

RATING ACTION COMMENTARY

Fitch Affirms Investitionsbank des Landes Brandenburg at 'AAA'; Outlook Stable

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Fitch Ratings - Frankfurt am Main - 17 Sep 2024: Fitch Ratings has affirmed Investitionsbank des Landes Brandenburg's (ILB) Long-Term Issuer Default Rating (IDR) at 'AAA', Short-Term IDR at 'F1+', and its Shareholder Support Rating (SSR) at 'aaa'. The Outlook on the Long-Term IDR is Stable.

KEY RATING DRIVERS

Owner Support Drives Ratings: ILB's ratings are based on shareholder support from the bank's guarantor, the federal State of Brandenburg. Brandenburg provides an explicit, irrevocable, unlimited, unconditional and first-demand statutory guarantee on ILB's liabilities, a statutory guarantor's liability (Gewährträgerhaftung) and a maintenance obligation (Anstaltslast) that ensures ILB's continuation as an economic entity.

ILB's IDRs are indirectly linked to the German sovereign ratings (AAA/Stable/F1+) via Germany's solidarity system for federal states, including Brandenburg. The Stable Outlook on ILB's Long-Term IDR mirrors that on Germany.

Dual Ownership: ILB is jointly owned by Brandenburg and [NRW.BANK](#), North Rhine-Westphalia's regional development bank. However, we derive ILB's ratings from support from Brandenburg only, because [NRW.BANK](#) has no operational links with ILB and its statutory support obligation is capped at twice its share of ILB's paid-in equity.

Regional Development Bank: ILB's primary mandate is to support Brandenburg's social, environmental and economic policies and development with subsidised long-term loans, grants and guarantees in the areas of business, employment, infrastructure and housing construction.

The bank also acts as a trustee for Brandenburg's housing assets, and engages in various other activities, including consultancy services. ILB undertakes special tasks for

Brandenburg such as acting as an agent for the state's venture-capital financing and participating in projects initiated by other European development institutions.

Support Compliant with EU Rules: ILB's business model complies with EU state-aid rules by engaging exclusively in non-competitive activities, similar to other state-owned German development banks. A state guarantee framework agreed in 2002 between Germany and the European Commission allows German public-sector development banks to receive state support.

Legal Insolvency Protection: ILB is insolvency-remote by law and, in line with peers, is exempt from the capital requirement regulation, but has to follow minimum capital standards set by the local regulator. It is exempt from the Single Resolution Mechanism, the Recovery and Resolution Act and the Restructuring Fund Act.

Funding Access Benefits from Guarantee: Owing to the guarantee, banks and insurance companies investing in ILB's debt benefit from 0% regulatory risk-weighting and "level 1 treatment" (classification of high-quality liquid assets) for their liquidity coverage ratios. This ensures ILB's reliable access to debt markets.

No Viability Rating Assigned: Fitch does not assign a Viability Rating to ILB, as with other German state-owned development banks, as its operations are determined by its policy role as a development bank.

RATING SENSITIVITIES

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

ILB's ratings would be directly affected by a weakening of Brandenburg's ability to provide support as assessed by Fitch, or by a downgrade of Germany's IDRs.

ILB's ratings are also sensitive to adverse changes in Fitch's assumptions about Brandenburg's propensity to support. This could result from a weakening of the terms of the guarantee.

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

ILB's ratings are at the highest level on Fitch's rating scale and therefore cannot be upgraded.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

ILB's long-term senior unsecured debt rating is aligned with the bank's Long-Term IDR.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

A downgrade of ILB's Long-Term IDR would lead to a downgrade of its long-term senior unsecured debt rating. As the debt rating is at the highest level on Fitch's rating scale it cannot be upgraded.

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

ILB's ratings are linked to Fitch's assessment of Brandenburg's creditworthiness and, by extension, to Germany's ratings.

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. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
Investitionsbank des Landes Brandenburg	LT IDR	AAA Rating Outlook Stable		AAA Rating Outlook Stable
	Affirmed			
	ST IDR	F1+	Affirmed	F1+
	Shareholder Support	aaa	Affirmed	aaa

senior unsecured

LT

AAA

Affirmed

AAA

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 15 Mar 2024\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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ENDORSEMENT STATUS

Investitionsbank des Landes Brandenburg

EU Issued, UK Endorsed

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