

NON-RATING ACTION COMMENTARY

Helaba Rating Approach to Align with Other Landesbanken

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Fitch Ratings-Frankfurt am Main-13 September 2024: Changes to Sparkassen-Finanzgruppe Hessen-Thuringen's regional mutual support mechanism, which drives Landesbank Hessen-Thuringen Girozentrale's (Helaba; A+/Stable) ratings, would have no immediate impact on Helaba's and the regional savings banks' Issuer Default Ratings (IDRs), Fitch Ratings says.

Helaba's ratings are driven by its membership in the regional mutual support mechanism of SFG-HT, a network of 48 savings banks in Hesse and Thuringia. SFG-HT maintains a regional reserve fund, which acts as a supplementary layer of protection to the nation-wide institutional protection scheme of Sparkassen-Finanzgruppe (SFG), underpinning its members' solidarity and cohesion. The regional reserve fund is a key element supporting the group ratings assigned to SFG-HT and the ratings assigned to its members, including Helaba, all of which are 'A+/Stable, based on shareholder support from SFG.

In August 2024, Helaba announced plans to gradually dissolve the regional reserve fund, but these plans are still subject to a formal decision by SFG-HT's member banks' owners. As Helaba is also a member of the SFG's nationwide institutional protection scheme, it benefits from the same shareholder support as the other Landesbanken.

Fitch believes that the dissolution of the reserve fund will not result in a change in the IDRs assigned to Helaba and the 48 savings banks in Hesse and Thuringia. We expect that, once the regional reserve fund is dissolved, Helaba's IDRs will be driven by shareholder support from SFG, in line with the support-driven 'A+' IDRs assigned to the other Landesbanken, reflecting its membership in the protection scheme. Similarly, we expect that the IDRs of the 48 savings banks will remain unchanged at 'A+', as these banks are also members of the broader SFG.

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