

28 DEC 2023

# Fitch Affirms Helaba's Public Sector and Guaranteed Pfandbriefe at 'AAA'; Withdraws Ratings

Fitch Ratings - Frankfurt am Main - 28 Dec 2023: Fitch Ratings has affirmed Landesbank Hessen-Thüringen Girozentrale's (Helaba; A+/Stable/F1+) public-sector Pfandbriefe and guaranteed public-sector Pfandbriefe at 'AAA' and subsequently withdrawn the ratings. The Outlook on the Pfandbriefe is Stable.

Fitch has chosen to withdraw the ratings of Helaba's public-sector Pfandbriefe and guaranteed public-sector Pfandbriefe for commercial reasons and will no longer provide ratings or analytical coverage of them.

## KEY RATING DRIVERS

### Public-Sector Pfandbriefe

**Four Notches Above IDR:** The 'AAA' rating of the public-sector Pfandbriefe is based on Helaba's Long-Term Issuer Default Rating (IDR) of 'A+' and the various uplifts above the IDR granted to the programme. It also considers over-collateralisation (OC) protection for Pfandbrief holders.

The public-sector Pfandbriefe are rated four notches above the bank's IDR. This is out of a maximum uplift of 10 notches, consisting of a resolution uplift of two notches, a payment continuity uplift (PCU) of six notches and a two-notch recovery uplift. The Stable Outlook reflects that on Helaba's IDR and a six-notch buffer against an IDR downgrade.

**Available OC More Than Break-Even:** As Helaba's Short-Term IDR is 'F1+' and the programme is not in wind-down, Fitch relies in its analysis on the lowest available OC of the last 12 months of 27.7%, which provides more protection than Fitch's 'AAA' break-even OC of 3.5%. At end-3Q23, Helaba's EUR22.8 billion outstanding public-sector Pfandbriefe were secured by EUR32.6 billion of cover assets, resulting in a nominal OC of 43.1%.

**Unchanged Break-Even OC:** The unchanged 'AAA' break-even OC of 3.5% is based on the 'AAA' credit loss for the cover pool, as the rating is based on a two-notch recovery uplift above the resolution reference point of 'AA', without testing for timely payments of the covered bonds. We carried forward the results of our asset model as the relied-upon OC is more than 100% above the previous break-even OC for the rating, and also because there has been no material change to the cover pool's credit characteristics.

### Guaranteed Public-Sector Pfandbriefe

**Guarantee Drives Rating:** The rating of the guaranteed public-sector Pfandbriefe is based on the scope of the grandfathering (Gewährtraegerhaftung) provided by the state of Hessen and Thüringen. The rating is also driven by the credit quality of the states, which in Fitch's view, is underpinned by the stability of the German solidarity system linking its creditworthiness to that of the Federal Republic of Germany (AAA/Stable/F1+). The guarantee applies to bonds issued before 18 July 2001.

The key rating drivers listed in the criteria, but not mentioned above, are not material to this rating action.

## RATING SENSITIVITIES

No longer relevant due to the withdrawal.

## 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

Helaba's public-sector Pfandbriefe rating is driven by the credit risk of the bank as measured by its Long-Term IDR.

The 'AAA' rating of Helaba's guaranteed public sector Pfandbriefe are credit-linked to Germany (AAA/Stable/F1+).

## 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. Following the rating withdrawal Fitch will no longer provide ESG Relevance Scores for the Pfandbriefe. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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## Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
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ENTITY/DEBT	RATING		RECOVERY	PRIOR
Landesbank Hessen- Thuringen Girozentrale				
<ul style="list-style-type: none"> <li>senior secured, Public Sector Covered Bonds, Public Sector Pfandbriefe</li> </ul>	LT	AAA	Affirmed	
<ul style="list-style-type: none"> <li>senior secured, Public Sector Covered Bonds, Public Sector Pfandbriefe</li> </ul>	LT	WD	Withdrawn	
<ul style="list-style-type: none"> <li>senior secured, Public Sector Covered Bonds, Guaranteed Public Sector Pfandbriefe</li> </ul>	LT	AAA	Affirmed	
<ul style="list-style-type: none"> <li>senior secured, Public Sector Covered Bonds,</li> </ul>	LT	WD	Withdrawn	

ENTITY/DEBT	RATING	RECOVERY	PRIOR
	Guaranteed		
	Public		
	Sector		
	Pfandbriefe		

## RATINGS KEY OUTLOOK WATCH

<b>POSITIVE</b>		
<b>NEGATIVE</b>		
<b>EVOLVING</b>		
<b>STABLE</b>		

## Applicable Criteria

[Bank Rating Criteria \(pub.01 Sep 2023\) \(including rating assumption sensitivity\)](#)

[Covered Bonds Rating Criteria \(pub.09 Oct 2023\) \(including rating assumption sensitivity\)](#)

[Covered Bonds and CDOs Public Entities' Asset Analysis Rating Criteria \(pub.16 Oct 2023\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub.28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub.28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub.07 Jul 2023\)](#)

## Additional Disclosures

[Solicitation Status](#)

[Endorsement Status](#)

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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 rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. Sector-specific best- and worst-case scenario credit ratings are listed in more detail at <https://www.fitchratings.com/site/re/10238496>

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