

ISSUER PROFILE

18 December 2019

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Landesbank Hessen-Thüringen GZ

Key facts and statistics - June 2019

Company overview

Landesbank Hessen-Thüringen GZ (Helaba) is a German universal bank, established under public law, with a regional focus on its core centres in the federal states of Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. As 30 June 2019, Helaba reported a total consolidated asset base of €213.0 billion.

Helaba operates as a central bank for 40% of savings banks in Germany in the aforementioned four federal states. In Hesse and Thuringia, Helaba and the savings banks form the Sparkassen-Finanzgruppe Hessen-Thüringen, and operate as a single economic unit. In North Rhine-Westphalia and Brandenburg, Helaba and the savings banks have signed cooperation and business agreements. Helaba furthermore administers Hesse's public-sector development programmes via WIBank.

Helaba provides a range of wholesale and retail banking services to corporate and private clients, institutional customers, central, regional and local public authorities, and municipal corporations. It distributes its products and services from its twin head offices in Frankfurt am Main and Erfurt, through branch offices in Germany, France, Sweden, the UK and the US, and representative offices in Spain, Russia, China, Singapore and Brazil. In Switzerland (Zurich), Helaba is represented through its subsidiary Frankfurter Bankgesellschaft (Schweiz) AG.

Helaba was established in 1953 as Hessische Landesbank, following the tripartite merger of Hessische Landesbank Darmstadt, Nassauische Landesbank Wiesbaden and Landeskreditkasse zu Kassel. The bank was rebranded with its current name on 1 July 1992. As of 31 December 2018, its largest shareholder is the Sparkassen- und Giroverband Hessen-Thüringen, which holds 68.85% of its total share capital.

Sources: Company report (annual report Dec 2018, interim report June 2019), Moody's Investors Service research

Financial highlights

Note: The financials presented below are those reported by the entity and are not adjusted for Moody's analytic purposes. For Moody's generated ratios on Landesbank Hessen-Thüringen GZ, please see [Landesbank Hessen-Thüringen GZ's page on www.moody's.com](#).

Exhibit 1

Latest half-year results

Landesbank Hessen-Thüringen GZ

(€ Billion)	30-Jun-19	30-Jun-18	% Change 19/18
Total Assets	213.0	166.9	27.65
Total Shareholders' Equity	8.6	8.0	7.77
Shareholders' Equity excluding Minority Interest	8.6	8.0	7.80
Total Regulatory Capital	11.5	11.2	2.61
Tier 1 Ratio (%)	15.7	16.3	(60 bps)
Net Income	0.26	0.11	133.94
Net Income Attributable to Equity Holders	0.25	0.11	135.19

Note: Consolidated financials are considered

Source: Company reports (Interim reports June 2018 and June 2019)

Exhibit 2

Latest full-year results

Landesbank Hessen-Thüringen GZ

(in € Billion)	31-Dec-18	31-Dec-17	31-Dec-16	% Change 18/17	% Change 17/16
Total Assets	163.0	158.2	165.2	2.99	(4.19)
Total Shareholders' Equity	8.5	8.0	7.9	5.33	2.34
Shareholders' Equity excluding Minority Interest	8.5	8.0	7.9	5.30	2.36
Total Regulatory Capital	11.2	10.8	10.8	2.99	0.35
Tier 1 Ratio (%)	16.4	16.4	15.3	0 bps	110 bps
Net Income	0.28	0.26	0.34	8.59	(24.71)
Net Income Attributable to Equity Holders	0.28	0.26	0.35	5.34	(24.06)

Note: Consolidated financials are considered

Sources: Company reports (consolidated financial statements Dec 2018 and Dec 2017)

Business description

Helaba is a universal bank in Germany, established under public law. It provides wholesale banking services to corporate and institutional customers; central, regional and local public authorities; and municipal corporations. It also provides retail banking services through its 100%-owned subsidiary Frankfurter Sparkasse. Furthermore, it is the central institution for savings banks in the four federal states of Hesse, Thuringia, North Rhine-Westphalia and Brandenburg, and provides products and services to all German savings banks.

Effective from 1 January 2018, the bank has revised its segment reporting and has started operation through the following four segments: Real Estate; Corporates and Markets; Retail and Asset Management; and WIBank. In addition, it maintains an Other segment, which includes the results of OFB group, treasury activities in asset / liability management business, centrally owned fund investment activities, centrally held liquid securities, as well as items not directly attributable to other segments. In the first six months of 2019, the largest contributor to the bank's net interest income was the Real Estate segment (34.1%).

Retail and Asset Management: This segment, which accounted for 21.5% of Helaba's net interest income in the first six months of 2019, comprises retail banking activities of Frankfurter Sparkasse, private banking business of Frankfurter Bankgesellschaft Group, asset management activities of Helaba Invest Kapitalanlagegesellschaft mbH, and the activities of Landesbausparkasse Hessen-Thüringen (LBS). This segment also includes its subsidiaries GWH Group and Helicon KG Group's real estate management business. As of 30 June 2019, this segment reported total consolidated assets of €31.9 billion.

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Corporates and Markets: This segment, which accounted for 30.5% of the bank's net interest income in the first six months of 2019, provides customised solutions for corporate customers, institutional clients, public sector and municipal clients. The products and services under this segment includes corporate loans, project finance, transport finance, foreign trade finance, acquisition finance, asset backed finance, investment and leasing finance, tax engineering, trading and sales activities, and payment solutions. This segment is subdivided into the following five business divisions: Sparkassen Lending; Financial Institutions and Trade Finance; Sales Public Authorities; Capital Markets; and Cash Management. As of 30 June 2019, this segment reported total consolidated assets of €70.1 billion.

Real Estate: This segment accounted for 34.1% of the bank's net interest income in the first six months of 2019. Its products and services include traditional real estate financing of commercial and residential estates, financing of open-ended real estate funds, development and portfolio financing for office buildings, retail outlets and residential portfolios. As of 30 June 2019, this segment reported total consolidated assets of €31.0 billion.

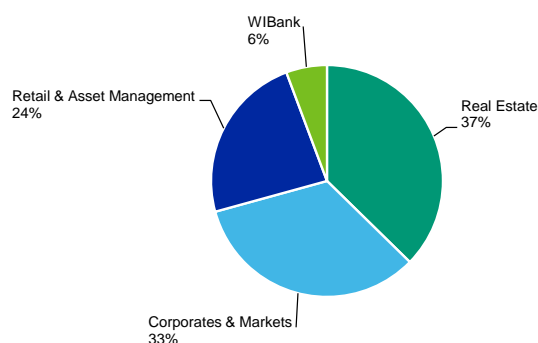
Development Business: This segment, which accounted for 5.2% of Helaba's net interest income in the first six months of 2019, includes the activities of Wirtschafts- und Infrastrukturbank Hessen (WIBank), which operates for the State of Hesse in managing and supporting state public development business. In 2018, WIBank, achieved a significant increase in assets (approximately €4 billion) in this segment, which was driven mainly by the ongoing 'Hessenkasse' development programme. WIBank is a legally dependent public institution and carries a statutory guarantee from the State of Hesse. As of 30 June 2019, this segment reported total consolidated assets of €24.1 billion.

Sources: Company reports (annual report Dec 2018, results presentation Dec 2018, Interim report June 2019)

Exhibit 3

Business segment

(% of net interest income, consolidated, H1 2019)

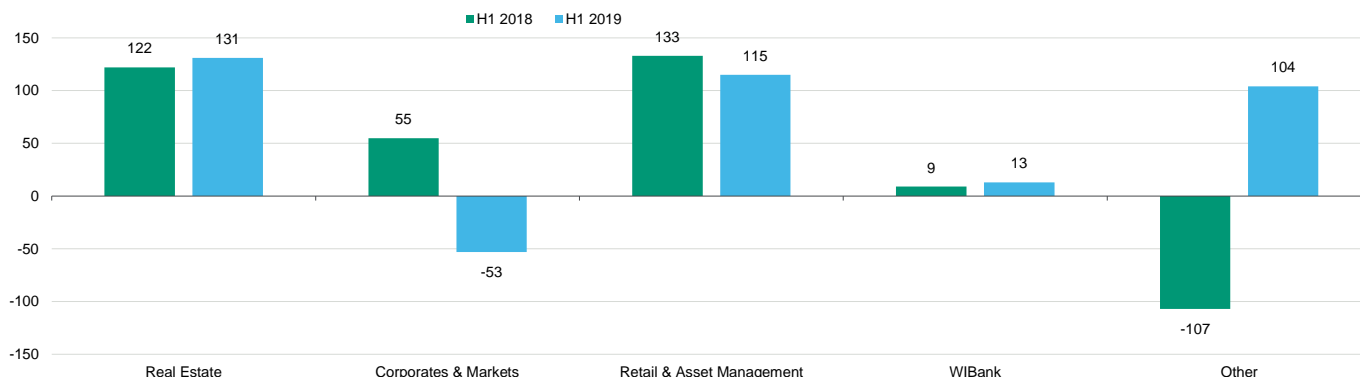


Note: Excluding "Other and Consolidation/Reconciliation".

Source: Company report (Interim report June 2019, p.73)

Exhibit 4

Profit before tax per business segment (consolidated, in € million)



Note: Excluding "Other and Consolidation/Reconciliation".

Source: Company report (Interim report June 2019, p.73)

Distribution channels

Helaba is a German bank with a regional focus on its core centres of Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. It acts as the central institution (Sparkassenzentralbank) for 40% of savings banks in Germany. In addition, it acts as the development and infrastructure bank for the State of Hesse, through WIBank.

The bank conducts retail banking services through its subsidiary Frankfurter Sparkasse, serving 800,000 customers in Frankfurt am Main region via a network of 76 branches and advice centres in the Rhine-Main region, 20 self-service banking centres and around 120 ATMs.

Helaba provides direct banking services via the internet and telephone through its subsidiary 1822direkt (the direct banking arm of its subsidiary Frankfurter Sparkasse).

LBS, a legally dependent business unit within Helaba, is a leading savings and mortgage loan association in Hesse and Thuringia. It distributes its products and services through the savings banks, serving approximately 700,000 customers, and had €6.0 billion in total assets, as of 31 December 2018.

Helaba Invest, the asset management subsidiary of Helaba, is a German fund-management company for special (bespoke) investment trusts, which at the end of 2018 had €106.0 billion assets under management.

Helaba provides its products and services through its twin head offices in Frankfurt am Main and Erfurt; five branch offices based in Germany (Duesseldorf and Kassel), France (Paris), Sweden (Stockholm), the UK (London) and the US (New York); through representative offices in Spain (Madrid), Russia (Moscow), China (Shanghai), Singapore and São Paulo (Brazil); and several sales offices in Germany. In Switzerland (Zurich), Helaba is represented through its subsidiary Frankfurter Bankgesellschaft (Schweiz) AG.

As of 31 December 2018, the geographical distribution of the bank's income was as follows:

Exhibit 5

Landesbank Hessen-Thüringen GZ Income (%)

Geography	31-Dec-18	31-Dec-17
Germany	86.9	87.3
Europe (excluding Germany)	5.6	5.5
Rest of World (excluding Europe)	7.5	7.2
Total	100.0	100.0

Note: Income is calculated by taking into account of income after loss allowances

Source: Company report (annual report Dec 2018), Company data

Ownership structure

Helaba, a public law institution registered in Germany, is the parent company of the Helaba Group. Previously, it had been owned by the Savings Banks and Giro Association Hesse-Thuringia, the State of Hesse and the Free State of Thuringia. Following the integration of WestLB's Verbundbank business, the bank increased its share capital by €111.88 million to €588.88 million, and its other capital as part of its core Tier 1 capital by €888.12 million. As a result of this transaction, the following entities became shareholders of the bank: the Rhineland Savings Banks and Giro Association (Rheinischer Sparkassen- und Giroverband); the Savings Bank Association Westphalia-Lippe (Westfälisch-Lippischer Sparkassenverband); FIDES Beta GmbH, Trustee for the Reserve Fund of the Landesbanken; and FIDES Alpha GmbH, Trustee for the Regional Savings Banks Support Funds.

Helaba's largest shareholder is Sparkassen- und Giroverband Hessen-Thüringen, which held a stake of 68.85%, followed by the State of Hesse, which holds a stake of 8.10%.

Helaba is protected by the German Savings Bank Finance Group's guarantee system, through its membership of the guarantee fund of the Landesbanken and Girozentralen. Since July 2015, the guarantee system is certified in accordance with the Deposit Guarantee Act (EinSiG). Furthermore, Helaba is a member of the independent regional reserve fund of Sparkassen- und Giroverband Hessen-Thüringen, which provides additional protection for Helaba and the 49 savings banks in Hesse and Thuringia. The reserve fund was established on 1 January 2004, and has no cap on the amounts per creditor guaranteed.

As of 31 December 2018, the total reserves of the fund amounted to €555 million.

Sources: Company reports (annual report Dec 2018 and Dec 2012, investor presentation November 2019), Company data

As of 30 June 2019, the bank's ownership structure was as follows:

Exhibit 6

Landesbank Hessen-Thüringen GZ

Shareholder	% Held
Sparkassen- und Giroverband Hessen-Thüringen	68.85
State of Hesse	8.10
State of Thuringia	4.05
Sparkassenverband Westfalen-Lippe	4.75
Rheinischer Sparkassen- und Giroverband	4.75
Fides Alpha GmbH*	4.75
Fides Beta GmbH*	4.75
Total	100.00

*Operating as trustee of the German Savings Banks and Giro Association (DSGV)

Source: Company report (Interim report June 2019)

Subsidiaries

As of 30 June 2019, the bank's major subsidiaries and associates were as follows:

Exhibit 7

Landesbank Hessen-Thüringen GZ

Selected Subsidiaries and Associates	Registered Office	Direct	Indirect	Total
1822direkt Gesellschaft der Frankfurter Sparkasse mbH	Frankfurt am Main	-	100	100
Frankfurter Bankgesellschaft (Schweiz) AG	Zurich	100	-	100
Frankfurter Bankgesellschaft (Deutschland) AG	Frankfurt am Main	-	100	100
Frankfurter Sparkasse	Frankfurt am Main	100	-	100
GGM Gesellschaft für Gebäude-Management mbH	Frankfurt am Main	-	100	100
GWH Wohnungsgesellschaft mbH Hessen	Frankfurt am Main	-	100	100
Helaba Invest Kapitalanlagegesellschaft mbH	Frankfurt am Main	100	-	100
OFB Projektentwicklung GmbH	Frankfurt am Main	100	-	100

Source: Company report (Interim report June 2019)

Company management

Exhibit 8

Landesbank Hessen-Thüringen GZ

Board of Directors	Current Title	Responsibilities
Herbert Hans Grüntker	Chief Executive Officer and Chairman	Central Staff and Group Strategy, Internal Audit, Economics/Research, Human Resources, Legal Services, Process Management and Information Security as well as Public Development and Infrastructure Business (WIBank).
Thomas Groß	Deputy Chief Executive Officer and Vice-Chairman	Risk Controlling, Credit Risk Management Corporates/Markets, Real Estate, Restructuring/Workout and Cash Management, Strategy Project Digitalization, Frankfurter Sparkasse, Frankfurter Bank-gesellschaft as well as Branch Management New York.
Dr. Detlef Hosemann	Member of the Board	Accounting and Taxes, Group Controlling, Information Technology, Compliance as well as Settlements/Custody Services
Hans-Dieter Kemler	Member of the Board	Capital Markets, Asset and Liability Management, Sales Public Authorities, Customer Relationship Management Institutional Investors, Helaba Invest, Banks & International Business, Lending to Savings Banks and S-Group Services, Savings Banks Services North and Services South, KOFIBA as well as Landesbausparkasse Hesse-Thuringia
Christian Alexander Schmid	Member of the Board	Real Estate Finance, Portfolio- and Real Estate Management, Administration, GWH and OFB.
Dr. Norbert Schraad	Member of the Board	Corporate Finance, Customer Relationship Management Multinational Corporations, Midcaps, Public Authorities/Municipal Corporations, New York, International and Branch Management London, Head of Sales NRW Düsseldorf Branch as well as Sales Service
Frank Nickel	Executive Member of the Board	N/A

Note: Herbert Hans Grüntker and Dr. Norbert Schraad will retire from their positions on 31 May 2020. Thomas Groß was appointed as Chairman of the Board of Directors with effect from 1 June 2020. Frank Nickel is Executive Vice President and a designated Member of the Board of Managing Directors until European Central Bank approves the appointment.
Source: Company data

Exhibit 9

Landesbank Hessen-Thüringen GZ

Supervisory Board	Affiliation	Appointed by
Gerhard Grandke	Chairman of the Supervisory Board	Sparkassen- und Giroverband Hessen-Thüringen
Dr. Werner Henning	First Vice-Chairman of the Supervisory Board	Sparkassen- und Giroverband Hessen-Thüringen
Dr. Thomas Schäfer	Second Vice-Chairman of the Supervisory Board	State of Hesse

As of 16 Dec 2019

Note: Only a selection of Supervisory Board members is listed above. Source: Company report (annual report Dec 2018)

Company history

Helaba was established as Hessische Landesbank in 1953 following the tripartite merger of Hessische Landesbank Darmstadt (founded 1940), Nassauische Landesbank Wiesbaden (1840) and Landeskreditkasse zu Kassel (1832). The bank was rebranded with its current name on 1 July 1992.

In September 2005, Helaba acquired Frankfurter Sparkasse, Germany's fourth-largest savings bank.

In August 2009, the bank merged the joint venture Investitionsbank Hessen with LTH – Bank for Public Infrastructure to form WIBank, a legally dependent institution forming part of Landesbank Hessen-Thüringen. In December of that year, Helaba sold its 25% stake in Banque LBLux SA to BayernLB in exchange for a 50% interest in LB (Swiss) Privatbank AG, which became a wholly owned subsidiary.

In September 2010, the bank both expanded and strengthened its private banking and asset management activities for savings banks, by acquiring Frankfurter Bankgesellschaft von 1899 through its existing subsidiary LB (Swiss) Privatbank AG. The combined entity was renamed Frankfurter Bankgesellschaft Privatbank, and is based in both Zurich and Frankfurt am Main.

In June 2011, Helaba sold its 5.5% stake in DekaBank. As of 31 December 2010, the bank sold a 35% stake in Hannover Leasing GmbH & Co. KG to Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH.

In December 2011, Helaba's three owners decided to start negotiating a possible integration of WestLB's Verbundbank, the savings bank business of WestLB, after reviewing the results of their due diligence on the unit. In July 2012, Helaba acquired WestLB's Verbundbank business, with total assets of around €40 billion and 451 employees. Additionally, the cash management, securities and custodial businesses of the former WestLB were transferred to Helaba. As a result of this transaction, Helaba was assigned the function of central bank of 116 savings banks in North Rhine-Westphalia and Brandenburg.

On 16 December 2016, Helaba signed an agreement with CORESTATE Capital Holding S.A. to sell its 44.2% stake in Hannover Leasing GmbH & Co. KG. The transaction was completed in July 2017. In addition to Helaba, Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH also divested its 48% equity investment in CORESTATE Capital Holding S.A. in July 2017. As of 31 December 2018, Helaba held 5.1% stake in Hannover Leasing GmbH & Co. KG.

In June 2018, Helaba set up a new representative office in São Paulo, Brazil.

On 14 December 2018, Helaba announced to acquire Dexia Kommunalbank Deutschland, a covered bonds banking platform that provides various banking products and services in Germany. The transaction was completed on 2 May 2019 for €352 million.

On 6 May 2019, Helaba concluded the acquisition of DVB Bank SE's land transport finance portfolio.

On 13 December 2019, Helaba announced the initiation of discussions with DekaBank Deutsche Girozentrale scheduled for January 2020, which will be focused on how to bundle the strengths of both companies into a powerful central institution in the Sparkassen-Finanzgruppe with an integrated business model.

Sources: Company reports (annual report Dec 2018, Dec 2014, Dec 2013, Dec 2012 and Dec 2010, interim report June 2013), Company data, Moody's Investors Service research

Peer group

- » [Bayerische Landesbank](#)
- » [Hamburg Commercial Bank](#)
- » [Landesbank Baden-Wuerttemberg](#)
- » [Norddeutsche Landesbank GZ](#)

Related websites and information sources

The company's website

- » [Landesbank Hessen-Thüringen GZ](#)

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Issuer page on moodys.com

- » [Landesbank Hessen-Thüringen GZ](#)

Credit opinion

- » [Landesbank Hessen-Thüringen GZ: Update to credit analysis, October 2019 \(1185256\)](#)
- » [Government of Germany – Aaa Stable, Regular update, July 2019 \(1183081\)](#)

Banking system outlook

- » [Banking System Outlook - Germany: Slowing economy and rising profitability challenges drive our negative outlook, November 2019 \(1186962\)](#)

Sector in-depth

- » [Banking - Germany: Macro profile \(Strong +\), October 2019 \(1188518\)](#)

Country statistics

- » [Germany, Government of, June 2019 \(333700\)](#)

Rating methodology

- » [Banks, November 2019 \(1147865\)](#)

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