



RATING ACTION COMMENTARY

Fitch Rates Investitionsbank des Landes Brandenburg 'AAA'; Outlook Stable

Tue 29 Jun, 2021 - 11:33 ET

Fitch Ratings - Frankfurt am Main - 29 Jun 2021: Fitch Ratings has assigned Investitionsbank des Landes Brandenburg (ILB) a Long-Term Issuer Default Rating (IDR) of 'AAA' and Support Rating (SR) of '1'. The Outlook on the Long-Term IDR is Stable.

A full list of rating actions is below.

KEY RATING DRIVERS

IDRS, SR and SENIOR UNSECURED DEBT

The IDRs and SR of ILB are driven by extremely likely support from its guarantor, the Land of Brandenburg. Brandenburg's creditworthiness is underpinned by the strength of the German solidarity system, which links its creditworthiness to that of the Federal Republic of Germany (AAA/Stable). The Stable Outlook on ILB mirrors that on Germany

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Brandenburg as **NRW.BANK** is statutorily obliged to provide support only up to twice its paid-in equity and does not engage in ILB's operational activities.

ILB is covered by a maintenance obligation (Anstaltslast), which ensures its economic viability; a statutory guarantor's liability (Gewährtraegerhaftung); and an explicit and direct refinancing guarantee obligation, all from Brandenburg. ILB is also insolvency-remote and can only be dissolved by law.

ILB's mandate is to support public and private investment projects in Brandenburg in the area of business, employment, infrastructure and housing construction. It promotes sustainable economic development in the region as outlined in the Law Concerning ILB (ILB Law) and its statutes. The bank's business management duties involve a wide range of other tasks including consultancy services. Additionally, the bank manages housing mortgages in the form of subsidised loans of Brandenburg in trust, meaning that the credit risk is borne by Brandenburg. ILB also takes on special tasks if requested by Brandenburg, and participates in projects initiated by other European development institutions.

Similar to other German development banks, Fitch does not assign a Viability Rating to ILB as its operations are largely determined by its policy role as a development bank.

ILB's senior unsecured debt ratings are aligned with the bank's IDRs. The differentiation between senior preferred and senior non-preferred does not apply to ILB, because the bank cannot be subject to insolvency proceedings or bail-in measures.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

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

Factors that could, individually or collectively, lead to negative rating action/downgrade:

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The bank's support structure was approved by the European Union in 2002 and under competition law the bank may only engage in non-competitive activity. This also makes significant changes to the bank's business model unlikely in the medium term.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

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 aligned with our view on the creditworthiness of Brandenburg.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit

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ENTITY/DEBT	RATING		
Investitionsbank des Landes Brandenburg	LT IDR	AAA Rating Outlook Stable	New Rating
	ST IDR	F1+	New Rating
	Support	1	New Rating
● senior unsecured	LT	AAA	New Rating

[VIEW ADDITIONAL RATING DETAILS](#)

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Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 28 Feb 2020\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

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

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Investitionsbank des Landes Brandenburg

EU,UK Endorsed

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Banks Europe Germany

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