

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

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Fitch Ratings - Frankfurt am Main - [publication date will be automatically inserted]

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

## KEY RATING DRIVERS

**Owner Support Drives Ratings:** ILB's ratings reflect Fitch's view of the highest support probability from the bank's guarantor, the federal State of Brandenburg. Our assessment is underpinned by Brandenburg's explicit, direct, irrevocable, unconditional and first demand statutory guarantee covering all of ILB's liabilities, a maintenance obligation (Anstaltslast), that ensures its continuation as an economic entity, and a statutory guarantor's liability (Gewehrtraegerhaftung).

**Ratings Aligned with Germany's:** ILB's ratings are indirectly linked to those of the German sovereign (AAA/Stable/F1+). This is because the creditworthiness of the German Laender (federal states), including Brandenburg, is linked to that of Germany due to a strong mutual support system among Laender, an extensive financial equalisation mechanism, and the solidarity principle. Consequently, 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, Fitch Ratings derives ILB's ratings from support from Brandenburg only. NRW.BANK has no operational links with ILB, and its statutory support obligation is capped at double its share of ILB's paid-in equity, which in our view means that the ultimate liability lies with Brandenburg as the dominant risk bearer.

**Important Policy Role:** 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 tasks, 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:** Similar to its peers, ILB's business model is compliant with EU state-aid rules by engaging exclusively in non-competitive activities. A state guarantee framework agreed in 2002 between Germany and the European Commission allows German public-sector development banks to receive state support.

**Insolvency-Remote Public Law Institution:** ILB can only be dissolved by law and benefits from insolvency protection. It is exempt from the Capital Requirements Directive, the capital requirement regulation, the Single Resolution Mechanism, the Recovery and Resolution Act and the Restructuring Fund Act. However, it is subject to key banking regulations and banking supervision by the Federal Financial Supervisory Authority (BaFin) and the Bundesbank.

**Guarantee Facilitates Market Funding:** Banks and insurance companies investing in ILB's debt benefit from 0% regulatory risk weights and level one treatment (classification of high-quality liquid assets) for their liquidity coverage ratio. This reflects Brandenburg's guarantee and provides ILB with reliable access to debt markets.

**No Viability Rating Assigned:** Fitch does not assign a Viability Rating to ILB, 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 are primarily sensitive to negative changes in Brandenburg's creditworthiness, which is linked to that of Germany.

A downgrade of Germany's IDRs would trigger a downgrade of ILB's IDRs. ILB's ratings are also sensitive to adverse changes in Fitch's assumptions about Brandenburg's propensity to support, such as a weakening of the terms of the guarantee, which we consider highly unlikely.

### **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 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**

The long-term senior unsecured debt rating is sensitive to changes to ILB's Long-Term IDR.

## **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	RATING			PRIOR
Investitionsbank des Landes Brandenburg	LT IDR	AAA ●	Affirmed	AAA ●
	ST IDR	F1+	Affirmed	F1+
	Shareholder Support	aaa	Affirmed	aaa
	senior unsecured	LT	AAA	AAA

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**Applicable Criteria**

Bank Rating Criteria (pub.21-Mar-2025)(includes rating assumption sensitivity)

**Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form

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