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Helaba and LBBW agree to bundle capabilities

The two German Landesbanks Helaba and LBBW have signed a contract to bundle their capabilities in a number of segments related to business with German savings banks.

Having recently obtained regulatory approval from competition authorities, implementation of the measures will commence immediately while the plan is to roll them out in several stages until the beginning of 2023.

Under the terms of the contract, both Landesbanks have agreed that, in future, LBBW will assume responsibility for interest rate, currency and commodity management for savings bank customers. This will enable LBBW, which had previously taken over the aforementioned activities from BayernLB and the successor to HSH Nordbank, HCOB, to expand its existing position as a market leader in this segment and to become the S-Group's main partner for interest/currency/commodity business. Accordingly, from 30 June 2022, Helaba will not provide any new interest rate, currency and commodity management business for end customers of savings banks. All other business with savings banks, particularly the extensive range of products for savings banks' own securities portfolios ("Depot A") as well as interest rate, currency and commodity management business for Helaba's own corporate and SME customers, will continue to be offered by Helaba to the same extent as before. In addition, Helaba will discontinue its custodian services for special and mutual funds by 31 December 2022 and will recommend that its customers switch to LBBW. As of 30 June 2021, LBBW reported a total volume of assets under custody of EUR 138 billion, while Helaba held EUR 63 billion. With this transaction, LBBW aims to build on its status as a leading provider among public sector banks of custodian services for special funds.

At the same time, this deal will make Helaba the foremost provider in the foreign notes and coins and precious metal business within the Sparkassen-Finanzgruppe. The agreement also includes the transfer of LBBW's physical foreign notes and coins and precious metal business to Helaba by 1 January 2023. This does not include BW Bank's coin collection, which is not part of the agreement. As a result, Helaba will be able to consolidate its market-leading position and expand its role as the central S-Group partner for savings banks in this business segment. Furthermore, both banks have decided to bundle their documentary L/C business and foreign payment transactions for savings banks and their customers at Helaba in future. Consequently, LBBW will not provide any new foreign payment or L/C business for savings banks after 31 December 2022 and will recommend to its savings bank customers that they purchase these services from Helaba after this date. Subsequently, Helaba will serve as the principal partner for foreign payment transactions and L/C business for the

majority of savings banks in Germany. LBBW will continue to provide L/C business and foreign payment transactions for its own corporate clients and will also maintain a full range of services for its international correspondent banks.

"This agreement is an important milestone in streamlining the structures within the Sparkassen-Finanzgruppe and making it even more competitive. With these measures, we want to broaden our partnership with the savings banks and expand our role as the S-Group's principal intermediary and leading payment transaction provider," says Thomas Groß, CEO of Helaba.

"Bundling our capabilities will boost the clout of the Sparkassen-Finanzgruppe as a whole. The primary beneficiaries of this will be our customers," says LBBW's CEO Rainer Neske, adding: "At the same time, LBBW will be expanding its already strong position in capital market activities."

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