

## Press release

10 February 2023

# ECB sanctions Landesbank Hessen-Thüringen Girozentrale for misreporting capital needs

- Bank intentionally breached market risk reporting rules
- ECB imposes penalty of €6.825 million on Landesbank Hessen-Thüringen Girozentrale

The European Central Bank (ECB) has imposed an administrative penalty of €6.825 million (€6,825,000) on Landesbank Hessen-Thüringen Girozentrale (Helaba) after the bank reported wrongly calculated risk-weighted assets for market risk.

In 2020, for three consecutive quarters, Landesbank Hessen-Thüringen Girozentrale reported lower risk-weighted assets for market risk than it should have done. When using its internal models to determine its risk-weighted assets for market risk, the bank consciously decided to disregard the increased volatility observed in financial markets at the outbreak of the coronavirus (COVID-19) pandemic. In doing so, the bank went beyond what had been allowed by the ECB's temporary relief measures for capital requirements on market risk at the time. The bank knowingly reported wrongly calculated figures to the ECB, therefore preventing the ECB from having a comprehensive view of its risk profile.

Risk-weighted assets are a measure of the risks a bank has on its books. They serve as a basis for banks to calculate their capital needs. Underestimating risk-weighted assets means the bank did not calculate its capital needs properly and reported a higher Common Equity Tier 1 (CET1) ratio than it should have done. The CET1 ratio is a key indicator of a bank's capital strength and its ability to absorb losses.

When deciding on the amount of a penalty to sanction a bank, the ECB applies its [Guide to the method of setting administrative pecuniary penalties](#). Out of the severity categories "minor", "moderately severe", "severe", "very severe" and "extremely severe", the ECB classified this breach as severe. More details on sanctions imposed by the ECB are available on the [ECB's banking supervision website](#).

The bank may challenge the ECB's decision before the Court of Justice of the European Union.

**For media queries, please contact [François Peyratout](#), tel.: +49 172 8632 119.**

## Notes

- The ECB's power to impose sanctions stems from Article 18(1) of Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.
- The Decision imposing a sanction may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

## European Central Bank

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