10 February 2023 Press release

Statement on ECB sanction decision

Having conducted an investigation into the assessment of market risks and associated reporting requirements in 2020, the ECB has imposed an administrative pecuniary penalty on Helaba.

Helaba has issued the following statement in response to the ECB's decision published on 10 February 2023:

Having conducted an investigation into the assessment of market risks and associated reporting requirements in 2020, the ECB has imposed an administrative pecuniary penalty on Helaba. Helaba has allocated an appropriate provision of €6.8 million for this in its 2022 annual financial statements.

Some background: As a bank, we have to calculate our risk positions on a daily basis. Hundreds of different market parameters are factored into models used to assess market risks. The outbreak of the COVID-19 pandemic in the spring of 2020 triggered price fluctuations on the capital markets that were, in some cases, erratic. This resulted in some of the aforementioned parameters exhibiting anomalies that were difficult or even impossible to account for. In this phase, we made adjustments to a limited number of parameters in the models in order that we could better reflect the risks and therefore manage the bank more effectively in this period of high volatility. This involved methods to calculate market risk that were applied during the course of the year. At no point were the 2020 annual financial statements affected by these adjustments.

In the ECB's view, this approach constituted a change to the risk model that was subject to approval. At the time, however, Helaba assumed that its approach was permissible and not subject to approval. At no time did Helaba in any way intend to breach its prudential obligations. In the meantime, the bank has conceded that its original assumption was incorrect and has already taken steps to further enhance the processes of adjusting these kinds of models.

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