance	CREDIT-RELEVANT ESG SCALE How relevant are E, S and G issues to the overall credit rating?	
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2	2	Irrelevant to the entity rating but relevant to the sector.
				1	1	Irrelevant to the entity rating and irrelevant to the sector.

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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, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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