FitchRatings

Banks
Wholesale Commercial Banks
Germany

Landesbank Hessen-Thueringen Girozentrale

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

Key Rating Drivers

Support Drives IDRs: Landesbank Hessen-Thueringen 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 rose to 3.4% at end-2024 (end-2022: 0.8%), above German peers', driven by CRE portfolio defaults. We project the ratio to rise much more slowly in 2025, as new CRE and corporate defaults should be mostly offset by workouts. We expect loan impairment charges (LICs) to remain above their historical average in 2025.

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. Operating profit/risk-weighted assets (RWAs) was stable at 1.2% in 2024, as lower LICs and the non-recurrence of impairment losses offset higher costs and weaker fair value gains. We expect operating profit to remain above 1% of RWAs.

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.

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Affirms Helaba at 'A+'; Outlook Stable (June 2025)

Fitch Affirms Sparkassen-Finanzgruppe at 'A+'; Outlook Stable (March 2025)

Analysts

Marco Diamantini
+49 69 768076 114
marco.diamantini@fitchratings.com

Justus Roppertz
+49 69 768076 232
justus.roppertz@fitchratings.com

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 ratio to remain above 14%.

Other Debt and Issuer Ratings

Rating Level	Rating
Deposits and senior preferred	AA-/F1+
Senior non-preferred and senior unsecured	A+
Subordinated Tier 2	A-
Guaranteed senior and subordinated	AAA

Source: Fitch Ratings

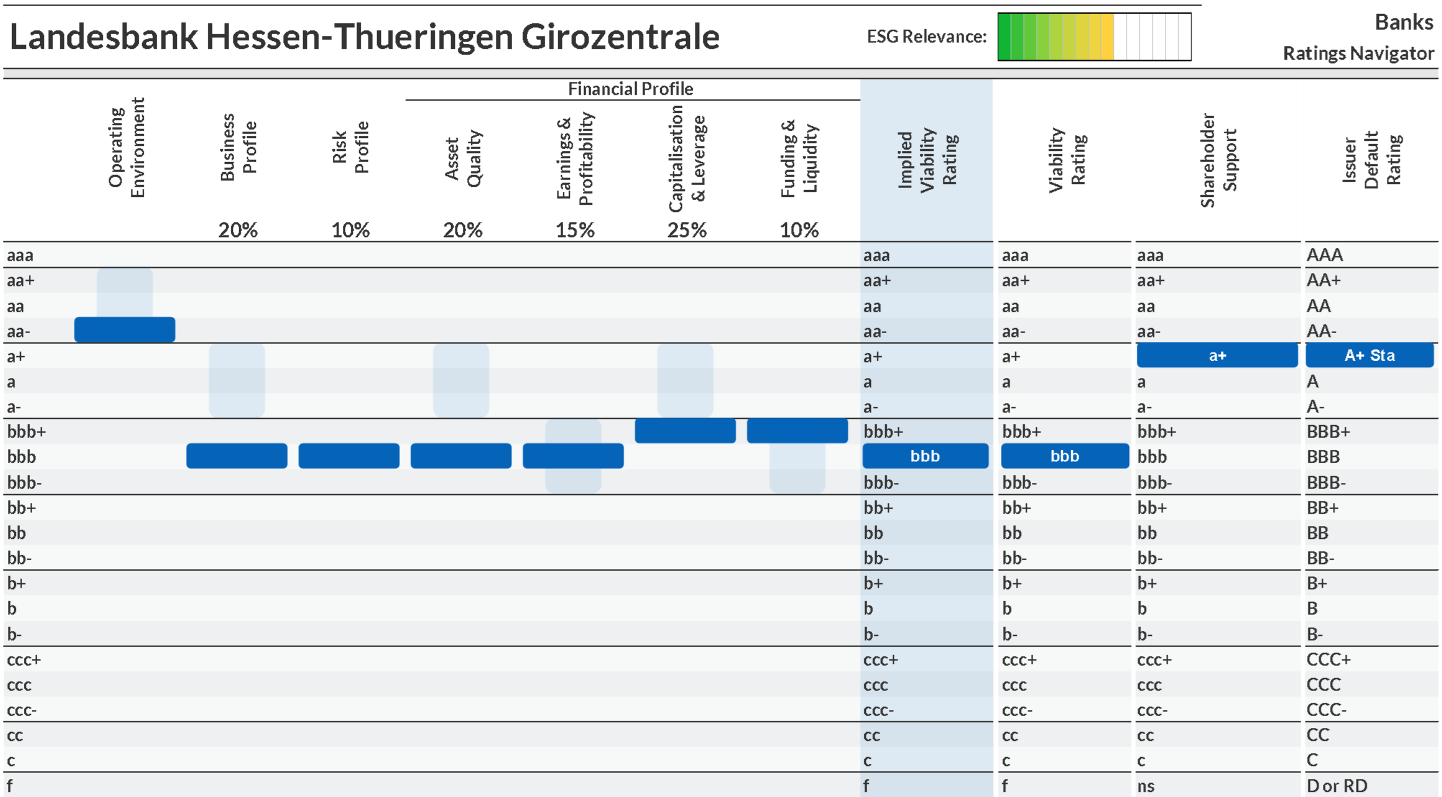
Helaba's Derivative Counterparty Rating (DCR), long-term deposit rating and senior preferred debt rating are one notch above the bank's Long-Term IDR. This reflects the protection of preferred creditors arising from the bank's large resolution buffers, including senior non-preferred and more junior debt. 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



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 statutory roles 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, and 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 fourth-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 the increase in 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 collected from 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.

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 has tightened its underwriting standards for CRE loans since the beginning of 2023, and temporarily reduced its exposure to the sector by 13% to EUR34.2 billion at end-2024. Compared with its Landesbanken peers and most large German banks, Helaba is more exposed to CRE developers, office (52% of CRE loans) and retail (14% of CRE loans) properties. Helaba's CRE portfolio is mainly in Germany (39%) and in other European countries (35%, mostly France and the UK), but the bank has a higher exposure than its peers to North America (27%, mainly New York and Washington D.C. metropolitan regions). However, over half of Helaba's CRE exposure to North America is residential, and the size of the US office portfolio is EUR3.4 billion.

Helaba's exposure to corporates and asset finance was EUR54 billion at end-2024, and is well diversified by sector, with moderate single-borrower concentrations. The portfolio is mostly exposed to Germany (57%), followed by other European countries (32%) 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 (EUR3.2 billion exposure at end-2024).

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 EUR261 million in the banking book (about 3% of common equity Tier 1 (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 increased sharply to 3.4% at end-2024 (end-2022: 0.8%), above that of its peers, driven by defaults in the bank's CRE portfolio and, more recently, in the corporate loan book. Impaired loans generation was higher in Helaba's CRE portfolio compared with other Landesbanken in the two years to end-2024. We project Helaba's impaired loans ratio to increase at a significantly slower rate in 2025, driven by CRE and corporate defaults, also on the back of the weaker German economy. At the same time, we expect the bank to increase impaired loans workouts.

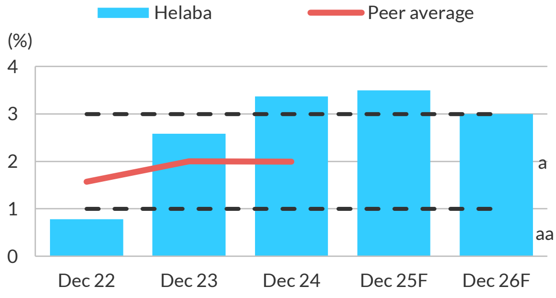
Helaba's Stage 2 loans ratio more than tripled to 26% at end-2024, significantly above its peers. However, we believe this does not indicate heightened risk as the stage transfer is largely driven by a shift of the management overlay from a post-model to an in-model adjustment. The majority of Stage 2 loans were internally classified as investment grade at end-2024.

Helaba had EUR320 million in LICs (27bp of gross customer loans on an annualised basis) in 2024, down from 2023, driven by a partial release of management overlays at end-2024. We expect LICs to continue to gradually decline in 2025 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 high loan-to-value ratio doubled to 22% in 2024 and is substantially higher than large Landesbanken peers. However, we believe Helaba could further adjust collateral values of loans that are already impaired in 2025. 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.

Loan loss allowances covered 37% of impaired loans at end-2024. This coverage is significantly below that of large peers, mainly because over 80% of Helaba's impaired loans are backed by CRE collateral.

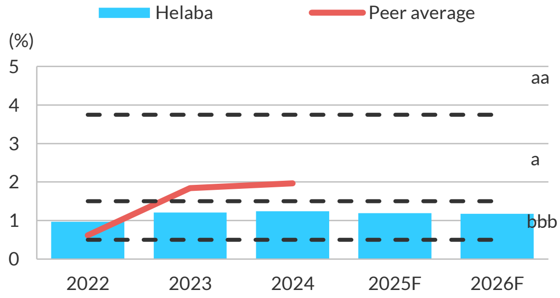
Lower-risk lending to public sector entities and promotional business conducted on behalf of the state account for 37% of total lending volumes. Non-loan assets are generally of good credit quality and neutral to our asset-quality assessment.

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 reported pre-tax profit of EUR767 million in 2024, a 6% increase from 2023, driven by lower LICs and the non-recurrence of impairment losses in the bank's residential investment property portfolio. Lower net interest income on reduced loan volumes was compensated by higher net commission income from asset management, securities business and payments. Non-interest income remained roughly stable, making up about 37% of total income. Non-interest expenses increased by 6%, with higher IT investments and personnel expenses exceeding savings from the termination of payments to the European Single Resolution Fund.

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 managed by GWH Group contributed almost a third of pre-tax profit. At the same time, Helaba's corporates and markets segment saw a significant drop in pre-tax profit to EUR142 million in 2024 (2023: EUR409 million), mainly due to a sharp increase in LICs and weaker trading gains. The CRE segment benefitted from a substantial reduction in LICs, also due to the release of management overlays.

Helaba's medium-term aim is for pre-tax profit of EUR1 billion, 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 continue to decline in 2025 and 2026 in line with lower interest rates but to remain above the 2019–2022 average. We expect Helaba's operating profit to remain at about 1% of RWAs in the next two years.

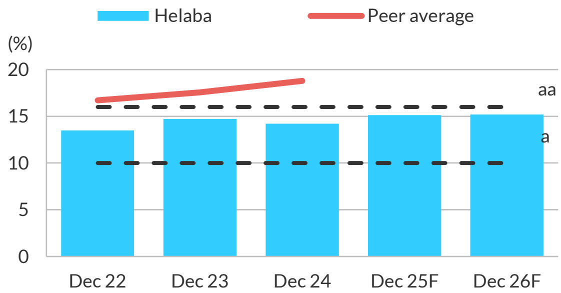
Capitalisation and Leverage

Helaba's capital ratios have sufficient buffers above regulatory requirements to absorb cyclical performance swings. The CET1 ratio declined to 14.2% by end-2024 (end-2023: 14.7%) due to internal modelling changes and the replacement by the State of Hesse of its EUR1.9 billion silent participation in Helaba with EUR1.5 billion in common shares, following the European Banking Authority's decision to cease the recognition of silent participation as CET1 capital. Helaba also issued EUR0.5 billion of additional Tier 1 capital to the State of Hesse and strengthened its Tier 1 capital ratio to 15.5%, 4.3 p.p. above its regulatory Tier 1 requirement, which is Helaba's most binding capital requirement.

The implementation of Basel III end-game should support the bank's regulatory capital ratios until the end of the decade, when the benefits will be reversed by the phase-in of the output floor. We expect capital ratios to benefit in the next two years from resilient profitability and RWA optimisation measures, including synthetic risk transfers and syndications, which we expect to mostly offset loan growth, negative ratings migration in the corporate portfolio and higher likely losses and calendar provisioning in the CRE book. The bank's capitalisation also offers some room for potential bolt-on acquisitions and higher dividend payments. At 28%, the CET1 capital burden from unreserved impaired loans is higher than at peers. However, this is mitigated by the high proportion of real estate collateral.

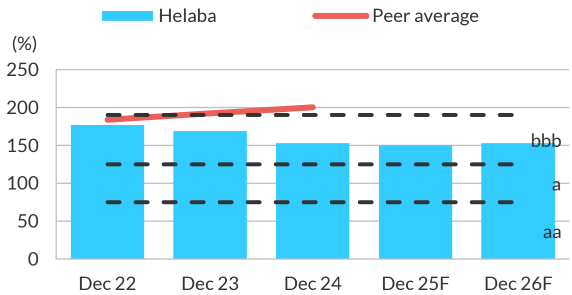
Helaba's Basel leverage ratio (5.2%) and RWA density (31%) at end-2024 were broadly in line with those of other Landesbanken and with the median for large European banks.

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-2024, but more than one-third were from savings banks and other Landesbanken. Customer deposits accounted for 41% of total funding. Corporate deposits were 44% 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 25.91% of RWAs (including the combined buffer requirement), thanks 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 24% of total assets) were encumbered by covered bonds at end-2024, ensuring an additional stable liquidity source if market conditions worsen. The bank's high-quality liquid assets were EUR52 billion at end-2024, including mostly central bank overnight deposits. This offers a sufficient buffer against EUR29 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 Forecasts and Charts

The forecasts in the charts in this section reflect Fitch's forward view on the bank's core financial metrics per Fitch's *Bank Rating Criteria*. They are based on a combination of Fitch's macroeconomic forecasts, outlook at the sector level and company-specific considerations. As a result, Fitch's forecasts may materially differ from the guidance provided by the rated entity to the market.

To the extent Fitch is aware of material non-public information with respect to future events such as planned recapitalisations or merger and acquisition activity, Fitch will not reflect these non-public future events in its published forecasts. However, where relevant, such information is considered by Fitch as part of the rating process.

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.

The peer average includes Bayerische Landesbank (VR: bbb+), Landesbank Baden-Wuerttemberg (bbb+), Norddeutsche Landesbank Girozentrale (bbb-), Landesbank Saar (bbb-), UniCredit Bank GmbH (a-), Aareal Bank AG (bbb), IKB Deutsche Industriebank AG (bbb-), NIBC Bank N.V. (bbb+). Unless otherwise stated, financial year end is 31 December for all banks in this report.

Financials

Financial Statements

	31 Dec 21 12 months (EURm)	31 Dec 22 12 months (EURm)	31 Dec 23 12 months (EURm)	31 Dec 24 12 months (EURm)	31 Dec 25F 12 months (EURm)	31 Dec 26F 12 months (EURm)
Summary income statement						
Net interest and dividend income	1,335	1,434	1,859	1,811	-	-
Net fees and commissions	485	533	535	578	-	-
Other operating income	456	475	470	523	-	-
Total operating income	2,276	2,442	2,864	2,912	2,904	2,855
Operating costs	1,482	1,653	1,681	1,784	1,881	1,929
Pre-impairment operating profit	794	789	1,183	1,128	1,022	926
Loan and other impairment charges	207	162	448	357	296	178
Operating profit	587	627	735	771	726	748
Other non-operating items (net)	-18	6	-13	-4	-	-
Tax	68	202	256	241	-	-
Net income	501	431	466	526	498	513
Other comprehensive income	-17	330	94	66	-	-
Total comprehensive income	484	761	560	592	-	-
Summary balance sheet						
Assets						
Gross loans	119,113	121,155	118,442	116,211	116,211	120,859
– Of which impaired	1,119	941	3,056	3,919	-	-
Loan loss allowances	714	844	1,223	1,456	-	-
Net loans	118,399	120,311	117,219	114,755	-	-
Interbank	15,686	13,904	13,540	12,941	-	-
Derivatives	16,011	11,247	9,929	8,866	-	-
Other securities and earning assets	25,358	22,720	25,376	27,349	-	-
Total earning assets	175,454	168,182	166,064	163,911	-	-
Cash and due from banks	34,039	40,266	32,864	33,438	-	-
Other assets	2,848	3,054	3,144	3,290	-	-
Total assets	212,341	211,502	202,072	200,639	200,424	205,250
Liabilities						
Customer deposits	63,411	68,551	70,209	75,922	77,440	78,989
Interbank and other short-term funding	63,518	70,774	52,506	49,224	-	-
Other long-term funding	52,061	45,773	55,922	53,246	-	-
Trading liabilities and derivatives	20,102	13,438	10,278	8,772	-	-
Total funding and derivatives	199,092	198,536	188,915	187,164	-	-
Other liabilities	2,859	2,387	2,476	2,455	-	-
Preference shares and hybrid capital	1,522	1,056	702	987	-	-
Total equity	8,868	9,523	9,979	10,033	-	-
Total liabilities and equity	212,341	211,502	202,072	200,639	200,424	205,250
Exchange rate	USD1 = EUR0.8842	USD1 = EUR0.9376	USD1 = EUR0.9127	USD1 = EUR0.9622	-	-

Source: Fitch Ratings, Fitch Solutions, Landesbank Hessen-Thueringen Girozentrale

Key Ratios

(%)	31 Dec 21	31 Dec 22	31 Dec 23	31 Dec 24	31 Dec 25F	31 Dec 26F
Profitability						
Operating profit/risk-weighted assets	0.9	1.0	1.2	1.2	1.2	1.2
Net interest income/average earning assets	0.7	0.8	1.1	1.1	1.0	1.0
Non-interest expense/gross revenue	65.8	67.8	58.8	61.5	64.8	67.6
Net income/average equity	5.8	4.7	4.8	5.2	-	-
Asset quality						
Impaired loans/gross loans	0.9	0.8	2.6	3.4	3.5	3.0
Growth of gross loans	-0.1	1.7	-2.2	-1.9	0.0	4.0
Loan loss allowances/impaired loans	63.8	89.7	40.0	37.2	41.1	41.2
Loan impairment charges/average gross loans	0.2	0.1	0.4	0.3	0.3	0.2
Capitalisation						
Common equity Tier 1 capital ratio	14.3	13.5	14.7	14.2	15.1	15.2
Tangible common equity/tangible assets	4.1	4.4	4.8	4.9	-	-
Basel leverage ratio	5.7	4.4	4.9	5.2	-	-
Net impaired loans/common equity Tier 1	4.4	1.1	20.5	27.9	-	-
Funding and liquidity						
Gross loans/customer deposits	187.8	176.7	168.7	153.1	150.1	153.0
Gross loans/customer deposits + covered bonds	146.7	145.9	139.5	128.9	126.7	129.6
Liquidity coverage ratio	188.0	216.8	188.7	166.1	-	-
Customer deposits/total non-equity funding	34.2	36.8	39.1	42.3	-	-
Net stable funding ratio	117.8	119.0	120.4	120.2	-	-

Source: Fitch Ratings, Fitch Solutions, Landesbank Hessen-Thueringen Girozentrale

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. In 2021, SFG initiated a reform of its IPS, 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-Thueringen Girozentrale**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Landesbank Hessen-Thueringen Girozentrale has 5 ESG potential rating drivers

- Landesbank Hessen-Thueringen 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.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
not a rating driver	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
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

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.h 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.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
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
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5
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
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2
				1

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

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.
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.
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.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

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 www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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