

ISSUER PROFILE

5 October 2017

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Landesbank Hessen-Thüringen GZ

Key Facts and Statistics - H1 June 2017

Company overview

Landesbank Hessen-Thüringen GZ (Helaba) is a German universal bank with a regional focus on its core centres in the federal states of Hesse, Thuringia, North Rhine-Westphalia and Brandenburg.

Helaba operates as a central bank for 154 savings banks in the aforementioned four federal states. In Hesse and Thuringia, Helaba and the savings banks form the Sparkassen-Finanzgruppe Hessen-Thüringen, operate as a single economic unit. In North Rhine-Westphalia and Brandenburg, Helaba and the savings banks have signed cooperation and business agreements.

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, the UK and the US, and representative offices in Spain, Sweden, Russia, China and Singapore. 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. Its largest shareholder is the Savings Banks and Giro Association Hesse-Thuringia, which holds 68.85% of its total share capital.

Source: Company reports (consolidated financial statements June 2017 and annual report Dec 2016), Moody's 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](#) page on moodys.com>.

Exhibit 1

Latest full-year results

Landesbank Hessen-Thüringen GZ

(in € Billion)	31-Dec-16	31-Dec-15	31-Dec-14	% Change 16/15	% Change 15/14
Total Assets	165.2	172.3	179.5	(4.12)	(4.03)
Total Shareholders' Equity	7.9	7.7	7.4	2.27	4.44
Shareholders' Equity excluding Minority Interest	7.9	7.7	7.3	2.27	4.49
Total Capital	10.8	10.9	10.0	(0.64)	9.17
Tier 1 Ratio (%)	15.3	14.9	14.3	40 bps	60 bps
Net Income (after taxes)	0.34	0.42	0.40	(18.85)	5.54
Net Income Attributable to Equity Holders	0.35	0.43	0.40	(19.20)	6.48

Note: Consolidated financials are considered

Source: Moody's Research

Exhibit 2

Latest first-half results

Landesbank Hessen-Thüringen GZ

(in € Billion)	30-Jun-17	30-Jun-16	% Change 17/16
Total Assets	164.0	175.6	(6.64)
Total Shareholders' Equity	7.9	7.6	4.35
Shareholders' Equity excluding Minority Interest	7.9	7.6	4.33
Total Capital	10.8	10.6	1.94
Tier 1 Ratio (%)	16.1	14.9	117 bps
Net Income (after taxes)	0.150	0.184	(18.48)
Net Income Attributable to Equity Holders	0.152	0.187	(18.72)

Note: Consolidated financials are considered

Source: Moody's Research

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Business description

Helaba is a universal bank in Germany. 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 bank 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.

As of 31 December 2016, the bank operated through the following five segments: S-Group Business, Private Customers and SME Business; Real Estate; Corporate Finance; Financial Markets; and Public Development and Infrastructure Business. In addition, it maintains an Other segment, which includes the results of transaction banking services such as cash management and settlement/custody services, as well as items not directly attributable to other segments. In the financial year ended 31 December 2016, the largest contributor to the bank's net interest income was the Real Estate segment.

S-Group Business, Private Customers and SME Business: This segment, which accounted for 29.7%¹ of Helaba's net interest income in 2016, comprises the activities of S-Group Bank and Landesbausparkasse Hessen-Thüringen. This segment provides a range of banking products and services to savings banks, and to their private and small and medium-size enterprise (SME) customers. It also includes Frankfurter Sparkasse's retail business and Frankfurter Bankgesellschaft's private banking operations. As of 31 December 2016, this segment reported total consolidated assets of €35.6 billion.

Real Estate: This segment accounted for 31.7% of the bank's net interest income. Its products and services include traditional real estate financing of commercial and residential estates, residential participations, planning and support services for own and third-party real estate, private-public partnership projects and facility management services. It also includes the activities of the bank's real estate subsidiaries, OFB Group (a commercial real estate project development and construction management company) and GWH Group (a housing company). As of 31 December 2016, this segment reported total consolidated assets of €34.5 billion.

Corporate Finance: This segment, which accounted for 28.7% of the bank's net interest income in 2016, provides customised solutions for corporate customers. The products and services under this segment includes investment finance, structured finance, asset backed securities, lease finance, and structuring and distribution of fund concepts. As of 31 December 2016, this segment reported total consolidated assets of €28.3 billion.

Financial Markets: This segment, which accounted for 6.1% of the bank's net interest income in 2016, provides loans, traditional capital market products and a range of financial instruments used to manage interest rate, currency and credit risks, and liquidity. In addition, it includes the bank's treasury, trade and sales activities. This segment is subdivided into the following four business divisions: Financial Institutions and Public Finance; Capital Markets; Asset/Liability Management; and Sales Public Authorities. As of 31 December 2016, the Financial Markets segment reported total consolidated assets of €51.6 billion.

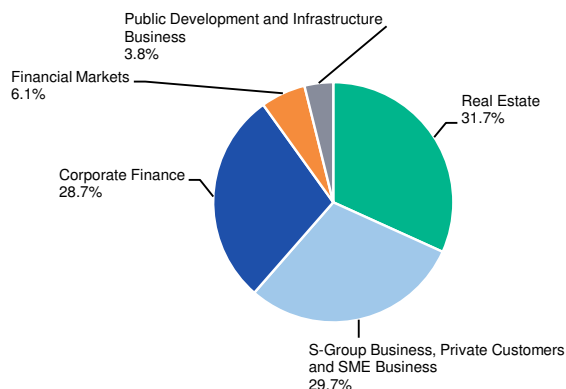
Public Development and Infrastructure Business: This segment, which accounted for 3.8% of Helaba's net interest income in 2016, includes the activities of Wirtschafts- und Infrastrukturbank Hessen (WIBank), which operates for the State of Hesse in managing and supporting state public development business. WIBank is a legally dependent public institution and carries a statutory guarantee from the State of Hesse. As of 31 December 2016, this segment reported total consolidated assets of €16.6 billion.

Source: Company Report (annual report Dec 2016 and consolidated financial statements Mar 2017), Moody's research

Exhibit 3

Business segment

(% of Net interest income, consolidated, for 2016)



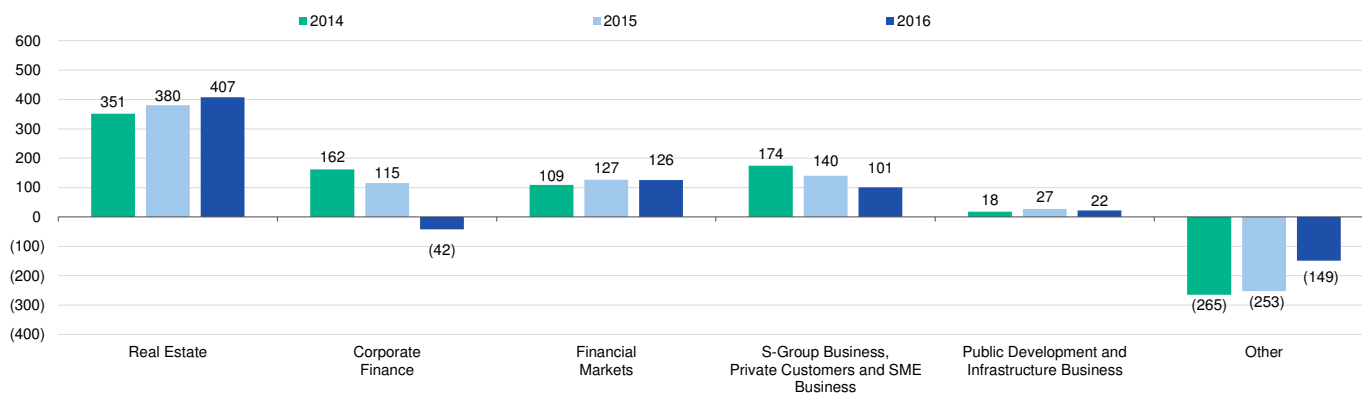
Note: Excluding "Consolidation/Reconciliation"

Source: Company report (annual report Dec 2016, Pg: 84)

Exhibit 4

Income before tax per business segment

(consolidated, in € Million)



Note: Excluding "Consolidation/Reconciliation"

Source: Company reports (annual report Dec 2016, Pg: 84 and Dec 2015, Pg: 111)

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 bank (Sparkassenzentralbank) for 154 savings banks. 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 850,000 customers in Frankfurt am Main region via a network of 82 branches and advice centres in the Rhine-Main region. Helaba provides direct banking services via the internet and telephone through its subsidiary 1822direkt (the direct banking arm of its subsidiary Frankfurter Sparkasse).

Landesbausparkasse Hessen-Thüringen (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 €5.4 billion in total assets, as of 31 December 2016.

Helaba Invest, the asset management subsidiary of Helaba, is a German fund-management company for special (bespoke) investment trusts, which has over €140 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), the UK (London) and the US (New York); through representative offices in Spain (Madrid), Sweden (Stockholm), Russia (Moscow), China (Shanghai) and Singapore; and sales offices in Germany. In Switzerland (Zurich), Helaba is represented through its subsidiary Frankfurter Bankgesellschaft (Schweiz) AG.

The geographical distribution of the bank's income was as follows:

Exhibit 5

Landesbank Hessen-Thüringen GZ

Geography	2016	2015
Germany	87.2	85.7
Europe (excluding Germany)	6.7	8.1
Rest of World (excluding Europe)	6.1	6.2
Total	100.0	100.0

Note: Income is calculated by taking into account loans and advances less provisions

Source: Company Report (annual report Dec 2016), Company data, Moody's research

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 the Savings Banks and Giro Association Hesse-Thuringia, 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 50 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 2016, the total reserves of the fund amounted to €522 million.

Source: Company Reports (annual report Dec 2016 and Dec 2012), Company data

As of 31 December 2016, 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
Sparkassenverband Westfalen-Lippe	4.75
Rheinischer Sparkassen- und Giroverband	4.75
Fides Alpha GmbH*	4.75
Fides Beta GmbH*	4.75
State of Thuringia	4.05
Total	100.00

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

Source: Company Report (annual report Dec 2016)

Subsidiaries

As of 31 December 2016, 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	Erfurt	–	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 (annual report Dec 2016)

Company management

Exhibit 8

Landesbank Hessen-Thüringen GZ

Board of Directors	Current Title	Responsibilities
Herbert Hans Grüntker	Chief Executive Officer and Chairman	Central Staff & Group Strategy Division, Internal Audit, Economics/Research, Human Resources, Legal Services, Authorities, Public Development and Infrastructure Business (WIBank)
Thomas Groß	Deputy Chief Executive Officer	Risk Controlling, Credit Risk Management Corporates/ Corporate Finance/Financial Institutions, Credit Risk Management Real Estate, Credit Risk Management Restructuring/Workout, Cash Management, Strategy Project Digitalization, Frankfurter Bankgesellschaft
Christian Schmid	Chief Representative	Real Estate Lending, Debt Capital Markets and Sales Management RE, Real Estate Management, Administration, GWH, OFB
Dr. Detlef Hosemann	Member of the Board	Accounting and Taxes, Group Controlling, Organisation and Information Technology, Information Security Management, Compliance-Functions, Settlements/ Custody Services, Frankfurter Sparkasse
Hans-Dieter Kemler	Member of the Board	Capital Markets, Asset and Liability Management, Sales Public Authorities, Customer Relationship Management Public Authorities/Municipal Corporations, Helaba Invest Verbundbank, Landesbausparkasse Hesse-Thuringia (LBS)
Klaus-Jörg Mulfinger	Member of the Board	Corporate Finance, Customer Relationship Management Multinational Corporations, Customer Relationship Management Midcaps, General Manager Sales NRW/ Düsseldorf Branch, Sales Services, Customer Relationship Management Public Financial Institutions, Customer Relationship Management Corporate Clients
Dr. Norbert Schraad	Member of the Board	

As of 01 Oct 2017

Exhibit 9

Landesbank Hessen-Thüringen GZ

Supervisory Board	Affiliation	Appointed by
Gerhard Grandke	Chairman of the Supervisory Board; Sparkassen- und Giroverband Hessen-Thüringen, Frankfurt am Main/ Erfurt: Executive President	Sparkassen- und Giroverband Hessen- Thüringen
Dr. Werner Henning	Vice Chairman of the Supervisory Board; County District of Eichsfeld, Heiligenstadt: Chief Administrative Officer	Sparkassen- und Giroverband Hessen- Thüringen
Dr. Thomas Schäfer	Second Vice Chairman of the Supervisory Board; Ministry of Finance of the State of Hesse, Wiesbaden: Minister of State	State of Hesse

As of 24 July 2017

Source: Company Report (financial report June 2017), Company data

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 30 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. Consequently, Helaba currently holds 5.1% stake in Hannover Leasing GmbH & Co. KG. In addition to Helaba, Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH also divested its 48% equity investment in CORESTATE Capital Holding S.A. in July 2017.

Source: Company Reports (consolidated financial statement June 2017, annual report Dec 2014, Dec 2013, Dec 2012 and Dec 2010, interim report June 2013), Company data, Moody's research

Peer group

- » [Bayerische Landesbank](#)
- » [HSH Nordbank AG](#)
- » [Landesbank Baden-Wuerttemberg](#)
- » [Norddeutsche Landesbank GZ](#)

Related websites and information sources

For additional information, please see:

The company's website

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

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Moody's related research

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

Credit Opinion

- » [Landesbank Hessen-Thüringen GZ \(1074808\)](#)

Industry Outlook

- » [Banking System Outlook - Germany \(1082726\)](#)

Rating Methodology

- » [Banks, September 2017 \(1065675\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available on the issuer's page. All research may not be available to all clients.

Endnotes

¹ The percentage calculated throughout exclude Consolidation/Reconciliation and Others

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REPORT NUMBER 1090969