

Landesbank Hessen-Thüringen

Issuer View • 29. January 2024

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Ratings

Landesbank Hessen-Thüringen Girozentrale

	Rating	Outlook
Fitch	A+	Stable
Moody's	Aa3	Stable
S&P	-	-

Homepage

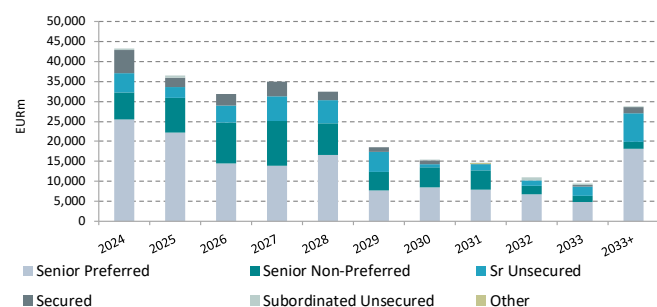
www.helaba.com

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a public-sector credit institution. The Sparkassen sector is the largest shareholder with 88% (H1/2023), followed by the states of Hesse and Thuringia with a combined 12%. In addition to Helaba, the Helaba Group consists of the wholly owned subsidiaries Frankfurter Sparkasse, Helaba Invest and WIBank. Helaba is part of the Sparkassen-Finanzgruppe and its institutional protection scheme. The institution acts as the Sparkassen central bank and S-Group bank for the Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. Helaba operates as a universal bank with a strong regional focus and a selected international presence. Through Wirtschafts- und Infrastruktur-bank Hessen (WIBank), it bundles the central development business of the State of Hesse and the administration of development programmes. It is reported in four operating segments: "Real Estate", "Corporates & Markets", "Retail & Asset Management" and "WIBank". Helaba's loan portfolio was predominantly made up of the customer groups "Public Sector" (H1/2023: 30%), "Corporates" (25%), "Commercial Real Estate" (19%) and "Financial Institutions" (15%). 70% of the portfolio was located in Germany; 21% was attributable to the rest of Europe. Medium and long-term refinancing consisted of promissory notes (H1/2023: 33%) and bank bonds unsecured (33%) as well as Pfandbriefe (23%). A Sustainable Lending Framework for was published in 2022. Furthermore, it is the aim of Helaba to increase the share of sustainable business volume to 50% by 2050 with a view to the company's own operating activities.

Balance Sheet

(EURm)	2021Y	2022Y	2023H1
Net Loans to Customers	119,036	120,357	119,791
Total Securities	36,615	30,777	30,005
Total Deposits	72,199	68,550	74,300
Tier 1 Common Capital	9,157	8,786	8,789
Total Assets	212,341	211,502	212,354
Total Risk-weighted Assets	63,881	64,874	63,149

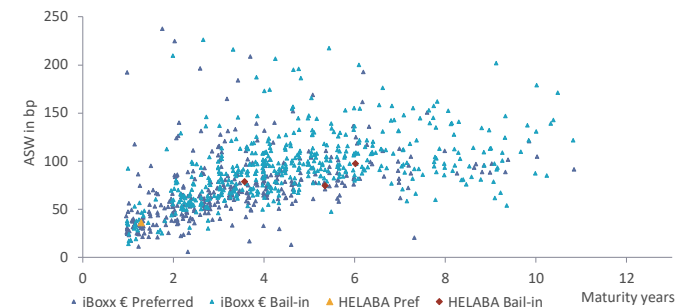
Redemption Profile



Income Statement

(EURm)	2021Y	2022Y	2023H1
Net Interest Income	1,326	1,417	817
Net Fee & Commission Inc.	485	533	259
Net Trading Income	183	131	99
Operating Expense	1,515	1,652	867
Credit Commit. Impairment	208	163	108
Pre-tax Profit	569	633	336

Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023H1	2021Y	2022Y	2023H1	
Net Interest Margin	0.63	0.69	0.80	Liquidity Coverage Ratio	183.80	216.80	197.20
ROAE	5.55	4.51	4.81	IFRS Tier 1 Leverage Ratio	4.65	4.44	4.40
Cost-to-Income	64.99	66.88	63.89	NPL/ Loans at Amortised Cost	0.99	0.82	1.66
Core Tier 1 Ratio	14.33	13.54	13.92	Reserves/Loans at Amort. Cost	0.62	0.72	0.79

As of 29.01.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Part of the Sparkassen financial group
- Capitalisation
- Refinancing via the savings banks

Risks / Weaknesses

- Risk concentration
- Profitability
- Dependency on wholesale funding

Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

Issuer with public and mortgage-backed cover pool

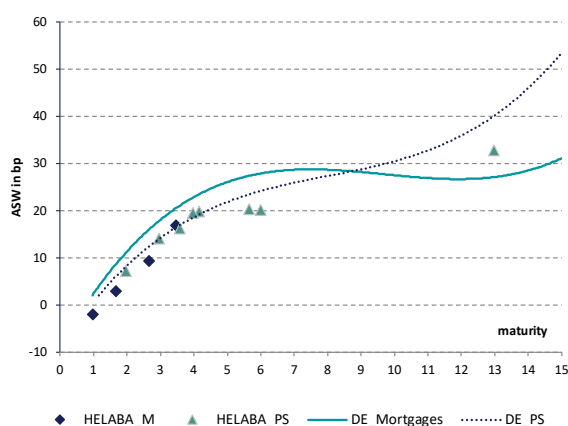
Landesbank Hessen-Thüringen maintains both a publicly collateralised and a mortgage-backed covered bond programme. As at the reporting date of 30 September 2023, the cover assets of the mortgage pool totalled EUR 16.738bn. The cover assets are offset by mortgage Pfandbriefe with a volume of EUR 9.651bn, resulting in an over-collateralisation ratio of 73.4%. This is well above the statutory minimum requirement. The public sector pool, also as at 30 September 2023, contains cover assets with a volume of EUR 32.575bn. These are offset by public sector Pfandbriefe with a volume of EUR 22.764bn as at the same reporting date. The credit institution is represented in the current composition of the iBoxx EUR Covered benchmark index with a total of twelve issues. While the outstanding volume of the eight Public Sector Covered Bonds totals EUR 7.25bn, the four Mortgage Covered Bonds have a combined value of EUR 5.00bn.

Programme data

30 September 2023	Public	Mortgage
Covered bonds outstanding	EUR 22.764bn	EUR 9.651bn
Cover pool volume	EUR 32.575bn	EUR 16.738bn
Current OC (nominal / legal)	43.1% / 2.0%	73.4% / 2.0%
Type	44.1% Local/municipal authorities	69.0% Commercial
Main country	93.7% Germany	48.0% Germany
Main region	38.5% Hesse	29.6% Hesse
Number of exposures/loans	19,556	10,798
Share top 10 exposures	30.8%	9.1%
NPL	0.00%	0.00%
Fixed interest (Cover Pool / CBs)	93.9% / 72.4%	69.8% / 74.5%
WAL (Cover Pool / CBs)	7.8y / 5.7y	3.3y / 1.9y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / Aaa / -

Quelle: Emittent, Ratingagenturen, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Germany



The largest share of cover assets is located in Germany

The mortgage cover pool consists almost exclusively of primary cover assets (share: 98.0%). At 69.0% or EUR 11.324bn, commercial property accounts for the largest share. The remaining EUR 5.082bn (31.0%) are thus residential cover assets. EUR 3.796bn or 23.1% of primary cover is attributable to the category of housing cooperatives and apartment blocks. In terms of the geographical distribution of cover assets, Germany dominates the mortgage pool with a primary cover share of 48.0%. Broken down by type of cover, Germany's share is 63.5% (residential) and 41.0% (commercial). In the public pool, the share of cover assets located in Germany is 93.7%. By type of debtor, the largest shares of primary cover are attributable to the categories "Local/municipal authorities" (44.1%) and "Regional/federal authorities" (36.1%).

Rating and regulatory treatment

Both the programme for issuing public sector Pfandbriefe and the mortgage Pfandbriefe have the highest rating from Moody's (Aaa). Based on the rating, a risk weight of 10% is applicable for the issuer's covered bonds in accordance with CRR. In addition, we believe that EUR benchmark transactions are suitable as Level 1 assets for LCR management purposes. In addition, the issuer's covered bonds are suitable as collateral in transactions with the ECB and new placements can be marketed under the European Covered Bond (Premium) label according to BaFin.

Appendix

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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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