Landesbank Hessen-Thüringen
Girozentrale
(the "**Issuer**")

1st Supplement dated 4 September 2020 to the
Prospectus dated 27 April 2020 (the "Prospectus")
relating to the
Helaba Euro 35,000,000,000 Debt Issuance Programme
for the issue of Notes (including Pfandbriefe)
(the "Programme")

pursuant to Art. 23 (1) of Regulation (EU) 2017/1129 (the "Prospectus Regulation")
(the "**Supplement**").

This Supplement is supplemental to, and should be read in conjunction with the Prospectus dated 27 April 2020 relating to the EUR 35,000,000,000 Debt Issuance Programme of Landesbank Hessen-Thüringen Girozentrale.

Terms not otherwise defined herein shall have the meanings specified in the Prospectus.

The Issuer has applied for a notification pursuant to Art. 25 of the Prospectus Regulation and has requested the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of the Grand-Duchy of Luxembourg in its capacity as competent authority (the "**Competent Authority**") to provide the competent authority of the Federal Republic of Germany ("Germany") with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Prospectus Regulation. The Issuer may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with a notification.

This Supplement will be published in electronic form on the website of the Luxembourg Stock Exchange under www.bourse.lu, will be available free of charge at the specified offices of the Issuer and will be published in electronic form on the website of the Issuer http://programme.helaba.de.

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General Information

Landesbank Hessen-Thüringen Girozentrale is solely responsible for the information given in this Supplement.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement for which it is responsible, is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Supplement has been approved by the Competent Authority.

Right to Withdraw

According to article 23 paragraph 2 of the Prospectus Regulation, Investors who, prior to the publication of this Supplement, have made a declaration of intent aimed at the purchase of or subscription to securities offered under the Prospectus, are entitled to revoke this declaration of intent within a period of two working days after the publication of this Supplement (starting on 4 September 2020 and ending on 8 September 2020), if and to the extent that the new circumstance or the incorrectness has occurred prior to the final closing of the public offering and prior to the delivery of the debt instruments. Investors, who wish to exercise the right of withdrawal, may contact Landesbank Hessen-Thüringen, Neue Mainzer Str. 52-58, 60311 Frankfurt am Main.

Contents of the Supplement

This Supplement No. 1 dated 4 September 2020 amends the Prospectus in the places indicated below on the basis of the publication of the unaudited Interim Consolidated Financial Statements 2020 and the Group Interim Management Report 2020 by Helaba on 31 August 2020. The Consolidated Interim Financial Statements and the Interim Group Management Report of Landesbank Hessen-Thüringen Girozentrale (except for the subsection "Outlook and Opportunities") as well as the review report (*Bescheinigung nach prüferischer Durchsicht*) are enclosed in the annex to this Supplement and forms part of this Supplement.

Amendments to the Prospectus

Amendments to the section entitled "Description of Landesbank Hessen-Thüringen Girozentrale" on page 458

The following sentence replaces the last sentence in the paragraph entitled "**5. Trend Information – Material adverse change of the issuer's prospects, material change in financial performance of the Helaba Group**" on page 463:

Since 30 June 2020, the date of the last published unaudited condensed Consolidated Interim Financial Statements of the Issuer, there has been no significant change in the financial performance of the Helaba Group.

The following paragraphs replace the subsection on page 474 entitled "**8. Information concerning Helaba's Assets and Liabilities, Financial Position and Profits and Losses - 8.2 Interim and other Financial Information**":

8.2 Interim and other Financial Information

Helaba has prepared its condensed Consolidated Interim Financial Statements for the period ending 30 June 2020 and its Interim Group Management Report for the period ending 30 June 2020 pursuant to section 315e (1) of the HGB (German Commercial Code) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and published these on 31 August 2020.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (EY) has reviewed the condensed Consolidated Interim Financial Statements – comprising the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the condensed Consolidated Cash Flow Statement and selected explanatory Notes – and the Interim Group Management Report of Landesbank Hessen-Thüringen Girozentrale for the period from 1 January to 30 June 2020.

The following sentence replaces the information given in the subsection entitled "**8. Information concerning Helaba's Assets and Liabilities, Financial Position and Profits and Losses - 8.5 Significant change in Helaba's Financial Position**" on page 474:

Since 30 June 2020, the date of the last published unaudited condensed Consolidated Interim Financial Statements of the Issuer, there has been no significant change in the financial position of the Helaba Group.

Annex

Consolidated Interim Financial Statements and Interim Group Management Report
(except for the subsection "Outlook and Opportunities")
for the period 1 January to 30 June 2020

- Interim Group Management Report of Landesbank Hessen-Thüringen
- Consolidated Interim Financial Statements of Landsbank Hessen-Thüringen

Interim Group Management Report

(except for the subsection "Outlook and Opportunities")

Interim Group Management Report

Basic Information About the Group

Business model of the Group

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a credit institution organised under public law; its long-term strategic business model is that of a full-service bank with a regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkassen-Finanzgruppe. One key aspect of Helaba's business model is its legal form as a public-law institution. Helaba operates as a for-profit entity in line with the applicable provisions of the Charter and the Treaty of the Formation of a Joint Savings Banks Association Hesse-Thuringia. The Treaty and the Charter establish the legal framework for Helaba's business model. Other factors central to this business model are Helaba's status as part of the Sparkassen-Finanzgruppe with its institutional protection scheme, the distribution of tasks between Sparkassen, Landesbanken and other S-Group companies, the large stake in Helaba owned by the Sparkassen organisation, and Helaba's retention and expansion of its activities in the S-Group and public development and infrastructure business.

Helaba serves its clients in three functions: as a commercial bank, as a Sparkasse central bank and as a development bank.

As a commercial bank, Helaba operates in Germany and abroad. Helaba's hallmarks include stable, long-term customer relationships. It works with companies, institutional clients and the public sector.

Helaba is a Sparkasse central bank and S-Group bank for the Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg and, therefore, for around 40 % of all Sparkassen in Germany. It operates as a partner to the Sparkassen rather than as a competitor.

Helaba and the S-Group Sparkassen in Hesse and Thuringia together constitute the Sparkassen-Finanzgruppe Hessen-Thüringen, which follows a business model based on economic unity and a joint S-Group rating. Comprehensive co-operation and business agreements have been entered into with the Sparkassen and their associations in North Rhine-Westphalia. In addition, there are sales co-operation agreements with the Sparkassen in Brandenburg. The agreements with the Sparkassen in North Rhine-Westphalia and Brandenburg complement the S-Group Concept of the Sparkassen-Finanzgruppe Hessen-Thüringen, which continues in its current form.

In its capacity as the central development institution for Hesse, Helaba administers public-sector development programmes through Wirtschafts- und Infrastrukturbank Hessen (WIBank). As a dependent institution within Helaba, WIBank enjoys a direct statutory guarantee from the State of Hesse, which is in compliance with applicable European Union (EU) law. WIBank's business activities are guided by the development objectives of the State of Hesse. Helaba also has stakes in a number of other development institutions in Hesse and Thuringia.

In addition to Helaba, the business model includes further strong, well-known brands (in some cases, legally independent subsidiaries) that complement the Group's product portfolio.

Helaba is the market leader in the home loans and savings business in both Hesse and Thuringia through Landesbausparkasse Hessen-Thüringen (LBS).

Frankfurter Sparkasse, a wholly owned subsidiary of Helaba organised under German public law, is the leading retail bank in the Frankfurt am Main region with around 810,000 customers. Frankfurter Sparkasse has also successfully established a presence in the direct banking market across Germany through 1822direkt.

Frankfurter Bankgesellschaft (Schweiz) AG (FBG) and its wholly owned subsidiary Frankfurter Bankgesellschaft (Deutschland) AG provide Helaba's products and services for Sparkassen in private banking and in the wealth and asset management businesses. FBG, which operates as the private bank of the Sparkassen-Finanzgruppe, acquires high-net-worth customers in Germany through Sparkassen in the S-Group with which it has a collaboration agreement. In its role as a central partner for the Sparkassen, Frankfurter Bankgesellschaft offers the Family Office service, enhancing its range of professional advisory services in connection with all asset-related matters. With the investment in IMAP Deutschland GmbH at the end of 2019, Frankfurter Bankgesellschaft extended its range of services for family-owned businesses to include consulting services in connection with mergers and acquisitions (M&A).

The wholly owned subsidiary Helaba Invest is one of Germany's leading institutional asset management companies that administer and manage both securities and real estate. Its product range includes special funds for institutional investors and retail funds as a management and/or advisory portfolio, comprehensive fund management (including reporting and risk management), advice on strategy and support for indirect investments. Within the Sparkassen-Finanzgruppe, Helaba Invest is the largest provider of special funds for institutional investors.

The GWH Group holds one of the largest residential real estate portfolios in Hesse, comprising around 49,000 managed residential units. The group focuses on developing residential real estate projects and on managing and optimising residential property portfolios.

The OFB Group is a full-service group of companies in the fields of real estate project development, land development and the construction and project management of high-value commercial real estate. It operates throughout Germany with a particular focus on the Rhine-Main region.

Helaba's registered offices are situated in Frankfurt am Main and Erfurt, and it also has branches in Düsseldorf, Kassel, Paris, London, New York and Stockholm. The branches allow Helaba to strengthen its local presence close to customers and Sparkassen. The foreign branches provide Helaba with access to the funding markets, particularly those markets based on the US dollar and pound sterling. The organisation also includes representative and sales offices, subsidiaries and affiliates.

Management instruments and non-financial performance indicators

As part of managing the Bank as a whole, Helaba has integrated systems in place for business and productivity management. This is based on a multi-level margin accounting system. Controlling comprises both the management of absolute income and costs and the integrated management of contribution margins. The target is to achieve a cost-income ratio below 70 %. The cost-income ratio is the ratio of general and administrative expenses to profit/loss before taxes net of general and administrative expenses and of loss allowances for loans and advances. The annual planning process, from which a budgeted statement of financial position and income statement are derived, also follows this system. Regular plan/actual comparisons are generated and variances analysed based on a management income statement produced in the margin accounting system at regular intervals in the course of the financial year. In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

One key indicator used to manage portfolios is the volume of new medium- and long-term business (defined as the volume of new medium- and long-term business with a funding term of more than one year). Systematic preliminary costings are carried out for loan agreements, in particular to ensure that new business is managed with a focus on risk and profitability.

Equity is managed through the allocation of regulatory and economic limits and through the capital ratio. When the target capital ratios are set, the targets take into account the additional own funds requirements specified by the European Central Bank (ECB). Taking into account the relaxation permitted by the ECB because of the COVID-19 pandemic, the minimum Common Equity Tier 1 (CET1) capital ratio (including capital buffer requirements) required to be maintained by the Helaba Group (as defined by the German Banking Act (Kreditwesengesetz, KWG) and the Capital Requirements Regulation (CRR)) in 2020 under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 9.0 %.

This figure takes into account the ECB's decision in response to the COVID-19 pandemic that, with immediate effect in 2020, the capital requirements derived from the SREP need no longer be held exclusively in the form of Common Equity Tier 1 capital; instead, some of them can be held in the form of Additional Tier 1 capital and Tier 2 capital. In addition, various country-related countercyclical capital buffer rates have been adjusted by national supervisory authorities as part of measures implemented to address the impact from the COVID-19 pandemic.

Profitability targets are managed on the basis of, for example, the economic return on equity (ratio of profit/loss before taxes to average capital employed in the financial year determined in accordance with IFRS). Helaba has set a target range of 5 % to 7 % for economic return on equity before tax.

The leverage ratio measures the ratio between regulatory capital and the unweighted total of all on-balance sheet and off-balance sheet asset items including derivatives. Currently, banks must disclose the leverage ratio and report it to the supervisory authorities as an indicator for monitoring purposes. However, based on the EU Regulation amending the CRR published at the beginning of June 2019, a binding minimum leverage ratio of 3.0 % will apply from mid-2021. Helaba is already taking this ratio into account in its management systems.

The CRR specifies that banks must calculate a (short-term) liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). The regulatory minimum LCR is 100 %. The amended CRR published in 2019 implements the NSFR in the EU and it will be mandatory to comply with the NSFR requirements from 2021. The NSFR is already being taken into account in Helaba's management systems. Both liquidity ratios are leading to an increase in liquidity management costs and therefore have a negative impact on profitability.

As part of the implementation of the Single Resolution Mechanism (SRM) in Europe, the competent resolution authority has specified an institution-specific minimum requirement for own funds and eligible liabilities (MREL). The binding MREL for the Helaba Group – based on figures as at 31 December 2018 – is 8.94 % of total liabilities and own funds (TLOF). This equates to 24.9 % of risk-weighted assets (RWAs).

To fund itself, Helaba draws on different sources and products, focusing in particular on the anchor sources of funding available through direct and indirect Sparkasse business (proprietary and customer transactions) as a result of belonging to a strong association of financial institutions. Development funds raised through WIBank and Pfandbrief issues are also a cost-efficient component of its stable funding base.

As the leading S-Group bank in the Sparkassen-Finanzgruppe, Helaba is continuously expanding its business relationships with Sparkassen throughout Germany. In the regions of Hesse, Thuringia and North Rhine-Westphalia, where Helaba acts as the Sparkasse central bank, Helaba uses standard criteria to determine a product use ratio that expresses the volume of business conducted with Helaba and its subsidiaries as a percentage of the total purchases by each Sparkasse. The target range for product utilisation rates is 60 % to 80 %.

As a public-law credit institution with a mandate to operate in the public interest, Helaba has pledged its commitment to social responsibility, which forms part of its fundamental identity and is embodied in its strategic business model. Helaba is committed to tackling the challenge of climate change and endorses the objectives of the Paris Agreement and the climate objectives of the German federal government and the European Union. Helaba has also signed up to the Ten Principles of the UN Global Compact, thereby recognising international standards for the environment, human rights, labour and anti-corruption.

With a view to minimising negative effects on the environment and society and preventing reputational risk for the Helaba Group, Helaba has drawn up guiding sustainability principles applicable for the Group. These principles include standards of conduct approved by the Executive Board for business activities, business operations, employees and corporate social responsibility. Helaba has also translated its responsibility to the environment and society into binding requirements in its business strategy. Helaba's risk assessment and risk management processes thus incorporate the identification and assessment of environmental risks and of issues from a social and ethical perspective.

In lending operations, Helaba has established mandatory Group-wide sustainability criteria that have been incorporated into the risk strategies and are updated each year. Its aim is to use the risk management system to minimise environmental, social and governance (ESG) risks, including the transitional and physical risks caused by climate change, that may arise from its financing activities. For critical sectors of the economy, it has developed specific lending criteria that rule out controversial business practices in particular, and take into account sector-specific risk issues.

The Helaba Group's sustainability performance is regularly rated by sustainability rating agencies. The ratings are a core component in the process of analysing and refining Helaba's sustainability profile. Helaba is constantly upgrading its range of sustainability management tools with the aim of achieving continuous improvement in these third-party ratings.

Employees

- HR strategy
  The basic principles of Helaba's HR activities are derived from its business strategy. These principles incorporate social, economic and regulatory changes. The core tasks include, for example, strategy-oriented and needs-based recruitment of suitable employees, the provision of professional services, attractive remuneration and ancillary benefits (such as occupational pensions), and continuing professional development (including the management of young talent and employees with high potential). Helaba focuses particularly on health management, the development of its corporate culture and diversity management. Various indicators, such as a low staff turnover rate, average length of service and low absenteeism, confirm that employees are satisfied and highly committed.

- Remuneration principles
  The business strategy and risk strategy specify the degree of flexibility available to employees. This then also forms the basis for the remuneration system. Helaba's remuneration strategy and remuneration principles set out the relationship between business strategy, risk strategy and remuneration strategy, taking account of the corporate culture. The remuneration strategy takes into account the attainment of targets specified in operational planning when determining an overall budget for the Bank and allocating the budget for variable remuneration at unit level, thereby ensuring that there is a link between the remuneration strategy and divisional strategic objectives. For the corporate centre units, budgets are allocated based on the results generated by the Bank as a whole and the attainment of qualitative targets. This system rules out the possibility of incentives for individual employees to enter into disproportionately high risks. The fixed salaries are based on market requirements.

- Human resources development
  Despite a high level of cost-consciousness, Helaba continues to make a significant investment in developing the skills and qualifications of its employees. All employees can access a needs-based range of internal seminars covering professional, personal, social and methodological development. This is supplemented by third-party training and, if suitable, opportunities in the form of work and study programmes or courses leading to professional qualifications. In addition to the management of professional development, HR development services also include various aspects of performance and change management. The life-stage model introduced in 2019 provides a framework for employees at different stages in their professional careers and is intended to increase Helaba's appeal as an employer in the competition to attract highly skilled personnel and talent.

- Management of young talent and high-potential employees
  Demographic change and ongoing digitalisation will have an impact on Helaba's competitiveness in the long term. The recruitment, development and retention of young talent and high-potential employees is therefore correspondingly important. Based on vocational training and general trainee programmes, plus internships for students, Helaba offers those at the start of their careers the opportunity to become familiar with banking practice and acquire basic skills. To reach the young target group, Helaba is also changing its recruitment approach towards more direct, personal contact with candidates and greater use of digital media. In addition, Helaba is focusing internally on the development of existing employees with high potential, to provide the individuals concerned with the foundations for a career as a technical specialist or executive manager. These individuals are provided with targeted development based on their strengths and areas of learning; since 2019, they have been able to receive systematic preparation for future tasks with increased responsibility as part of the "Nauta" programme for high-potential employees, which has been specially developed for Helaba.

- Health management
  Helaba operates an occupational health management system and a company sports programme, helping employees to maintain their physical and mental well-being and nurturing an awareness of the need for a healthy lifestyle. It also provides an employee assistance programme, which employees have been able to access since 2019 to obtain help in connection with professional, family, health or other personal issues.

- Corporate culture and diversity management
  The objective of the "Helaba in Bewegung" corporate culture transformation process launched in 2017 is to position Helaba in the market on a long-term viable basis. This initiative aims to move the corporate culture towards new approaches in terms of ways of working, processes and forms of

collaboration. Helaba is currently setting out the framework for future mobile, agile working in a programme with the tagline “New Work@Helaba”, which will be implemented for half of the employees at Helaba Bank in 2020 when they move into a new, state-of-the-art office building at the Offenbach site. Since 2019, the HOPS job-shadowing scheme has also offered employees the opportunity to familiarise themselves with other units at Helaba and enhance their internal professional networks. As part of the corporate culture, Helaba focuses, in addition, on work-life balance and the implementation of measures in the context of diversity management. Various initiatives took place in 2019, including the launch of professional development seminars and a mentoring programme specifically designed for women.

COVID-19 Crisis

The COVID-19 crisis – already considered to be the most serious economic crisis of recent decades – has fundamentally changed the operating environment for banks. The general uncertainty led to a sharp rise in volatility on capital markets. A deep recession in key economic regions in the first half of 2020 is expected to be replaced by an economic recovery over the remainder of the year.

- Operational stability in the pandemic
  From an operating perspective, Helaba adapted to the new requirements and was able to establish remote working for employees within a short period of time. As the first infections emerged in Germany in January 2020, Helaba began to gradually set in motion the business continuity processes envisaged for such an eventuality. Since 4 February 2020, the entire Executive Board has been regularly updated with information on the latest position and the action plans that have been initiated. The various measures were implemented in full when official restrictions were imposed in March 2020. Helaba was able to maintain the stability of its operating processes at all times. Since the end of May, there has been a structured return to Helaba’s offices with multi-shift working based on the rotation of employees divided into groups. The focus of this approach has been to safeguard the health of all employees. Suitable precautionary measures have also been introduced at subsidiaries. Processes at subsidiaries are stable and running normally. The performance of outsourcing service providers and their operational stability are also being monitored as planned; no significant restraints have been identified.

- Economic impact of the pandemic
  Helaba’s overall liquidity situation remains sound. Throughout the period of the pandemic, the liquidity coverage ratio (LCR) has remained well above the risk tolerance threshold of 120 % and the minimum required ratio of 100 %. The liquidity coverage ratio (LCR) for the Helaba Group was 228.4 % as at 30 June 2020 (31 December 2019: 225.3 %). As the COVID-19 pandemic unfolded, there was a noticeable increase in the drawdown of credit lines by corporate clients in March. In many cases, these funds were then immediately re-deposited in accounts held with Helaba. Additional liquidity reserves were mobilised. Helaba also stepped up its monitoring of the impact from new lending business on the liquidity position during the crisis. However, this action was gradually scaled back as the tension on money and capital markets eased.

As at 30 June 2020, the Common Equity Tier 1 (CET1) capital ratio stood at 13.3 %, which was below the corresponding figure of 14.2 % at the end of 2019, largely because of a rise in risk assets. The increase in risk assets was primarily due to credit risk and was particularly attributable to business-related portfolio expansion and initial changes in ratings. At the same time, risk assets increased as a result of market risk caused by market volatility. Over the course of the whole of the first half of the year, the Helaba Group’s capital position remained at a comfortable level in excess of the regulatory requirements and above the threshold values set in the recovery plan. The Helaba Group satisfied all regulatory requirements, even after taking into account the temporary deterioration in the stress scenarios.

The Executive Board is closely monitoring the ongoing changes in all relevant parameters. To this end, it has set up additional reporting processes and implemented further risk management measures. For further details, please refer to the risk report.

More information on the economic impact is presented the “Financial Position and Financial Performance” section of the management report and in Note (33) of the consolidated interim financial statements.

- Development and support loan business
  On behalf of the State of Hesse, WIBank is providing help for businesses in Hesse in the current critical situation for the economy; this help takes the form of specific support programmes. Currently, small and medium-sized enterprises, together with freelancers and the self-employed, are able to access loans issued via their primary banks and a variant involving direct loans. By the end of June, a total of around 5,000 business owners in Hesse had received support commitments from WIBank with a value of € 161 m to help mitigate the consequences of the COVID-19 crisis for their businesses. Most of the support commitments (€ 152 m) were accounted for by a direct loan from WIBank known as Hessen-Mikroliquidität. A further € 10 m was accounted for by subordinated loans offered via primary banks as liquidity support for small and medium-sized enterprises (SMEs) in Hesse.

  In its role as a forwarding institution, Helaba has been providing assistance since 23 March 2020 for the Sparkassen-Finanzgruppe Hessen-Thüringen with the implementation of the new KfW support loans, among other things by advising on the selection of the COVID-19 assistance programmes and by providing information on the requirements of the funding institutions and on the processing of support loan applications. As at the end of June, Helaba had forwarded 1,864 applications for the KfW COVID-19 assistance programmes with a total value of € 589 m. All the processes in this case have also continued to run normally.

- Relaxation of regulatory requirements
  In a letter dated 30 March 2020, the ECB notified that, as a result of the COVID-19 pandemic, it was extending all the deadlines set for the Helaba Group in all supervisory decisions and supervisory letters, generally by a period of six months. The extension includes, for example, deadlines for the fulfilment of qualitative requirements under the SREP decision and requirements in decisions resulting from on-site inspections or deep dives performed by the Joint Supervisory Team (JST).

  Owing to the exceptional circumstances resulting from the COVID-19 pandemic, the ECB no longer requires the 2020 Pillar II capital requirement to be held exclusively in the form of CET1 capital, which has been the case to date; instead, some of it can be held in the form of Additional Tier 1 (AT1) capital and Tier 2 capital. Overall, the Pillar II capital requirement remains unchanged at 1.75 %. Within this requirement, 0.98 % must be held as CET1 capital, 0.33 % as AT1 capital and 0.44 % as Tier 2 capital.

  In addition, the Single Resolution Board (SRB) has extended the deadlines set for Helaba in the context of resolution planning.

  Standard-setters have also made deadline changes as a consequence of the COVID-19 pandemic. For example, consultation periods have been extended, the publication of final documents has been delayed and application dates for new regulatory requirements have been postponed.

  The 2020 European Banking Authority (EBA) stress test scheduled for the period 31 January to 31 July 2020 has been postponed until 2021. An additional EU-wide transparency exercise was carried out instead, the results of which were published by the EBA on 8 June 2020.

  In connection with the revision of the CRR, Helaba decided to make use of the arrangement in article 473a CRR and applied to the ECB for authorisation to implement the IFRS 9 transitional rules for the dynamic approach. The ECB issued an authorisation for Helaba on 19 May 2020 and the period ending 30 June 2020 therefore includes the first-time application of the transitional rules.

- Customers
  Helaba focuses on long-term customer relationships built on trust, never more so than when times are tough. As part of its range of services and advisory activities, Helaba also helps its customers to raise funds through the capital markets.

  Despite the high quality of the lending portfolio and a very low ratio of non-performing loans (NPL ratio) of just 0.4 % at the end of 2019, Helaba has been receiving requests from customers for payment deferrals and the suspension of repayments as a consequence of the crisis. In this context, Helaba has set up a special watchlist with a view to carrying out even closer monitoring of businesses particularly affected by the COVID-19 crisis. Helaba's corporate clients are also applying for assistance from government support programmes. In this case, Helaba is accordingly integrating support programmes into its range of services for customers. Further details on credit risk are presented in the risk report and in Note (33) of the consolidated interim financial statements.

Economic Report

Macroeconomic and sector-specific conditions in Germany

The predominant feature of the first half of 2020 was the COVID-19 pandemic, which has led to a serious recession in Germany. Gross domestic product (GDP) contracted by 6.7 % in the first six months of the year. The temporary lockdown weighed on consumer spending. Whereas retail trade recovered again during the first half of the year, the losses are persisting in many service sectors of the economy, such as hotels and events. Spending on capital equipment also fell sharply. Furthermore, lockdowns in many of Germany's export markets led to a slump in foreign trade. Construction activity, primarily in the residential and public sectors, proved to be a stabilising factor in Germany. Since May, economic activity has been gathering pace again, so it may be possible over the second half of the year to recoup some of the losses. Nevertheless, German GDP is likely to shrink by 6.4 % overall in 2020. The average inflation rate for the whole of 2020 is expected to be just 0.5 % as a result of the temporary reduction in VAT in the second half of the year. The subsequent return to higher tax rates will have the effect of pushing up prices in 2021.

More and more areas of economic activity are becoming digitalised, driven by continuous advances in information technology. Online and mobile channels are presenting financial service providers with new ways of offering products and of accessing and exchanging data with customers. The COVID-19 crisis has given this trend even more momentum.

Online banks, high street banks and increasingly non-bank web-based businesses (termed fintech companies or fintechs) too have developed new communication and sales channels in private customer business, in some cases in competition and in other cases in co-operation with one another. To an ever greater extent, attention is now focusing on business with corporate clients, real estate customers and institutional investors as well. Derivative platforms enable currency hedges to be effected using standardised processes, lending portals arrange funding for small corporate customers through banks or directly through institutional investors and banks analyse their customer data in search of more effective ways of offering products. Around the globe, blockchain technology is being refined to find new, faster and more cost-effective methods of exchanging data; besides the handling of promissory note loans and foreign trade finance, digital payments on a blockchain basis have also become a greater focus of attention in the last few months.

On 31 January 2020, the United Kingdom (UK) left the EU. The withdrawal act provides for a transition period until the end of 2020 during which time the relationship between the EU and the UK will remain largely unchanged and the UK will remain a member of the EU single market and customs union. Following the withdrawal, the British government must reorganise the fundamentals of the country's relationship with the EU with the objective of signing a free trade agreement with the EU. In view of the ambitious schedule, a hard Brexit at the end of the transition period cannot be entirely ruled out. In anticipation of the UK's exit from the EU, Helaba has analysed all key scenarios and possible implications and has also submitted to the British supervisory authorities an application to establish a third-country branch for the Helaba branch in London. Overall, Helaba is therefore well prepared for the UK's withdrawal from the EU, even if this occurs without a deal between the UK and the other EU member states.

Key developments in the regulatory framework were as follows:

- Prudential supervision by the ECB (Single Supervisory Mechanism, SSM)
  The Helaba Group (within the meaning of the KWG and the CRR), together with its affiliated subsidiaries Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Deutschland) AG, is among the banks classified as "significant" and therefore subject to direct supervision by the ECB. The ECB sent the Helaba Group a letter dated 10 December 2019 notifying it of the findings of the Supervisory Review and Evaluation Process (SREP). The ECB specified that the minimum Common Equity Tier 1 (CET1) capital ratio to be maintained by the Helaba Group in 2020 was initially 9.85 %. This requirement comprised the Pillar 1 minimum capital requirement, the Pillar 2 capital requirement and the capital buffers, including a countercyclical capital buffer of 0.1 %. Taking into account the latest situation as at 30 June 2020 (ECB decision, see above), the minimum CET1 capital ratio to be maintained by the Helaba Group is now 9.00 %.

- German Risk Reduction Act
  The draft of the German Act on Reducing Risk and Strengthening Proportionality in the Banking Sector or Risk Reduction Act (Risikoreduzierungsgesetz, RiG) aims to transpose into German national law the EU Banking Package (specifically Capital Requirements Directive V (CRD V) and Bank Recovery and Resolution Directive II (BRRD II)) adopted in 2019. The RiG is an omnibus act in which a total of 13 German acts are revised. The main additions and amendments are being applied to the German Banking Act (Kreditwesengesetz, KWG) and the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG). The provisions are generally scheduled to come into force at the end of 2020 with further transitional periods up to 1 January 2022. Helaba has already started to analyse various individual aspects of the provisions to assess how they apply.

- ECB Guide on climate-related and environmental risks
  Following the publication of BaFin's Guidance Notice on Dealing With Sustainability Risks at the end of 2019, the ECB issued a draft consultation paper in May 2020 for a guide on climate-related and environmental risks. In this paper, the ECB sets out the principles of good practice in relation to climate-related risks that it expects banks under its supervision to incorporate into their activities. In June 2020, the European Parliament approved the final version of the EU Taxonomy Regulation, the last element of the EU's "Action Plan: Financing Sustainable Growth". Helaba is analysing the need for action arising from the ECB guide and the EU action plan and is holding discussions with other member institutions of banking associations about issues relating to the interpretation and implementation of the guide and plan.

Business performance

The volume of new medium- and long-term business in the group (excluding the WIBank development business, which does not form part of the competitive market) remained around the prior-year level at € 9.5 bn (H1 2019: € 9.6 bn). Loans and advances to customers (financial assets measured at amortised cost) rose to € 115.2 bn, which was also attributable to the increase in the demand for financing from our customers as a consequence of COVID-19 (31 December 2019: € 113.7 bn). Added to these were loans and advances to Sparkassen (financial assets measured at amortised cost) in the amount of € 5.6 bn (31 December 2019: € 5.7 bn). The focus on lending in core business areas and to the Sparkassen as S-Group partners is in line with the customer-centric orientation of Helaba's business model.

The market environment for funding business for financial institutions was significantly impacted by the COVID-19 pandemic in the first half of the year. Following a positive start to the year, the outbreak of the disease caused huge market turmoil in March and April. The effects were eased again in subsequent months with the help of global monetary policy measures introduced by central banks and comprehensive support programmes instigated by national governments. The market has since stabilised again with a high level of spreads. The improved terms for the ECB's targeted longer-term refinancing operations III (TLTRO III) in June settled down the liquidity situation for financial institutions to a great extent. By participating in TLTRO III in an amount of € 8.8 bn, the Helaba Group has already covered its medium- and long-term funding requirements for the whole of the year on favourable terms.

Including the above tender, the Helaba Group raised medium- and long-term funding of around € 17.5 bn in the first half of 2020 (H1 2019: € 10.9 bn), with unsecured funding amounting to approximately € 11.6 bn (H1 2019: € 5.7 bn). Despite persistently low interest rates and the market dislocation triggered by the COVID-19 pandemic, sales of retail issues placed through the Sparkasse network were almost at the prior-year level at € 1.2 bn (H1 2019: € 1.3 bn). Pfandbrief issues amounted to € 5.9 bn in total (H1 2019: € 5.2 bn), with public Pfandbriefe accounting for approximately 55 % and mortgage Pfandbriefe around 45 % of this total. This included € 3.8 bn of own-use Pfandbriefe for depositing with the ECB in connection with Helaba's participation in TLTRO III. As in previous years, the customer deposits in the retail business within the Group, in particular through the subsidiary Frankfurter Sparkasse, brought further diversification to the funding base. In addition, new medium- and long-term funding at WIBank amounted to just under € 1.5 bn.

The cost-income ratio was 118.7 % as at 30 June 2020 (30 June 2019: 68.4 %; prior-year figure adjusted as a result of a change in presentation; see Note (1)) and was therefore very significantly higher than the target figure (2019 target: < 70 %). Return on equity declined to – 6.3 % (30 June 2019: 7.7 %) and was therefore outside the target range of 5 to 7 %.

Phased in, i.e. taking into account the CRR I transitional arrangements, as at 30 June 2020 the Helaba Group's CET1 capital ratio was 13.3 % (31 December 2019: 14.2 %) and its total capital ratio 17.7 % (31 December 2019: 19.0 %). There were no longer any differences between these figures and the equivalent CET1 capital ratio and total capital ratio on a fully loaded basis, i.e. with all CRR I requirements applied. Helaba therefore has a comfortable capital position and satisfies all the regulatory requirements that have currently been published.

CRD IV provides for a transitional phase until the end of 2021 for capital instruments that are currently recognised as regulatory Tier 1 capital, but will not meet the future requirements for such capital. At Helaba, this affects silent participations with a nominal amount of € 518 m, a situation that remains unchanged compared with the prior year.

As at 30 June 2020, the Helaba Group's leverage ratio was 4.0 % taking into account the transitional provisions set out in the delegated act (31 December 2019: 4.5 %), or 3.8 % fully loaded (31 December 2019: 4.3 %), and therefore above the specified minimum ratio of 3.0 %.

The liquidity coverage ratio (LCR) for the Helaba Group was 228.4 % as at 30 June 2020 (31 December 2019: 225.3 %).

The NPL ratio for the Helaba Group (in accordance with EBA risk indicator code AQT_3.2) was 0.51 % as at 30 June 2020 (31 December 2019: 0.44 %). As in the previous year, therefore, Helaba fell below the German average published in the EBA Risk Dashboard, which at 1.2 % (as at 31 March 2020) was already very low by European standards.

As at 31 December 2019, the MREL ratio for the Helaba Group stood at 61.6 % based on RWAs and 20.1 % based on TLOF. The MREL portfolio was therefore well in excess of the MREL of 8.94 % of TLOF set by the competent resolution authority.

In the ESG-linked loans business, Helaba carried out a few milestone transactions during the first six months of the year, honing its sustainability profile. For example, it entered into the first sustainable guarantee facility, signing an agreement with one customer. In addition, Helaba arranged a number of green promissory note loans with a total value of around € 1 bn from issuers in Germany and abroad. In the case of these loans, the funds can only be used for specific sustainable investments or the terms and conditions are linked to sustainability indicators or issuer ratings. Helaba anticipates a further rise in the demand for ESG-linked finance over the course of the year.

In December 2019, sustainability rating agency ISS ESG (formerly ISSoekom) confirmed the prime status of the Helaba Group's corporate rating at a rating of C (on a scale from D- to A+). Helaba's rating from sustainability rating agency imug improved from B to BB. Helaba has thereby consolidated its competitive position from the perspective of sustainability and is continually and consistently improving its sustainability profile. Helaba reviews its business model on a regular basis and continues to refine it. In this context, Helaba has drawn up a strategic agenda focusing on growth, long-term performance, responsible conduct and enhanced efficiency. The "Scope – Growth through Efficiency" project, which was launched in 2019, analyses the potential for growth and efficiency, adding another dimension to the strategic agenda. The objective of the project is to counter the anticipated increase in costs and downward pressure on income, thereby creating the necessary flexibility for investment in further growth. A further overall objective was to place an even greater focus on customers in Helaba's structures in order to facilitate implementation of the growth trajectory. To this end, the organisational structure of Helaba Bank was subjected to very close scrutiny and substantially slimmed down as a consequence. The new organisational structure was introduced in March 2020.

Financial Position and Financial Performance

Financial performance of the Group

	1.1.– 30.6.2020	1.1.– 30.6.2019[1)]	Change	
	in € m	in € m	in € m	in %
Net interest income	598	557	41	7.4
Loss allowances	–151	–34	–117	>–100.0
Net interest income after loss allowances	**447**	**523**	**–76**	**–14.5**
Net fee and commission income	211	186	25	13.4
Net income from investment property	105	118	–13	–11.0
Gains or losses on measurement at fair value	–303	78	–381	>–100.0
Net trading income	–170	–27	–143	>–100.0
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–133	105	–238	>–100.0
Share of profit or loss of equity-accounted entities	2	3	–1	–33.3
Other net income/expense	42	195	–153	–78.5
General and administrative expenses, including depreciation and amortisation	–778	–778	–	–
Profit/loss before taxes	**–274**	**325**	**–599**	**>–100.0**
Taxes on income	89	–70	159	>100.0
Consolidated net profit/loss	**–185**	**255**	**–440**	**>–100.0**

1) Prior-year figures adjusted: In the previous year, rental expenses of € 6 m were reported under other net income/expense. These expenses are now recognised under general and administrative expenses.

The first half of 2020 returned a satisfactory level of net operating income but significant temporary measurement corrections caused by the COVID-19 pandemic also needed to be recognised. The Helaba Group incurred a loss before tax of € 274 m (H1 2019: profit before tax of € 325 m). The significant heightened volatility on financial markets led to substantial negative measurement effects in earnings as a result of measurement at fair value. Starting from a low base, loss allowances rose very sharply because of the economic slowdown brought about by the COVID-19 pandemic. Compared with the first six months of the previous year, there was a marked improvement in the income from the operating business, which is reflected mainly in net interest income, net fee and commission income and net income from investment property, the latter item now being reported separately for the first time.

Whereas general and administrative expenses were in line with the budget, total income from the operating business, comprising net interest income, net fee and commission income and net income from investment property, slightly exceeded budget. In contrast, net interest income after loss allowances came in markedly below budget; other net operating income, gains or losses on measurement at fair value and consolidated profit/loss before taxes were very significantly below the budgeted figures. The changes in the individual items in the income statement were as described below.

Net interest income amounted to € 598 m, which equated to a year-on-year rise of € 41 m. A greater average portfolio, higher net income from interest rate management by Treasury and an improvement in the effect from negative interest rates led to the rise in net interest income.

Loss allowances amounted to a net addition of € 151 m (H1 2019: net addition of € 34 m). The breakdown of this net addition to loss allowances by stage in accordance with IFRS 9 (including the provisions for loan commitments and financial guarantees) was as follows: stage 1, net addition of € 10 m; stage 2, net addition of € 138 m; stage 3, net addition of € 4 m. The balance of direct write-offs, loss allowances on financial assets measured at fair value through other comprehensive income and recoveries on loans and receivables previously written off amounted to net income of € 1 m. The very substantial rise in loss allowances was caused by the COVID-19 pandemic. In the first half of 2020, the heightened risk was only specifically reflected to a small extent in the individual calculations of loss allowances as a result of rating deteriorations and default events, but the Helaba Group is expecting defaults to increase considerably going forward. With this in mind, the portfolio-based loss allowance at stage 2 of € 60 m recognised as at 31 December 2019 was increased by € 28 m. In addition, the forecast deterioration in macroeconomic parameters, which was evaluated as part of the regular loss allowance process as a "specific scenario", led to an adjustment of the loss allowances for stages 1 and 2 of € 100 m. For further details, please refer to Note (33) of the consolidated interim financial statements.

After taking into account the loss allowances, the net interest income of € 523 m in the first half the previous year fell to € 447 m in the current reporting period.

Net fee and commission income rose by € 25 m to € 211 m. Performance in terms of fees and commissions was particularly strong in the payments business and in the securities and securities deposit business at Frankfurter Sparkasse. Fees and commissions from the lending and guarantee business at Helaba also went up.

Most of the net income from investment property is generated by the GWH Group and amounted to € 105 m (H1 2019: € 118 m). This figure comprises the balance of rental income, operating costs and the net gains or losses on disposals. The reason for the year-on-year decline was the fall of € 13 m in the net gain on disposals to € 11 m.

In the first half of 2020, net trading income was shaped by significant market volatility triggered by the COVID-19 pandemic. The securities trading portfolio for the customer-driven capital markets business comprises public sector issuers, covered bonds, unsecured bank bonds and corporate bonds. The average term to maturity of the securities is approximately five years. Substantial temporary measurement losses were incurred, primarily as a result of the widening of credit spreads in connection with borrowers with good to investment grade credit ratings, especially also in relation to long-term transactions with the public sector. The customer business performed well and within expectations.

Net income from hedge accounting and other financial instruments measured at fair value (non-trading) amounted to a net expense of € 133 m (H1 2019: net income of € 105 m). Firstly, a remeasurement loss of € 71 m (H1 2019: gain of € 51 m) arose on fund investments, predominantly attributable to the widening of credit spreads. Secondly, interest rate and credit spread changes in connection with non-trading financial instruments measured at fair value led to significant remeasurement losses.

The very significant contraction in other net income was largely attributable to the absence of the one-off item from the first-time consolidation of KOFIBA that had increased the net income in the previous year. Other net income amounted to € 42 m compared with € 195 m in the corresponding prior-year period. This figure also included dividend income of € 8 m (H1 2019: € 5 m) and gains or losses on derecognition of financial instruments not measured at fair value through profit or loss amounting to a net gain of € 5 m (H1 2019: € 7 m).

General and administrative expenses comprised personnel expenses of € 335 m (H1 2019: € 334 m), other administrative expenses of € 378 m (H1 2019: € 381 m) as well as depreciation and amortisation charges of € 65 m (H1 2019: € 63 m). Other administrative expenses included the European bank levy in an amount of € 51 m (H1 2019: € 42 m) and expenses for the association overhead allocation and the reserve funds in an amount of € 63 m (H1 2019: € 52 m). In contrast, the IT and consultancy expenses included in other administrative expenses fell markedly compared with the corresponding prior-year period.

The Helaba Group incurred a loss before tax of € 274 m (H1 2019: profit before tax of € 325 m).

After taking into account tax income of € 89 m (H1 2019: expense of € 70 m), the consolidated net loss came to € 185 m (H1 2019: net profit of € 255 m). Of this amount, net profit of € 2 m was attributable to non-controlling interests in consolidated subsidiaries (H1 2019: € 1 m).

Comprehensive income declined from € 266 m to € 115 m. This figure includes other comprehensive income in addition to the consolidated net profit/loss for the period as reported in the income statement. Other comprehensive income amounted to € 300 m (H1 2019: € 11 m). This figure was subject to a very significant positive impact from the remeasurement of the net liability under defined benefit plans caused by the increase in the discount rate. This remeasurement amounted to a gain of € 166 m (H1 2019: loss of € 156 m). A discount rate of 1.60 % (31 December 2019: 1.25 %) was used to determine pension provisions for the main pension obligations in Germany. The cross currency basis spread in the measurement of derivatives, which is recognised in accumulated OCI, contributed € 34 m before taxes (H1 2019: € 23 m) to other comprehensive income. Debt instruments measured at fair value through other comprehensive income accounted for a net loss of € 19 m before taxes within comprehensive income (H1 2019: net gain of € 90 m). Financial liabilities designated voluntarily at fair value contributed a net gain of € 254 m before taxes (H1 2019: net gain of € 65 m) to comprehensive income.

Statement of financial position

Assets

	30.6.2020	31.12.2019[1)]	Change	
	in € m	in € m	in € m	in %
Cash on hand and demand deposit balances with central banks and banks	**26,438**	**14,555**	**11,883**	**81.6**
Financial assets measured at amortised cost	**133,157**	**130,326**	**2,831**	**2.2**
Loans and advances to banks	17,980	16,649	1,331	8.0
Loans and advances to customers	115,177	113,677	1,500	1.3
Trading assets	**23,902**	**19,304**	**4,598**	**23.8**
Financial assets measured at fair value (not held for trading)	**38,815**	**37,301**	**1,514**	**4.1**
Investment property	**2,742**	**2,509**	**233**	**9.3**
Income tax assets	**712**	**724**	**–12**	**–1.7**
Other assets	**1,925**	**2,299**	**–374**	**–16.3**
Total assets	**227,691**	**207,018**	**20,673**	**10.0**

Equity and liabilities

	30.6.2020	31.12.2019[1)]	Change	
	in € m	in € m	in € m	in %
Financial liabilities measured at amortised cost	**173,032**	**155,364**	**17,668**	**11.4**
Deposits and loans from banks	47,137	35,560	11,577	32.6
Deposits and loans from customers	66,873	59,609	7,264	12.2
Securitised liabilities	58,389	59,715	–1,326	–2.2
Other financial liabilities	633	480	153	31.9
Trading liabilities	**20,476**	**18,473**	**2,003**	**10.8**
Financial liabilities measured at fair value (not held for trading)	**22,246**	**21,465**	**781**	**3.6**
Provisions	**2,292**	**2,465**	**–173**	**–7.0**
Income tax liabilities	**144**	**153**	**–9**	**–5.9**
Other liabilities	**685**	**398**	**287**	**72.1**
Equity	**8,816**	**8,700**	**116**	**1.3**
Total equity and liabilities	**227,691**	**207,018**	**20,673**	**10.0**

[1)] Prior-year figures restated: Liabilities under long-term leases, which were previously reported under deposits and loans from customers, are now included in other financial liabilities. The prior-year figures have been adjusted by an amount of € 221 m. In addition, to correct a previous error, financial assets voluntarily designated at fair value have been reduced by € 15 m, income taxes receivable increased by € 5 m and retained earnings reduced by € 10 m (see Note (1)).

Helaba's consolidated total assets swelled from € 207.0 bn to € 227.7 bn in the first half of 2020. The growth in total assets was mainly attributable to additional liquidity safeguarding measures in connection with the COVID-19 pandemic and higher fair values of derivatives.

On the assets side of the statement of financial position, loans and advances to customers continued to dominate, accounting for a large proportion of total assets (50.6 %). They went up by € 1.5 bn to € 115.2 bn. One of the reasons for this was the increase in the demand for financing from our customers as a consequence of COVID-19. Of the loans and advances to customers reported at the net carrying amount, commercial real estate loans accounted for € 34.5 bn (31 December 2019: € 32.9 bn) and infrastructure loans € 29.0 bn (31 December 2019: € 28.7 bn).

The cumulative loss allowances recognised in respect of financial assets measured at amortised cost amounted to € 415 m (31 December 2019: € 286 m).

The most significant change on the assets side resulted from the rise of € 11.9 bn in cash on hand and demand deposit balances with central banks and banks to € 26.4 bn. This was primarily attributable to a considerably higher level of liquidity held in response to the COVID-19 pandemic and led to an expansion in the demand deposits held with Deutsche Bundesbank.

Trading assets recognised at fair value amounted to € 23.9 bn at the reporting date (31 December 2019: € 19.3 bn). The main reason for this increase lay with the positive fair values of derivatives, which rose by € 3.9 bn to € 16.2 bn.

Of the financial assets measured at fair value (not held for trading) amounting to € 38.8 bn (31 December 2019: € 37.3 bn), assets of € 23.6 bn (31 December 2019: € 23.1 bn) were accounted for by bonds and other fixed-income securities measured through other comprehensive income. Non-trading derivatives increased by € 1.1 bn to € 8.1 bn, meaning that the positive fair values of all derivatives rose by € 5.0 bn overall to € 24.3 bn.

The structure of the equity and liabilities side of the statement of financial position is characterised by a high proportion of financial liabilities measured at amortised cost (76.0 % of total equity and liabilities). These liabilities went up by € 17.7 bn to € 173.0 bn. This increase resulted firstly from Helaba's participation in the ECB's TLTRO III and from additional funds raised to build liquidity, reflected in a sharp rise in deposits and loans from banks to € 47.1 bn (31 December 2019: € 35.6 bn). Secondly, some of the loans granted in response to the greater customer financing requirements were deposited in current accounts and in overnight and term deposit accounts held with the Helaba Group, as a consequence of which deposits and loans from customers rose by € 7.3 bn to € 66.9 bn.

Trading liabilities recognised at fair value amounted to € 20.5 bn at the reporting date (31 December 2019: € 18.5 bn). Negative fair values of derivatives rose by € 2.8 bn to € 13.0 bn, whereas deposits and loans fell by € 1.4 bn to € 5.8 bn.

The financial liabilities measured at fair value (not held for trading) included non-trading derivatives of € 9.6 bn (31 December 2019: € 8.7 bn), meaning that the total negative fair values of all derivatives rose by € 3.7 bn to € 22.6 bn.

Equity

The Helaba Group's equity amounted to € 8.8 bn as at 30 June 2020 (31 December 2019: € 8.7 bn). Equity was increased by the comprehensive income of € 115 m for the first half of 2020. Accumulated OCI for the Group amounted to a loss of € 189 m (31 December 2019: cumulative net loss of € 488 m). Within this figure, a cumulative loss of € 328 m (31 December 2019: cumulative loss of € 616 m) is related to items that will not be reclassified to profit or loss in future periods (i.e. they will not be recycled). This loss included remeasurements in connection with pension obligations. These remeasurements amounted to a cumulative loss of € 530 m (31 December 2019: cumulative loss of € 646 m). Significant remeasurement gains on financial liabilities to which the fair value option (FVO) is applied had a positive impact. The balance of the accumulated OCI amounting to cumulative net income of € 139 m (31 December 2019: cumulative net income of € 128 m) is related to items that will be reclassified to profit or loss in future periods. This included the cumulative gains and losses on debt instruments measured at fair value through other comprehensive income amounting to a gain of € 127 m (31 December 2019: € 140 m). Equity was negatively impacted by a loss of € 8 m (31 December 2019: loss of € 32 m) arising from the cross currency basis spread in the measurement of derivatives, which is recognised in accumulated OCI. Exchange rate factors resulted in an increase of € 1 m in the currency translation reserve for foreign operations to € 39 m. The decision on the planned distribution to the owners of an amount of € 90 m from consolidated net profit for 2019 based on their shareholdings and capital contributions has been suspended until further notice in line with a pronouncement by the European Central Bank (ECB) because of the COVID-19 pandemic.

Please refer to the risk report and Note (32) in the Notes for information on the regulatory capital ratios.

Financial performance by segment

In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

The contributions of the individual segments to the loss before taxes of € 274 m in the first half of 2020 (H1 2019: profit before taxes of € 325 m) were as follows:

in € m

	1.1.–30.6.2020	1.1.–30.6.2019[1]
Real Estate	118	131
Corporates & Markets	–256	–49
Retail & Asset Management	65	118
WIBank	15	13
Other	–255	97
Consolidation/reconciliation	39	15
Group	**–274**	**325**

[1] Prior-year figures adjusted following an internal reorganisation.

Real Estate segment

The Real Estate Lending business line is reported in the Real Estate segment. Its core business consists of financing major commercial real estate projects and existing properties.

In the first half of 2020, the volume of new medium- and long-term business in Real Estate Lending fell by 18 % year on year to € 3.3 bn (H1 2019: € 4.0 bn). Some of this decline was offset by lower unscheduled repayments with the result that a slightly higher average business volume with a steady margin in the portfolio led to a rise in net interest income to € 192 m (H1 2019: € 190 m).

Additions to loss allowances were at a low level as at the reporting date. In the period ending 30 June 2020, the loss allowance expense amounted to € 2 m (H1 2019: € 12 m).

At € 9 m, net fee and commission income was at the same level as in the corresponding prior-year period.

General and administrative expenses for the segment rose slightly year on year, by € 2 m, to € 81 m. The increase was largely attributable to the planned rise in the allocation of overheads.

Profit before taxes attributable to the segment amounted to € 118 m compared with € 131 m in the equivalent prior-year period.

Corporates & Markets segment

The Corporates & Markets segment offers products aimed at companies, institutional clients, public sector and municipal clients. Following an internal reorganisation, the segment now additionally includes the income and expenses from the depositary, which previously formed part of the Retail & Asset Management segment.

New medium- and long-term business in the segment amounted to € 5.3 bn, which equated to a year-on-year increase of 10 % (€ 4.8 bn).

Net interest income for the segment came to € 185 m, which was € 15 m higher than in the corresponding prior-year period, and was mainly generated by the Corporate Banking and Asset Finance units. Both units delivered a greater level of net interest income, driven mainly by an increase in the average size of their interest-bearing portfolios. However, the figures for capital market operations and the municipal lending business declined. Loss allowances amounted to € 101 m, much higher than the figure of

€ 47 m in the corresponding prior-year period. A COVID-19-specific loss allowance adjustment (specific scenario) of € 90 m was allocated to the segment on the basis of industry-related analyses of the effects arising from the COVID-19 pandemic.

Net fee and commission income amounted to € 83 m compared with € 76 m in the equivalent prior-year period, the marked increase being primarily attributable to the Corporate Banking unit.

The segment's net trading income for the reporting period was a net expense of € 158 m (H1 2019: net expense of € 24 m). It was notable that the widening of credit spreads as a result of COVID-19 had a significant adverse impact on net trading income, with a considerable proportion of the impact being attributable to changes in the credit spreads in respect of public-sector counterparties.

General and administrative expenses for the segment rose year on year by € 21 m to € 269 m. This increase was caused particularly by higher IT expenses incurred and charged in connection with basic requirements and projects.

The segment incurred a loss before taxes of € 256 m compared with a loss of € 49 m in the first half of the previous year. The main factors behind the loss were the contraction in net trading income and the COVID-19-induced rise in loss allowances, even though there was also a marked rise in income from operating activities.

Retail & Asset Management segment

The Retail & Asset Management segment offers retail banking, private banking and asset management products through the subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft and Helaba Invest as well as through Landesbausparkasse Hessen-Thüringen. The Portfolio and Real Estate Management business and the real estate subsidiaries of the GWH Group and Helicon KG also form part of this segment.

The segment's net interest income of € 123 m (H1 2019: € 121 m) was accounted for by Frankfurter Sparkasse for the most part. Loss allowances rose to € 14 m (H1 2019: € 1 m), mainly because of COVID-19.

Net fee and commission income in the segment is generated by Frankfurter Sparkasse, Helaba Invest and Frankfurter Bankgesellschaft and totalled € 115 m, which was up by € 19 m year on year and therefore well above the figure for the first six months of 2019.

Net income from investment property is generated by GWH, mainly in the form of rental income from residential real estate. This net income declined from € 118 m to € 105 m. Income from selective housing disposals, which was included in the corresponding period in the previous year, is expected to be received in the second half of the reporting year.

There was an adverse impact from net income from hedge accounting and other financial instruments measured at fair value (non-trading), which amounted to a net expense of € 20 m (H1 2019: net income of € 11 m) and arose mainly in connection with the own funds investing activities of Frankfurter Sparkasse as a result of the COVID-19-related widening of credit spreads.

The main component of other net income/expense was income of € 20 m from the disposal of a property.

The rise in general and administrative expenses to € 286 m (H1 2019: € 274 m) was largely attributable to business initiatives undertaken by FBG, Helaba Invest and GWH.

Profit before taxes attributable to the segment amounted to € 65 m compared with € 118 m in the corresponding prior-year period.

WIBank segment

Helaba performs public development functions for the State of Hesse through Wirtschafts- und Infrastrukturbank Hessen (WIBank).

Net interest income amounted to € 32 m, the year-on-year increase (€ 29 m) being attributable to the sound performance of the development business. Net fee and commission income rose to € 21 m, which equated to an increase of € 2 m compared with the figure in the prior-year period.

General and administrative expenses amounted to € 39 m (H1 2019: € 36 m). Profit before taxes for the segment amounted to € 15 m compared with € 13 m in the corresponding prior-year period.

Other segment

The Other segment contains the contributions to income and expenses that cannot be attributed to the operating segments. These items include the net income from centrally consolidated equity investments, such as those from the OFB Group, as well as the costs of the central units that cannot be allocated to the individual segments in line with the user-pays principle. The net income or expense from Treasury activities, from central own funds investing activities and from the centrally held securities in the liquidity portfolio are also recognised under this segment.

The rise in the segment's net interest income to € 61 m (H1 2019: € 54 m) resulted from a greater contribution from the Treasury's interest rate management activities. The balance in the segment also included centrally recognised liability markups for subordinated debt and the pension provision additions for Corporate Centre employees included in the interest.

The very significant uplift in loss allowances to € 34 m (H1 2019: € 2 m) was caused by the allocation to this segment of a COVID-19-related loss allowance adjustment and a portfolio loss allowance at stage 2.

The main factor affecting net income from hedge accounting and other financial instruments measured at fair value (non-trading) was the impact of the COVID-19 pandemic, especially the widening of credit spreads. This item amounted to a net expense of € 116 m (H1 2019: net income of € 87 m), which represented a very significant year-on-year decline of € 203 m.

Other net income/expense in the segment came to net income of € 5 m (H1 2019: net income of € 144 m). This year-on-year change was explained primarily by the integration of KOFIBA, whose share of other net income in the corresponding prior-year period as a consolidated subsidiary amounted to € 126 m.

In the first half of 2020, general and administrative expenses amounted to € 156 m (H1 2019: € 178 m), mainly because of the allocation of costs (primarily IT costs) to other segments. The bank levy and the contribution to the reserve funds were already fully included at the end of the first half of the year; the expenses for the bank levy rose by € 9 m to € 49 m.

The segment incurred a loss before taxes of € 255 m compared with a profit before taxes of € 97 m in the corresponding prior-year period.

Consolidation / reconciliation

Effects arising from consolidation and intragroup adjustments between the segments are reported under consolidation/reconciliation. Effects that arise from the reconciliation between the segment figures and the consolidated income statement, in particular in relation to net interest income, are also presented under consolidation/reconciliation.

The profit before taxes under consolidation/reconciliation amounted to € 39 m (H1 2019: € 15 m).

Risk Report

The Executive Board is responsible for all of the risks to which the Helaba Group is exposed and for defining a risk strategy consistent with the business strategy. Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities and with the Rules of Procedure for the Executive Board, the risk strategy lays down the principal elements of the approach adopted to dealing with risk, the objectives of risk containment and the measures employed to achieve these objectives within the Helaba Group. The risk strategy covers all of the main business units in the Helaba Group as defined by the KWG and the CRR. Once adopted by the Executive Board, the risk strategy is presented to and discussed with the Supervisory Board and the Board of Public Owners.

The business strategy and risk strategy of the Helaba Group are integrally linked to the business strategy and risk strategy of Sparkassen-Finanzgruppe Hessen-Thüringen.

The principal objectives of the Helaba Group's risk strategy are to uphold the organisation's conservative risk profile and maintain risk-bearing capacity while ensuring that all regulatory requirements are satisfied. The risk management system accordingly plays a central role in the management of the company.

Risk types

The primary risk types for the purposes of containment in the Helaba Group result directly from its business activities. The structured risk inventory process, which is implemented annually and, where necessary, in response to relevant developments, examines which risks have the potential to damage the Helaba Group's financial position (including capital resources), financial performance or liquidity position to a material degree. The following primary risk types have been identified.

- default risk (including equity risk),
- market risk,
- liquidity and funding risk,
- non-financial risk (NFR),
- business risk and
- real estate risk.

Risk-bearing capacity / ICAAP

Helaba uses its established procedures for quantifying and containing risks to ensure that all primary risks within the Helaba Group are always covered by risk cover pools and that its risk-bearing capacity is thus assured.

In terms of concept, Helaba's lead risk-bearing capacity approach reflects the supervisory requirements for an ICAAP at institutions from an internal economic perspective. In other words, the calculation of risk-bearing capacity takes into account all risks that could jeopardise the continued existence of Helaba as a going concern from an internal economic perspective. The economic limitation and containment of risks is also based on ensuring risk-bearing capacity in accordance with this internal economic perspective. The risk tolerance and risk appetite related to the risk exposures in this perspective are specified in the risk appetite framework (RAF).

Risk-bearing capacity is determined on the basis of a time frame of one year in the internal economic perspective and both risk exposures and risk cover pools are designed and quantified for this period.

The economic risk cover pools are calculated on the basis of own funds determined in accordance with IFRS financial reporting requirements, adjusted for economic correction factors. These factors ensure a loss absorption capacity comparable with regulatory CET1 capital.

In terms of risk, risk exposures for default risk (including equity risk), market risk, operational risk, business and real estate risk are included in the analysis for the internal economic perspective with a confidence level of 99.9 %. This approach is used to demonstrate that the economic risk cover pool is adequate enough – even if rare and serious loss scenarios should materialise – to ensure that the Bank can continue as a going concern on the basis of its own resources, i.e. without recourse to third-party funds.

The risk-bearing capacity assessment for the Helaba Group covering all risk types reveals that the existing risk cover pools at the end of the second quarter of 2020 once again exceeded the quantified risk exposures by a substantial margin, underlining Helaba's conservative risk profile. Helaba had a capital buffer of € 3.3 bn in respect of its economic risk exposures as at the reporting date (31 December 2019: € 4.3 bn).

Helaba regularly examines the effects of historical and hypothetical stress scenarios on risk-bearing capacity as well as analysing risk-bearing capacity for given reference dates. These scenarios comprise macroeconomic stress scenarios and a scenario involving exceptional market dislocation based on the most extreme changes in parameters observed over the historical time frame (usually observed market dislocation occurring in a global financial crisis).

An analysis using the internal normative perspective is conducted quarterly to supplement the internal economic perspective, which is the lead approach for ensuring Pillar II risk-bearing capacity. The normative internal perspective examines how the primary Pillar II risks affect the regulatory ratios in accounting terms and the internal objectives for capital ratios in the context of the RAF for the institution as a going concern. This analysis is conducted using various macroeconomic scenarios. Pillar II risks affect regulatory capital, both through profit and loss and through other comprehensive income, whereas Pillar I risk quantification is reflected in a change in risk-weighted assets (RWAs).

The objective of this analysis is to ensure ongoing compliance with regulatory requirements and with the internal targets derived from the risk strategy and RAF. The capital ratios achieved under the simulated scenarios exceed the regulatory minimum CET1 capital ratio by a significant margin.

Helaba additionally conducts a number of reverse stress tests to investigate what kind of idiosyncratic or market-wide events could jeopardise its continued existence as a going concern. The analyses focus on the regulatory minimum capital requirements, the available liquidity reserves and economic risk-bearing capacity in the internal economic perspective. There is currently no indication of any of the scenarios described above becoming a reality.

Other protection mechanisms

There are other protection mechanisms in addition to the risk cover pool. Helaba is a member of the Reserve Fund of the Landesbanken and Girozentralen and is thus included in the Sparkassen-Finanzgruppe’s protection scheme, which comprises the eleven regional Sparkasse support funds, the aforementioned reserve fund and the deposit security reserve fund of the Landesbausparkassen.

The most notable features of this protection scheme are the way that it safeguards the viability of the affiliated institutions, especially their liquidity and solvency, its risk monitoring system for the early detection of specific risk profiles and its use of a method based on risk parameters defined by the supervisory authorities to calculate the amounts to be paid into the protection scheme by the various institutions. The legally dependent Landesbausparkasse Hessen-Thüringen, the subsidiary Frankfurter Sparkasse, and Frankfurter Bankgesellschaft (Deutschland) AG, which is a subsidiary of Frankfurter Bankgesellschaft (Schweiz) AG (which in turn is a subsidiary of Helaba), are also directly integrated into this protection scheme.

The Sparkassen-Finanzgruppe scheme includes a deposit guarantee scheme to protect qualifying deposits up to a value of € 100,000 per customer as well as safeguarding the viability of the affiliated institutions themselves. The deposits thus protected in the Helaba Group amount to € 16.8 bn in total (31 December 2019: € 16.4 bn). The German Federal Financial Supervisory Authority (BaFin) has recognised the Sparkassen-Finanzgruppe’s institutional protection scheme as a deposit guarantee scheme for the purposes of the German Deposit Guarantee Act (Einlagensicherungsgesetz, EinSiG).

Helaba and Frankfurter Sparkasse are also affiliated to the Reserve Fund of the Sparkassen- und Giroverband Hessen-Thüringen under the terms of their Charters. The reserve fund provides further protection in the event of a default in addition to the nationwide Joint Liability Scheme. It covers the liabilities of Helaba and Frankfurter Sparkasse to customers, including banks, insurance companies and other institutional investors, and their securitised liabilities. Liabilities that serve or have served at the institutions as components of own funds pursuant to section 10 KWG, such as asset contributions of dormant shareholders, liabilities under profit participation rights and subordinated liabilities, are not covered irrespective of their remaining term. The total volume of the fund is equal to 0.5 % of the affiliated institutions' total risk exposure amount as defined by article 92(3) CRR and stood at € 606 m at the end of 2019 (31 December 2018: € 555 m).

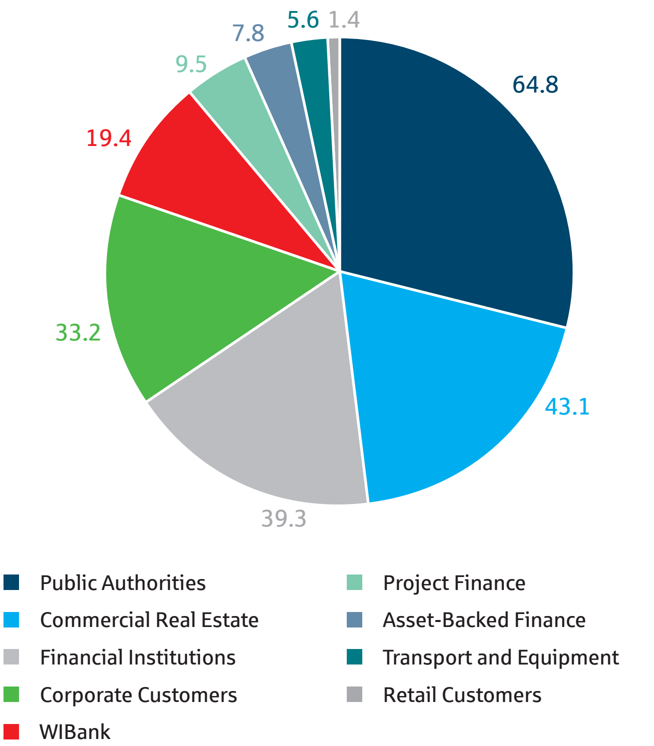
The Sparkassen- und Giroverband Hessen-Thüringen has undertaken to make up the shortfall between the amount actually paid in and the full amount should the fund be required before such time as the full amount has been contributed.

Rheinischer Sparkassen- und Giroverband (RSGV) and Sparkassenverband Westfalen-Lippe (SVWL) have each also unilaterally set up an additional regional reserve fund for Helaba.

Development institution WIBank, which is organised as a dependent institution within Helaba, enjoys the direct statutory guarantee of the State of Hesse as regulated by law and as permitted under EU law on state aid.

Total volume of lending by portfolio (narrow Group companies)

Chart 1 in € bn



Default Risk

Chart 1 shows the total volume of lending (comprising drawdowns and unutilised lending commitments) in the narrow Group companies (Helaba plus subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG and Helaba Asset Services) of € 224.1 bn as at 30 June 2020 (31 December 2019: € 208.3 bn) broken down by portfolios. The total volume of lending is the risk exposure value calculated in accordance with the legal provisions applicable to large exposures before applying the exemptions in relation to calculating utilisation of the large exposure limit and before applying credit mitigation techniques.

The lending activities in the narrow Group companies as at 30 June 2020 focused on the following portfolios: public sector, financial institutions (especially in the banking sector) and commercial real estate.

The summary below provides an overview of the regional breakdown of the total lending volume in the narrow Group companies by borrower's country of domicile.

in € bn

Region	30.6.2020	31.12.2019
Germany	146.9	132.5
Rest of Europe	52.3	51.2
North America	23.2	23.0
Oceania	0.6	0.7
Other	1.1	0.9

The table shows that Germany and other European countries continue to account for most of the total lending volume. The UK accounts for an exposure of € 7.4 bn (31 December 2019: € 8.6 bn).

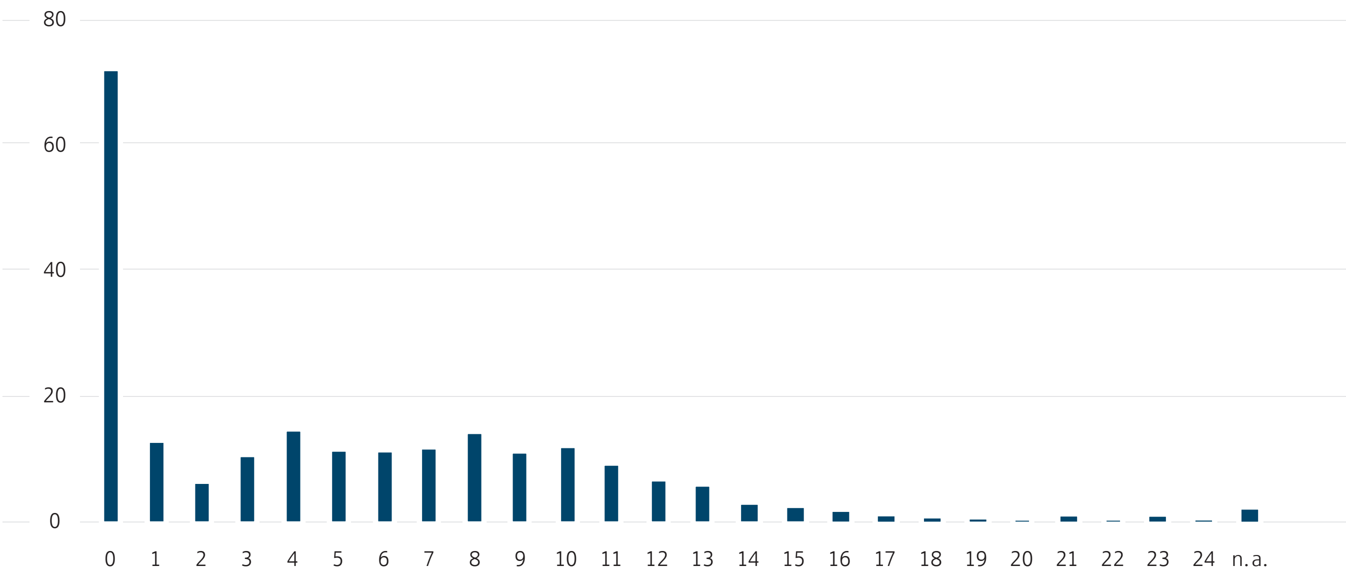
Creditworthiness / risk appraisal

Helaba employs 16 rating systems developed together with DSGV or other Landesbanken and two rating systems developed internally. Based on statistical models, these systems classify loan exposures, irrespective of the customer or asset group, by the fixed probability of default (PD) using a 25-point cardinal default rating scale.

Chart 2 shows the total volume of lending in the narrow Group companies (Helaba plus subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG and Helaba Asset Services) of € 224.1 bn (31 December 2019: € 208.3 bn) broken down by default rating category.

Total volume of lending by default rating category (narrow Group companies)

Chart 2 in € bn



The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity indicates that the economic risk exposure for the Helaba Group from default risk, calculated on the basis of the value-at-risk VaR, was € 1,673 m (31 December 2019: € 1,636 m). The increase in the first half of 2020 was mainly due to deterioration in ratings and greater exposures in the Corporate Banking and Asset Finance units.

COVID-19 pandemic

Very close monitoring is being carried out to identify potential effects from the COVID-19 pandemic on credit risk in the narrow Group companies.

To complement existing monitoring approaches, Helaba has analysed sectors to assess how far they are affected and has carried out sensitivity analyses and scenario calculations to facilitate early identification of risks that could gradually materialise over the course of the year. The analyses have revealed that businesses/sectors have been substantially affected by the effects of the COVID-19 pandemic mainly in the following portfolios: commercial real estate, corporate customers, and transport and equipment. The total lending volume to the sectors classified as critical in these portfolios amounted to around € 17.0 bn as at 30 June 2020.

Since mid-March, on the basis of the sectors classified as critical, Helaba has been maintaining an overview of all customers and transactions that, as a result of the effects of the COVID-19 pandemic, have been displaying evidence of heightened credit risk with an indicator or event signalling a non-performing loan or the requirement for intensive monitoring. This COVID-19 watchlist is being maintained separately from the existing watchlist with all intensively monitored, recovering and non-performing loans and, as at the reporting date, comprised a total lending volume of around € 5.4 bn.

The following table shows the volume in respect of the sectors classified as critical and the volume of the customers/transactions in these sectors already on the COVID-19 watchlist, broken down by the portfolios commercial real estate, corporate customers and transport and equipment as at the reporting date:

in € bn

Portfolio	Critical sectors	COVID-19 watchlist
Commercial Real Estate	7.4	2.2
Corporate Customers	6.4	2.6
Transport and Equipment	3.2	0.6

Overall, the lending portfolio for the narrow Group companies proved to be stable for the most part in the first half of 2020. Heightened risk only materialised to a small extent in the form of rating deteriorations or default events. Nevertheless, despite government assistance and individual concessions to borrowers to cushion the adverse effects of COVID-19, it is probable that there will be a substantial rise in loan defaults over the course of the year.

Loss allowances

Appropriate loss allowances are recognised to cover default risk. The adequacy of the loss allowances is reviewed regularly and adjustments are made where necessary. The anticipated effects of the COVID-19 pandemic have been appropriately taken into account.

Country risks

Country risk (transfer, conversion and sovereign default risks) from Helaba loans issued by the narrow Group companies to borrowers based outside Germany amounted to € 70.6 bn (31 December 2019: € 70.1 bn), most of which was accounted for by borrowers in Europe (67.0 %) and North America (31.2 %). As at 30 June 2020, 81.7 % (31 December 2019: 79.6 %) of these risks were assigned to country rating classes 0 and 1 and a further 18.2 % (31 December 2019: 20.3 %) came from rating classes 2–13. Just 0.1 % (31 December 2019: 0.1 %) fell into rating class 14 or worse.

United Kingdom exposures

Helaba's net exposure to borrowers in the United Kingdom across the narrow Group companies amounted to € 7.1 bn as at 30 June 2020 (31 December 2019: € 8.2 bn). The decline compared with the position at the end of 2019 was largely attributable to reduced lending amounts to financial institutions based in the UK.

Although the future relationship between the United Kingdom and the European Union remains uncertain following the adoption of the Withdrawal Agreement, Helaba continues to believe that its portfolio of loans to UK borrowers will not suffer substantial impairment in the short term, even in the case of a no-deal Brexit.

Equity Risk

The equity risk category brings together those risks attributable to equity investments whose individual risk types are not considered separately in risk controlling activities by risk type.

The composition of the equity investments portfolio has remained virtually unchanged since year-end 2019. The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 111 m (31 December 2019: € 103 m) for the Helaba Group from equity risk. The increase was mainly attributable to new investments in private equity/mezzanine funds.

Market Risk

Quantification of market risk

Market risk is quantified using a money-at-risk approach backed up by stress tests (which also include the widening of spreads, as has occurred in the COVID-19 pandemic), the measurement of residual risks, sensitivity analyses for credit spread risks and the assessment of incremental risks for the trading book. The money-at-risk (MaR) figure corresponds to what is deemed, with a certain confidence level, to be the upper threshold of the potential loss of a portfolio or position due to market fluctuations within a prescribed holding period.

The risk measurement systems employed in the Helaba Group for each of the various types of market risk (interest rates, share prices and foreign exchange rates) all use the same statistical parameters in order to facilitate comparisons across the different risk types. This also makes it possible to aggregate the risk types into an overall risk. The overall risk assumes that the various different losses occur simultaneously. The MaR figure calculated using the risk models provides a measure of the maximum loss that will not be exceeded, with a probability of 99.0 %, on the basis of the underlying historical observation period of one year and a holding period for the position of ten trading days.

The summary below presents a reporting date assessment of the market risks (including correlation effects between the portfolios) taken on as at 30 June 2020 plus a breakdown by trading book and banking book. The linear interest rate risk is the most significant of the market risk types. The increase in the linear interest rate risk is primarily attributable to the market volatility resulting from the COVID-19 pandemic. Various country- and rating-dependent government, financials and corporate yield curves are also used alongside swap and Pfandbrief curves for measurement purposes. Euro positions account for 82 % (31 December 2019: 83 %) of the linear interest rate risk for the overall portfolio of the narrow Group companies, US dollar positions 13 % (31 December 2019: 10 %). In the field of equities, the focus is on securities listed in the DAX and DJ Euro Stoxx 50. The main foreign currency risks are attributable to US dollar, Canadian dollar and sterling positions. Residual risk amounted to € 41 m for the Group (31 December 2019: € 13 m). The incremental risk in the trading book amounted, with a time horizon of one year and a confidence level of 99.9 %, to € 219 m (31 December 2019: € 180 m). The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 1,385 m (excluding CVA risk, 31 December 2019: € 664 m) for the Group from market risk. The rise in economic risk exposure was primarily attributable to the increase in linear interest rate risk and residual risk caused by the heightened market volatility triggered by the COVID-19 pandemic.

Group MaR by risk type

in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Total	**167**	**75**	**160**	**68**	**1**	**1**	**5**	**6**
Trading book	41	22	39	20	1	0	1	2
Banking book	131	59	124	53	1	1	6	5

The risk measuring systems are based on a modified variance-covariance approach or a Monte Carlo simulation. The latter is used in particular for mapping complex products and options. Non-linear risks in the currency field, which are of minor significance at Helaba, are monitored using sensitivity analyses.

Internal model in accordance with the CRRR

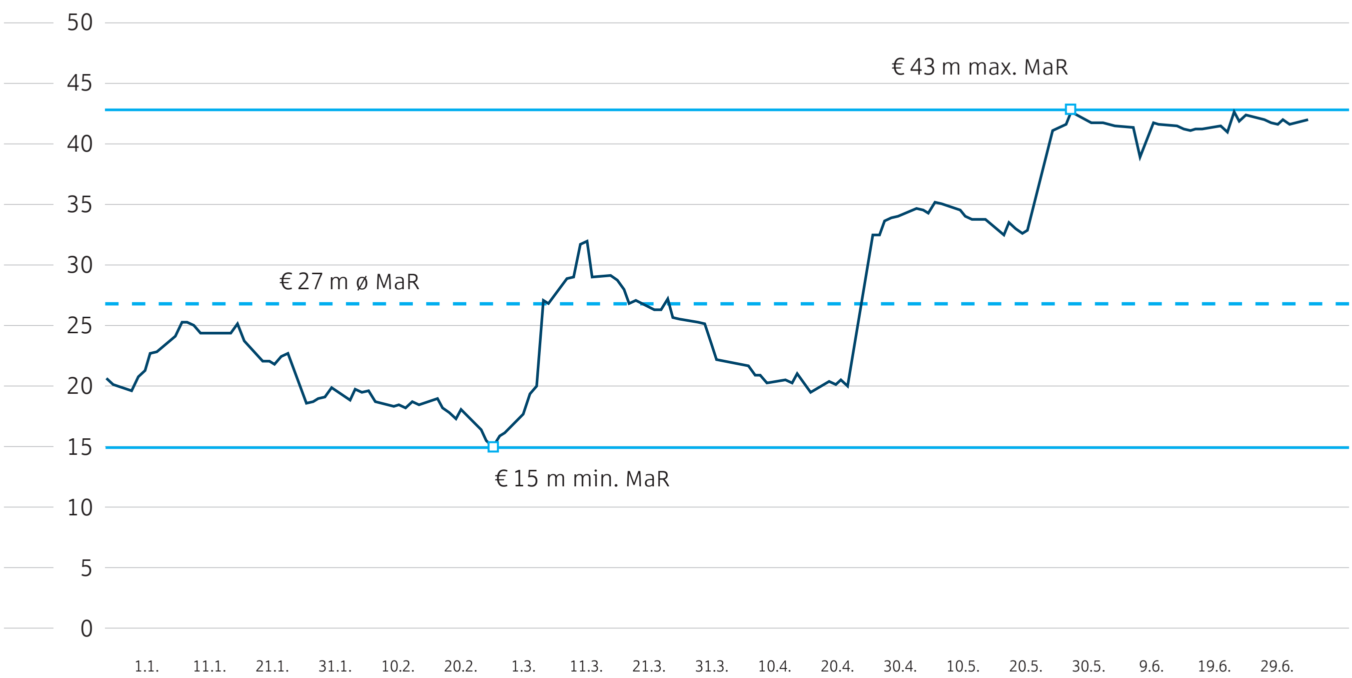
Helaba calculates the regulatory capital required for the general interest rate risk using an internal model in accordance with the CRR. This model, which consists of the risk measurement systems MaRC² (linear interest rate risk) and ELLI (interest rate option risk), has been approved by the banking regulator. The market volatility in the second half of March 2020 as a result of the COVID-19 pandemic led to an increased number of back-testing outliers. On the basis of the CRR "quick fix" approved by the European Parliament, Helaba submitted an application to ignore these outliers as they were not attributable to deficiencies in model quality. The application was approved by the banking supervisor on 20 July 2020.

Market risk in the trading book

All market risks are calculated daily on the basis of the end-of-day position of the previous trading day and the current market parameters. Helaba also uses the parameters prescribed by the regulatory authorities for internal risk management. Chart 3 shows the MaR for the trading book (Helaba Bank) for the first half of 2020. The average MaR for the first half of 2020 was € 27 m (2019 as a whole: € 21 m), the maximum MaR was € 43 m (2019 as a whole: € 28 m) and the minimum MaR was € 15 m (2019 as a whole: € 13 m). The changes in risk in the first half of 2020 stemmed predominantly from linear interest rate risk and were attributable to regular parameter updates (volatility, correlations), which also reflected the market fluctuations caused by the COVID-19 pandemic, and to a normal level of reallocated exposures.

Daily MaR of the trading book in the first half of 2020

Chart 3 in € m



Market risk (including interest rate risk) in the banking book

The Helaba Group employs the MaR approach used for the trading book to map the market risk in the banking book. The risk figures calculated using this approach are supplemented with daily reports, from which the maturity structure of the positions taken out can be ascertained. Regular stress tests with holding periods of between ten days and twelve months back up the daily risk measurement routine for the banking book.

The quantification of interest rate risks in the banking book is also subject to regulatory requirements, which stipulate a risk computation based on standardised interest rate shocks. The computation examines the effects of a rise and fall of 200 basis points in interest rates in line with the requirements of the banking regulator. As at 30 June 2020, such an interest rate shock would, in the most unfavourable scenario, have resulted in a positive change of € 9 m in the value of the Helaba Group banking book (31 December 2019: negative change of € 180 m). Of this figure, € 2 m (31 December 2019: € 182 m) would have been attributable to local currency and € 7 m (31 December 2019: € –2 m) to foreign currencies. The change compared with the end of 2019 was mainly due to the lower level of interest rates in conjunction with the regulatory requirements for a maturity-related interest rate floor. This also led to a positive change in value in both interest rate shock scenarios. Helaba carries out an interest rate shock test at least once every quarter.

Performance measurement

Risk-return comparisons are conducted at regular intervals to assess the performance of individual organisational units. Other aspects, including qualitative factors, are also included in the assessment in acknowledgement of the fact that the short-term generation of profits is not the sole objective of the trading units.

Liquidity and Funding Risk

Ensuring liquidity so as to safeguard its short-term solvency and avoid cost risks in procuring medium-term and long-term funding is a top priority at Helaba, which accordingly employs a comprehensive set of constantly evolving tools to record, quantify, contain and monitor liquidity and funding risks in the internal liquidity adequacy assessment process (ILAAP). The processes, tools and responsibilities in place for managing liquidity and funding risks have clearly demonstrated their value both in the COVID-19 pandemic and over recent years in the face of the global crisis in the financial markets and the resultant turmoil in the money and capital markets. Helaba's liquidity was fully assured at all times in the first half of 2020, even in the midst of the COVID-19 crisis.

A liquidity transfer pricing system ensures that all liquidity costs associated with Helaba's various business activities (direct funding costs and liquidity reserve costs) are allocated transparently. The processes of containing and monitoring liquidity and funding risks are combined in the ILAAP and comprehensively validated on a regular basis.

Containment and monitoring

The Helaba Group operates a local containment and monitoring policy for liquidity and funding risks under which each Group company has responsibility for ensuring its own solvency, for potential cost risks associated with funding and for independently monitoring those risks. The corresponding conditions are agreed with Helaba Bank. The subsidiaries falling within the narrow Group companies report their liquidity risks regularly to Helaba as part of Group-wide risk management, allowing a Group-wide aggregated view. All Group companies are additionally included in the LCR calculation and monitored in accordance with the CRR.

Short-term liquidity risk

Helaba maintains a highly liquid portfolio of securities (liquidity buffer) that can be used to generate liquidity as required in order to assure its short-term liquidity. The current liquidity situation is managed with reference to a short-term liquidity status indicator that is based on a proprietary economic liquidity risk model and is determined daily. The model compares expected liquidity requirements for the next 250 trading days against the available liquidity from the liquid securities portfolio. The calculation of the available liquidity includes markdowns to take into account unexpected market developments affecting individual securities. Securities that are used for collateral purposes (for example repos and pledges) and are thus earmarked for a specific purpose are deducted from the free liquid securities portfolio. The same applies in respect of securities maintained as a liquidity buffer for intra-day liquidity management. The main currency for short-term liquidity at Helaba is the euro, with the US dollar also significant.

The short-term liquidity status concept has been chosen to allow various stress scenarios to be incorporated. The process involves comparing the net liquidity balance (liquidity needed) with the available liquidity. The defined limits are five days up to one year depending on the specific scenario. Monitoring the limits is the responsibility of the Risk Controlling unit. The utilisation rate in the most relevant scenario (solvency) was 0 % as at 30 June 2020 (31 December 2019: 0 %) as a result of the excellent level of liquidity adequacy. The figure remained at 0 % (31 December 2019: 0 %) when Frankfurter Sparkasse was included. The average utilisation rate in the first half of 2020 was 8 % (31 December 2019: 3 %), reflecting the very good liquidity position during the year, which the Helaba Group was able to maintain at all times, even when markets became volatile because of the COVID-19 pandemic.

The Helaba Group manages short-term liquidity in accordance with the regulatory LCR requirements in parallel with the economic model. The two perspectives are integrated through the ILAAP. The ratio for the Helaba Group stood at 228 % on 30 June 2020 (31 December 2019: 225 %).

Money market staff borrow/invest in the money market (interbank and customer business, commercial paper) and make use of ECB open market operations and facilities in performing the operational cash planning tasks necessary to ensure short-term liquidity. Intraday liquidity planning is carried out in the Operations unit.

Off-balance sheet loan and liquidity commitments are regularly reviewed with regard to potential drawdowns and features of relevance to liquidity and are integrated into liquidity management. Guarantees and warranties are similarly reviewed. Helaba determines and plans the liquidity to be held available using a scenario calculation that includes a market disturbance.

Structural liquidity risk and market liquidity risk

The Treasury unit manages the liquidity risks in Helaba's commercial banking activities, which consist essentially of lending transactions including floating-interest roll-over transactions, securities held for the purpose of safeguarding liquidity and medium- and long-term financing, via the central asset/liability management system (ZDS). Funding risk is managed on the basis of liquidity gap analyses where liquidity mismatches are limited. The NSFR introduced by the regulator through CRR II is used for management. Helaba prevents concentrations of risk from arising when obtaining liquidity by diversifying its sources of funding. Market liquidity risk is quantified in the MaR model for market risk. A scenario calculation using a variety of holding periods is carried out. The scaled MaR suggested no significant market liquidity risk as at 30 June 2020, as was also the case at 31 December 2019. Market liquidity is also monitored on the basis of the margin between bid and offer prices.

The Executive Board defines the risk tolerance for liquidity and funding risk at least annually. This covers the limit applicable for short-term and structural liquidity risk (funding risk), liquidity building for off-balance sheet liquidity risks and the definition of the corresponding models and assumptions. A comprehensive plan of action in the event of any liquidity shortage is maintained and tested for all locations. The plan of action was activated in response to the COVID-19 pandemic and was used to support liquidity management at the start of the crisis as a precautionary measure.

Non-Financial Risk/Operational Risk

Principles of risk containment

The Helaba Group identifies, assesses, monitors, controls and reports non-financial risk using an integrated management approach in accordance with the regulatory requirements.

The containment and monitoring of non-financial risk are segregated at disciplinary and organisational level in the Helaba Group. Risk management is accordingly a local responsibility discharged by the individual units, which are supervised by specialist monitoring units with responsibility for sub-categories of non-financial risk.

The specialist central monitoring units are responsible for the structure of the methods and processes used to identify, assess, monitor, control and report the sub-categories of non-financial risk. The methods and processes used for the risk sub-categories follow minimum standards that have been specified centrally to ensure that the framework for non-financial risk is designed on a standardised basis.

The management of sub-categories of non-financial risk that form part of operational risk must comply in full with the established methods and procedures used for operational risk. In other words, these risks are appropriately taken into account as part of the quantification of operational risk and, from a structural perspective, are thus identified, assessed and included in the calculation of the risk capital amount accordingly. In the case of sub-categories of non-financial risk that are not covered by operational risk, these risks are taken into account in a number of ways, such as risk exposure markups, safety margins and buffers. Overall, Helaba comprehensively ensures that the sub-categories of non-financial risk are taken into account in the risk-bearing capacity/ICAAP of the Group.

The central Risk Controlling unit is responsible for monitoring compliance with the minimum standards applicable to the non-financial risk framework.

Quantification

Risks are quantified for Helaba Bank, Frankfurter Sparkasse and Helaba Invest using an internal model for operational risk based on a loss distribution approach, which takes into account risk scenarios and internal and external losses to calculate economic risk exposure. This also includes internal losses and risk scenarios that relate to sub-categories of non-financial risk and form part of operational risk. Such risks include legal risk, third-party risk, information risk and project risk.

The summary below shows the risk profile as at 30 June 2020 for Helaba Bank, Frankfurter Sparkasse, Helaba Invest and the other companies of the Helaba Group that are included in risk management at the level of individual risks.

Operational risks – risk profile

Economic risk exposure — in € m

	Reporting date 30.6.2020	Reporting date 31.12.2019
	VaR 99.9 %	VaR 99.9 %
Helaba Bank	212	217
Frankfurter Sparkasse, Helaba Invest and other companies included in risk management at the level of individual risks	92	88
Total	**304**	**305**

The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 304 m (31 December 2019: € 305 m) for the Group from operational risk.

COVID-19 pandemic

Business continuity management (BCM) measures were implemented in response to the COVID-19 pandemic. These measures included a greater level of remote working to ensure the health and safety of employees and maintain the availability of operating processes. The loss situation was therefore affected by additional costs as a result of COVID-19. The risk situation related to non-financial risk increased a little as a result of the pandemic.

Other Risk Types

Business risk

Risk containment in respect of business risks encompasses all of the measures implemented in order to reduce, limit and avoid risks and to keep intentional risk exposure compliant with the risk strategy and the specified limits adopted by the Executive Board. Operational and strategic risk containment is the responsibility of Helaba's front office units and the management of each equity investment. The Risk Controlling unit quantifies the business risks for the purposes of calculating risk-bearing capacity and analyses any changes.

The analysis as at the 30 June 2020 reporting date under the economic internal perspective for the calculation of risk-bearing capacity indicates that, compared with the position as at the end of 2019, business risks increased by € 1 m to € 161 m (31 December 2019: € 160 m).

Real estate risk

The Portfolio and Real Estate Management department in cooperation with the Group companies handles risk containment for the real estate projects and real estate portfolios. Risk containment encompasses all of the measures implemented in order to reduce, limit and avoid risks and to keep intentional risk exposure compliant with the risk strategy and the specified limits adopted by the Executive Board. The Risk Controlling unit's activities in relation to real estate risks focus on risk quantification and risk monitoring. Risk quantification includes determining the capital necessary to ensure that risk-bearing capacity is maintained.

The analysis as at the reporting date under the economic internal perspective shows a risk of € 194 m (31 December 2019: € 159 m) from real estate projects and real estate portfolios. The increase resulted primarily from the expansion of the real estate project portfolio and the real estate portfolio in one of the Group entities and a larger real estate portfolio at Helaba. These risks continue to be fully covered by the expected income from the associated transactions.

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Consolidated Income Statement

for the period 1 January to 30 June 2020

	Notes	1.1.–30.6.2020 in € m	1.1.–30.6.2019[1] in € m	Change in € m	Change in %
Net interest income	(3)	598	557	41	7.4
Interest income		1,768	1,933	–165	–8.5
thereof: Calculated using the effective interest method		1,083	1,213	–130	–10.7
Interest expenses		–1,170	–1,376	206	15.0
Loss allowances	(4)	–151	–34	–117	>–100.0
Net interest income after loss allowances		**447**	**523**	**–76**	**–14.5**
Dividend income	(6)	8	5	3	60.0
Net fee and commission income	(7)	211	186	25	13.4
Fee and commission income		270	244	26	10.7
Fee and commission expenses		–59	–58	–1	–1.7
Net trading income	(8)	–170	–27	–143	>–100.0
Gains or losses on other financial instruments mandatorily measured at fair value through profit or loss	(9)	–16	353	–369	>–100.0
Gains or losses on financial instruments designated voluntarily at fair value	(10)	–109	–260	151	58.1
Net income from hedge accounting	(11)	–8	12	–20	>–100.0
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	(12)	5	7	–2	–28.6
Share of profit or loss of equity-accounted entities	(13)	2	3	–1	–33.3
Other net operating income	(14)	134	301	–167	–55.5
General and administrative expenses	(15)	–713	–715	2	0.3
Depreciation and amortisation	(16)	–65	–63	–2	–3.2
Profit/loss before taxes		**–274**	**325**	**–599**	**>–100.0**
Taxes on income		89	–70	159	>100.0
Consolidated net profit/loss		**–185**	**255**	**–440**	**>–100.0**
thereof: Attributable to non-controlling interests		2	1	1	100
thereof: Attributable to shareholders of the parent		–187	254	–441	>–100.0

[1] Prior-year figures adjusted. See Note (1).

Consolidated Statement of Comprehensive Income

for the period 1 January to 30 June 2020

	1.1.– 30.6.2020 in € m	1.1.– 30.6.2019 in € m	Change in € m	Change in %
Consolidated net profit / loss according to the consolidated income statement	**–185**	**255**	**–440**	**>–100.0**
Items that will not be reclassified to the consolidated income statement:	**289**	**–69**	**358**	**>100.0**
Remeasurement of net defined benefit liability	166	–156	322	>100.0
Change in fair value of debt instruments measured at fair value through other comprehensive income	–1	–2	1	50
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	254	65	189	>100.0
Taxes on income on items that will not be reclassified to the consolidated income statement	–130	24	–154	>–100.0
Items that will be subsequently reclassified to the consolidated income statement:	**11**	**80**	**–69**	**–86**
Change in fair value of debt instruments measured at fair value through other comprehensive income	–19	90	–109	>–100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	–15	89	–104	>–100.0
Gains (–)/losses (+) reclassified to the consolidated income statement in the reporting period	–4	1	–5	>–100.0
Gains or losses from currency translation of foreign operations	1	–1	2	>100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	1	–1	2	>100.0
Gains or losses from fair value hedges of currency risk	34	23	11	48
Unrealised gains (+)/losses (–) recognised in the reporting period	34	23	11	48
Taxes on income on items that will be subsequently reclassified to the consolidated income statement	–5	–32	27	84
Other comprehensive income after taxes	**300**	**11**	**289**	**>100.0**
Comprehensive income for the reporting period	**115**	**266**	**–151**	**–57**
thereof: Attributable to non-controlling interests	1	1	–	–
thereof: Attributable to shareholders of the parent	114	265	–151	–57

Consolidated Statement of Financial Position

as at 30 June 2020

Assets

	Notes	30.6.2020 in € m	31.12.2019[1)] in € m	Change in € m	Change in %
Cash on hand, demand deposits and overnight money balances with central banks and banks	(18)	26,438	14,555	11,883	81.6
Financial assets measured at amortised cost	(19)	133,157	130,326	2,831	2.2
Trading assets	(20)	23,902	19,304	4,598	23.8
Other financial assets mandatorily measured at fair value through profit or loss	(21)	9,099	8,433	666	7.9
Financial assets designated voluntarily at fair value	(22)	4,035	3,963	72	1.8
Positive fair values of hedging derivatives under hedge accounting	(23)	1,353	1,102	251	22.8
Financial assets measured at fair value through other comprehensive income	(24)	24,328	23,803	525	2.2
Shares in equity-accounted entities	(25)	49	48	1	2.1
Investment property	(26)	2,742	2,509	233	9.3
Property and equipment	(27)	658	653	5	0.8
Intangible assets	(28)	126	101	25	24.8
Income tax assets		712	724	–12	–1.7
Current income tax assets		160	161	–1	–0.6
Deferred income tax assets		552	563	–11	–2.0
Non-current assets and disposal groups classified as held for sale	(29)	71	81	–10	–12.3
Other assets	(30)	1,021	1,416	–395	–27.9
Total assets		**227,691**	**207,018**	**20,673**	**10.0**

1) Prior-year figures restated. See Note (1).

Equity and liabilities

	Notes	30.6.2020 in € m	31.12.2019[1] in € m	Change in € m	Change in %
Financial liabilities measured at amortised cost	(19)	173,032	155,364	17,668	11.4
Trading liabilities	(20)	20,476	18,473	2,003	10.8
Negative fair values of non-trading derivatives	(21)	7,755	6,759	996	14.7
Financial liabilities designated voluntarily at fair value	(24)	12,676	12,799	–123	–1.0
Negative fair values of hedging derivatives under hedge accounting	(25)	1,815	1,907	–92	–4.8
Provisions	(31)	2,292	2,465	–173	–7.0
income tax liabilities		144	153	–9	–5.9
Current income tax liabilities		134	144	–10	–6.9
Deferred income tax liabilities		10	9	1	11.1
Other liabilities	(30)	685	398	287	72.1
Equity	(32)	8,816	8,700	116	1.3
Subscribed capital		2,509	2,509	–	–
Capital reserves		1,546	1,546	–	–
Additional Tier 1 capital instruments		354	354	–	–
Retained earnings		4,592	4,778	–186	–3.9
Accumulated other comprehensive income (OCI)		–188	–488	300	61.5
Non-controlling interests		3	1	2	>100.0
Total equity and liabilities		**227,691**	**207,018**	**20,673**	**10.0**

[1] Prior-year figures restated. See Note (1).

Consolidated Statement of Changes in Equity

for the period 1 January to 30 June 2020

in € m

	Equity attributable to shareholders of the parent company							
	Subscribed capital	**Capital reserves**	**Additional Tier 1 capital instruments**	**Retained earnings[1)]**	**Accumulated other comprehensive income**	**Subtotal**	**Non-controlling interests**	**Total equity**
As at 1.1.2019	**2,509**	**1,546**	**354**	**4,414**	**–360**	**8,463**	**–1**	**8,462**
Dividend payment				–90		–90		–90
Comprehensive income for the reporting period				254	11	265	1	266
thereof: Consolidated net profit/loss				254		254	1	255
thereof: Other comprehensive income after taxes					11	11	–	11
Reclassifications within equity				2	–2	–		–
As at 30.6.2019	**2,509**	**1,546**	**354**	**4,580**	**–351**	**8,638**	**–**	**8,638**
Dividend payment				–14		–14		–14
Comprehensive income for the reporting period				214	–139	75	1	76
thereof: Consolidated net profit/loss				214		214	1	215
thereof: Other comprehensive income after taxes					–139	–139	–	–139
Reclassifications within equity				–2	2	–		–
As at 31.12.2019	**2,509**	**1,546**	**354**	**4,778**	**–488**	**8,699**	**1**	**8,700**
Changes in the basis of consolidation	–	–	–	–	–	–	1	1
Comprehensive income for the reporting period				–186	300	114	1	115
thereof: Consolidated net profit/loss				–186		–186	1	–185
thereof: Other comprehensive income after taxes					300	300	–	300
As at 30.6.2020	**2,509**	**1,546**	**354**	**4,592**	**–188**	**8,813**	**3**	**8,816**

1) Prior-year figures restated. See Note (1).

The decision on the planned distribution to the owners of an amount of € 90 m from consolidated net profit for 2019 based on their shareholdings and capital contributions has been suspended until further notice in line with a pronouncement by the European Central Bank (ECB) because of the COVID-19 pandemic.

Consolidated Cash Flow Statement

for the period 1 January to 30 June 2020 – condensed

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Cash and cash equivalents at 1.1.	**14,555**	**7,342**
Cash flow from operating activities	12,545	15,733
Cash flow from investing activities	–661	3
Cash flow from financing activities[1]	–9	–62
Effect of exchange rate changes, measurement changes and changes in basis of consolidation	8	–2
Cash and cash equivalents at 30.6.	**26,438**	**23,014**
thereof: Cash on hand	258	83
thereof: Demand deposits and overnight money balances with central banks and banks	26,180	22,931

[1] Non-cash changes in subordinated liabilities amounted to a decrease of € 18 m (30 June 2019: decrease of € 13 m) and were attributable to accrued interest and measurement effects.

Notes

Accounting Policies

(1) Basis of Presentation

Basis of accounting
The consolidated interim financial statements of the Helaba Group for the period ended 30 June 2020 have been prepared pursuant to section 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). They also take into consideration the requirements of IAS 34 Interim Financial Reporting. The consolidated cash flow statement is presented in a condensed version; only selected information is disclosed in the notes. The consolidated interim financial statements should be read in conjunction with the Helaba Group's IFRS consolidated financial statements for the year ended 31 December 2019.

The IFRSs and International Financial Reporting Standards Interpretations (IFRICs) that were in force as at 30 June 2020 have been applied in full. The relevant requirements of German commercial law as specified in section 315e HGB have also been observed.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements and the assumptions, estimates and assessments made are generally the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2019. Exceptions are the standards and interpretations described in the following section that have been applied in the Helaba Group since 1 January 2020.

The emergence of the COVID-19 pandemic has significantly heightened the uncertainty surrounding the necessary assumptions, estimates and assessments in accounting policies. The main areas of uncertainty are the assessment about future macroeconomic conditions and the analysis of whether there has been a significant rise in credit risk. Helaba has taken into account its assessment of future macroeconomic conditions that were not yet fully reflected in the loss allowance models as at the reporting date by recognising a portfolio loan loss allowance.

For further information on the organisation of risk management, the individual risk types as well as risk concentrations, including such details in the COVID-19 context, please refer to the risk report, which forms an integral part of the management report.

IFRSs applied for the first time
The 2020 financial year was the first year in which mandatory application was required for the following IFRSs and IFRICs adopted by the EU and of significance for Helaba:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Materiality

  The objective of the amendments is to standardise the definition of materiality in all IFRSs and the Conceptual Framework. The aim is also to prevent non-material information from being used to obscure material disclosures. For these reasons, the definition of "material" has been clarified. The previous definition of materiality in the IFRSs was only concerned with omitting or misstating information. The new cross-referencing between the individual standards aims to clarify that obscuring material information with information that is not material could have effects that are similar to omission. The amendments also specify that information is material if it could reasonably be expected to have an influence. In addition, the "primary users" are identified as recipients of financial communications. It is emphasised that the target recipients are those who must rely predominantly on the information disclosed in the financial statements.

- Amendments to IFRS 3 Business Combinations – Definition of a Business

  In these amendments, the IASB clarifies that a business is a set of activities and assets that must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. With regard to outputs, the new definition now focuses on goods and services provided to customers and removes the reference to an ability to reduce costs. The new provisions also include an optional concentration test, the aim of which is to facilitate a simplified approach to identifying a business.

- Amendments to IFRS 9, IAS 39 and IFRS 7: end of the first phase of the "IBOR Reform and its Effects on Financial Reporting" project and further implications.

The amendments address accounting issues prior to the switch to alternative benchmark interest rates and aim to ensure that existing hedge accounting relationships can continue to be recognised. There was no material impact from the application of the first phase of the IFRS amendments in 2020.

Further implications of the reform of interbank offered rates (IBOR) and effects on financial reporting:

the Bank is implementing a project to manage the requirements under a changeover initiated by regulators in which the Bank must switch away from the current benchmark interest rates, namely the Euro OverNight Index Average (EONIA), Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR). At the Bank alone, this affected the following as at 30 June 2020: assets with a total carrying amount of € 59.5 bn, liabilities with a carrying amount of € 7.6 bn and portfolios of derivatives with a notional amount (non-netted) of € 513.6 bn. Of these amounts, assets of € 19.2 bn and portfolios of derivatives with a notional amount of € 21.0 bn related to the EONIA benchmark interest rate, which will be replaced by the euro short-term rate (€STR). The implementation of the reforms, only some of which have been finalised at the moment, will require modifications to contracts and IT systems. The central clearing counterparties used by the Bank changed over their discount curves at the end of July 2020 and are applying appropriate compensation payments in connection with the adjustment of interest agreements for collateral in line with €STR requirements. It is not yet possible to make a definitive assessment about the further impact of new contractual standards and the arrangement of possible compensation payments in bilateral derivatives and interbank business. More recent agreements in the customer business have already incorporated modified contractual arrangements that can be used as a fallback if the existing basis of calculations can no longer be applied. The entire implications from potential contractual adjustments and changes in market parameters cannot yet be quantified but, overall, are not expected to be in an amount that is material to the financial circumstances of the Bank.

- Revised Conceptual Framework and Amendments to References in IFRSs

The IASB has revised its Conceptual Framework for financial reporting. The purpose of the Conceptual Framework is to support the IASB in the development of financial reporting standards. It also helps entities clarify accounting matters that are not addressed directly in the IFRSs. Finally, it aims to provide all other interested parties with a better understanding of IFRSs. The revision does not lead to any direct changes in IFRSs. However, the IASB and the IFRS Interpretations Committee (IFRS IC) will use the revised Conceptual Framework as a basis when drawing up future standards.

The adoption of the new or amended standards and interpretations had little or no impact on the consolidated financial statements.

New financial reporting standards for future financial years

The standards and interpretations listed below have been issued by the IASB and IFRS IC, but have only been partially adopted by the EU and will only become mandatory in later financial years, and have thus not been applied early by Helaba, nor is any early application planned. These standards and interpretations are expected to have little or no impact on the consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts — Cost of Fulfilling a Contract
- Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework
- Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions
- IFRS 17 Insurance Contracts
- Annual Improvements to IFRSs – 2018–2020 Cycle

The annual improvements include changes to IFRSs with an impact on recognition, measurement and presentation of transactions, and also terminology and editorial adjustments. The following standards were affected by the improvements in this cycle:
IAS 41 Agriculture
IFRS 1 First-Time Adoption of International Financial Reporting Standards
IFRS 9 Financial Instruments
IFRS 16 Leases

Amendments to recognised amounts, changes to estimates, restatement of prior-year figures, correction of errors

To improve the clarity of the consolidated financial statements in the 2019 Annual Report, the Helaba Group modified the order of the disclosures in the notes, amalgamated some notes and implemented a number of other changes. These changes have also been made to the presentation in the condensed consolidated interim financial statements, where relevant.

Presentation changes or adjustments have been applied to prior-year figures within the disclosures in Notes (3), (7), (14), (15), (17), (19), (33) and (34). Please refer to the relevant Notes for details. There has been no impact on the figures for consolidated net profit or equity from these changes.

In the second half of 2019, the addition of securities voluntarily designated at fair value was incorrectly recognised. The error has been corrected retrospectively in accordance with IAS 8.41 et seq. This has led to the following changes for the prior year: a reduction in financial assets voluntarily designated at fair value of € 15 m (see Note (22)), an increase in income taxes receivable of € 5 m and a reduction in retained earnings of € 10 m (see Note (32)). The consolidated net profit for the prior-year period did not have to be restated. As a result of this issue, consequential changes have also been made in Note (34). The following tables show the effects in the relevant line items of the statement of financial position:

Assets in € m

	Notes	31.12.2019 as reported	Correction to previous year	31.12.2019 after correction
Financial assets designated voluntarily at fair value	(22), (34)	3,978	–15	3,963
Income tax assets		719	5	724
Deferred income tax assets		558	5	563
Total assets		**207,028**	**–10**	**207,018**

Equity and liabilities in € m

	Notes	31.12.2019 as reported	Correction to previous year	31.12.2019 after correction
Equity	(32)	8,710	–10	8,700
Retained earnings		4,788	–10	4,778
Total equity and liabilities		**207,028**	**–10**	**207,018**

(2) Basis of Consolidation

In addition to the parent company Helaba, a total of 121 entities are consolidated in the Helaba Group (31 December 2019: 115). Of this total, 95 (31 December 2019: 88) entities are fully consolidated and 26 entities are included using the equity method (31 December 2019: 27). The fully consolidated companies are subsidiaries and special purpose entities in accordance with IFRS 10, including collective investment undertakings.

The consolidated financial statements do not include 29 subsidiaries, 18 joint ventures and ten associates that are of minor significance for the presentation of the financial position and financial performance of the Helaba Group. The shares in these entities are reported under financial assets measured at fair value through other comprehensive income if they constitute material strategic equity investments; otherwise, they are reported under financial assets mandatorily measured at fair value through profit or loss.

The changes in the basis of consolidation during the reporting period were related to the subsidiaries shown below.

Changes in the group of fully consolidated entities

Entities added	
GWH Projekt Dortmund I GmbH & Co. KG, Frankfurt am Main	Established and consolidated for the first time in March 2020
GWH Projekt Dresden I GmbH & Co. KG, Frankfurt am Main	Established and consolidated for the first time in March 2020
GWH Projekt Dresden II GmbH & Co. KG, Frankfurt am Main	Established and consolidated for the first time in March 2020
GWH Projekt Dresden III GmbH & Co. KG, Frankfurt am Main	Established and consolidated for the first time in March 2020
GWH Projekt Heppenheim I GmbH & Co. KG, Frankfurt am Main	Established and consolidated for the first time in March 2020
IMAP M&A Consultants AG, Mannheim	Added and shares consolidated for the first time in March 2020
MKB PARTNERS, LLC, Wilmington, USA	Added and shares consolidated for the first time in March 2020

Acquisition of IMAP M&A Consultants AG

Effective end of February 2020, FBG Schweiz acquired 75.1 % of the shares in IMAP M&A Consultants AG at an expected purchase price of €17 m with a view to optimising the product range for its business partners. Some of the purchase price was settled with a payment; however, the price also includes a variable component linked to the company's attainment of contractually specified performance figures in the years up to 2022. IMAP M&A Consultants AG is an M&A company focused on mid-sized corporate customers, mainly in Germany, and is integrated into the "IMAP" network organisation, which operates around the globe.

The figures presented below show the additions to the items in the statement of financial position at fair value on the date of initial recognition prior to the elimination of intergroup transactions between Helaba and IMAP M&A Consultants AG:

in € m

Assets acquired	27.2.2020
Cash on hand, demand deposits and overnight money balances with central banks and banks	3
Financial assets measured at amortised cost	3
Other assets	6
Total	**12**

in € m

Liabilities acquired	27.2.2020
Financial liabilities measured at amortised cost	2
Sundry obligations	6
Total	**8**
Net assets	**4**

After the recognition of all assets and liabilities at fair value, the initial consolidation of IMAP M&A Consultants AG gave rise to goodwill of € 13 m, which was reported under intangible assets. The goodwill is assigned to the Retail & Asset Management segment. The goodwill is predominantly related to employee expertise. The additions to financial assets did not include any uncollectible loans or receivables.

Changes in the group of equity-accounted entities

Entities removed	
OFB & Procom Rüdesheim GmbH & Co. KG	Merger into an entity outside the group

The income arising from the derecognition of OFB & Procom Rüdesheim GmbH & Co. KG from the basis of consolidation amounted to less than € 0.1 m.

Consolidated Income Statement Disclosures

(3) Net Interest Income

in € m

	1.1.–30.6.2020	1.1.–30.6.2019[1)]
Interest income from	**1,768**	**1,933**
Financial assets measured at amortised cost	**1,040**	**1,144**
thereof: Calculated using the effective interest method	1,014	1,107
Loans and receivables	1,040	1,144
Non-trading financial assets mandatorily measured at fair value through profit or loss	**433**	**508**
Bonds and other fixed-income securities	13	13
Loans and receivables	2	1
Derivatives not held for trading	418	494
Financial assets designated voluntarily at fair value	**14**	**7**
Bonds and other fixed-income securities	1	1
Loans and receivables	13	6
Financial assets measured at fair value through other comprehensive income	**68**	**104**
thereof: Calculated using the effective interest method	68	104
Bonds and other fixed-income securities	65	101
Loans and receivables	3	3
Hedging derivatives under hedge accounting	**118**	**106**
Financial liabilities (negative interest)	**63**	**32**
Financial liabilities measured at amortised cost	63	32
Other	**32**	**32**
Cash on hand and demand deposit balances	1	2
thereof: Calculated using the effective interest method	1	2
Commitment fees	31	30

in € m

	1.1.–30.6.2020	1.1.–30.6.2019[1)]
Interest expense on	**– 1,170**	**– 1,376**
Financial liabilities measured at amortised cost	**– 527**	**– 645**
Securitised liabilities	– 191	– 240
Deposits and loans	– 335	– 405
Other financial liabilities	– 1	–
Derivatives not held for trading	**– 254**	**– 280**
Financial liabilities designated voluntarily at fair value	**– 89**	**– 98**
Securitised liabilities	– 27	– 38
Deposits and loans	– 62	– 60
Hedging derivatives under hedge accounting	**– 226**	**– 290**
Financial assets (negative interest)	**– 60**	**– 43**
Financial assets measured at amortised cost	– 60	– 43
Provisions and other liabilities	**– 14**	**– 20**
Unwinding of discount on provisions for pension obligations	– 13	– 18
Unwinding of discount on other provisions	–	– 1
Sundry liabilities	– 1	– 1
Total	**598**	**557**

[1)] Prior-year figures adjusted: In the previous year, interest income from cash on hand and demand deposit balances in an amount of € 2 m calculated using the effective interest method was reported under interest income from financial assets measured at amortised cost calculated using the effective interest method.

Interest income not calculated using the effective interest method largely consisted of early redemption fees and non-recurring loan fees.

Interest income and expenses relating to trading activities are reported under net trading income.

(4) Loss Allowances

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Financial assets measured at amortised cost	**–145**	**–28**
Loans and receivables	–145	–28
Additions to cumulative loss allowances	–252	–176
Reversals of cumulative loss allowances	106	144
Direct write-offs	–1	–1
Recoveries on amounts previously written off	2	5
Financial assets measured at fair value through other comprehensive income	**–**	**–1**
Bonds and other fixed-income securities	–	–1
Additions to cumulative loss allowances	–1	–1
Reversals of cumulative loss allowances	1	–
Loan commitments	**–6**	**–1**
Additions to provisions	–28	–68
Reversals of provisions	22	67
Financial guarantees	**–**	**–4**
Additions to provisions	–13	–18
Reversals of provisions	13	14
Total	**–151**	**–34**

See Note (33) for further disclosures relating to loss allowances.

(5) Gains or Losses from Non-Substantial Modification of Contractual Cash Flows

There were no gains or losses from non-substantial modification of contractual cash flows in the reporting period or in the comparative period.

(6) Dividend Income

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Related to financial assets mandatorily measured at fair value through profit or loss	**7**	**3**
Equity shares and other variable-income securities	4	–
Shares in unconsolidated affiliates	1	1
Other equity investments	2	2
Related to financial assets measured at fair value through other comprehensive income	**1**	**2**
Other equity investments	1	2
Total	**8**	**5**

Dividend income from shares in unconsolidated affiliates encompasses dividends as well as income from profit and loss transfer agreements.

Dividend income relating to trading activities is recognised under net trading income.

(7) Net Fee and Commission Income

in € m

	1.1.–30.6.2020	1.1.–30.6.2019[1)]
Lending and guarantee business	37	32
Account management and payment transactions	64	58
Asset management	54	49
Securities and securities deposit business	28	22
Management of public-sector subsidy and development programmes	21	19
Other fees and commissions	7	6
Total	**211**	**186**

[1)] Prior-year figures adjusted: Loan processing fees of € 3 m together with fees and commissions of € 1 m from the purchase and sale of currencies, which have only been recognised separately starting from the current year, were reported under other fees and commissions in the prior year. As a result of the greater detail in the data capture, these items are now reported properly under fees and commissions from lending and guarantee business and from account management and payment transactions.

Fees and commissions relating to trading activities are recognised under net trading income.

Disclosures Regarding Revenue from Contracts with Customers

The following table shows income items in the reporting period that included revenue as defined in IFRS 15, broken down by type of service and segment:

in € m

	Real Estate	Corporates & Markets	Retail & Asset Management	WIBank	Other	Consolidation/reconciliation	Group
Fee and commission income	**10**	**86**	**160**	**21**	**–**	**–7**	**270**
Lending and guarantee business	10	29	1	–	–	–	40
Account management and payment transactions	–	32	36	–	–	–1	67
Asset management	–	–	58	–	–	–2	56
Securities and securities deposit business	–	23	39	–	–	–3	59
Management of public-sector subsidy and development programmes	–	–	–	21	–	–	21
Other	–	2	26	–	–	–1	27
Revenue in accordance with IFRS 15 under other operating income	**–**	**1**	**20**	**–**	**32**	**–5**	**48**
Total	**10**	**87**	**180**	**21**	**32**	**–12**	**318**

The following table shows the figures for the prior-year period:

in € m

	Real Estate	Corporates & Markets	Retail & Asset Management[1]	WIBank	Other	Consolidation/reconciliation	Group[1]
Fee and commission income	9	74	150	19	–	–8	244
Lending and guarantee business	9	27	1	–	–	–	37
Account management and payment transactions	–	31	31	–	–	–	62
Asset management	–	–	53	–	–	–3	50
Securities and securities deposit business	–	10	42	–	–	–4	48
Management of public-sector subsidy and development programmes	–	–	–	19	–	–	19
Other	–	6	23	–	–	–1	28
Revenue in accordance with IFRS 15 under other operating income	**–**	**–**	**32**	**–**	**25**	**–7**	**50**
Total	**9**	**74**	**182**	**19**	**25**	**–15**	**294**

[1] Prior-year figures adjusted: Loan processing fees of € 3 m in the Corporates & Markets segment together with fees and commissions of € 1 m from the purchase and sale of currencies in the Retail & Asset Management segment, which have only been recognised separately starting from the current year, were reported under other fees and commissions in the prior year. As a result of the greater detail in the data capture, these items are now reported properly under fees and commissions from lending and guarantee business and from account management and payment transactions.

(8) Net Trading Income

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Equity-/index-related transactions	**–1**	**1**
Equity shares and other variable-income securities	–6	3
Equities	–6	3
Equity/index certificates	–	3
Issued equity/index certificates	5	–5
Interest-rate-related transactions	**–135**	**–26**
Bonds and other fixed-income securities	36	109
Loans and receivables	22	37
Repayable on demand and at short notice	–	1
Other fixed-term loans	22	36
Short-selling of securities	–1	–
Issued money market instruments	–3	–5
Deposits and loans	8	–1
Payable on demand	2	1
Securities repurchase transactions (repos)	6	–2
Interest-rate derivatives	–197	–166
Currency-related transactions	**–27**	**14**
Foreign exchange	–133	12
FX derivatives	106	2
Credit derivatives	**–1**	**–7**
Commodity-related transactions	**13**	**4**
Net fee and commission income or expense	**–19**	**–13**
Total	**–170**	**–27**

The deterioration in net trading income was caused by the net derivative losses (which were mainly attributable in turn to higher credit value adjustments (CVAs)) and the widening of credit spreads on securities. Both effects were triggered by the COVID-19 pandemic and its consequences on capital markets.

(9) Gains or Losses on Other Financial Instruments Mandatorily Measured at Fair Value Through Profit or Loss

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Derivatives not held for trading	**28**	**274**
Equity/index certificates	–16	6
Interest-rate derivatives	76	269
Cross-currency derivatives (FX derivatives)	–32	–1
Bonds and other fixed-income securities	**–42**	**66**
Loans and receivables	**9**	**8**
Equity shares and other variable-income securities	**–13**	**4**
Shareholdings	**–**	**–**
Shares in unconsolidated affiliates	–	–1
Other equity investments	–	1
Receivables from the purchase of endowment insurance policies	**2**	**1**
Total	**–16**	**353**

The gains or losses on interest rate derivatives mandatorily measured at fair value through profit or loss largely resulted from hedges in connection with financial instruments designated voluntarily at fair value. The gains or losses on remeasurement of the hedged items are reported under gains or losses on financial instruments designated voluntarily at fair value (Note (10)).

(10) Gains or Losses on Financial Instruments Designated Voluntarily at Fair Value

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Bonds and other fixed-income securities	6	8
Loans and receivables	173	141
Securitised liabilities	–70	–117
Deposits and loans	–218	–292
Total	**–109**	**–260**

The gains and losses suffered a heavy negative impact from the widening of credit spreads as a consequence of the COVID-19 pandemic, mainly in respect of public authorities because of the nature of the portfolio.

Please refer to Note (9) for disclosures relating to the gains or losses on the corresponding derivatives, which are used to hedge interest rate risk.

(11) Net Income from Hedge Accounting

The net income from hedge accounting comprises the remeasurement gains or losses on the hedged items and hedging instruments under hedge accounting.

in € m

	Consolidated income statement: Recognised ineffective portion of hedges		Comprehensive income: Recognised hedge costs	
	1.1.–30.6.2020	1.1.–31.12.2019	1.1.–30.6.2020	1.1.–31.12.2019
Fair value hedges – micro hedges	**–4**	**14**	**–**	**–**
Hedging of interest rate risk	–4	14	–	–
Change in fair value of hedging derivatives in the reporting period	–286	19	–	–
Interest-rate-related change in fair value of hedged items in the reporting period	282	–5	–	–
Fair value hedges – group hedges	**–4**	**–2**	**34**	**23**
Hedging of currency risk	–4	–2	34	23
Change in fair value of hedging derivatives in the reporting period	303	–81	34	23
Spot-rate-related change in fair value of hedged items in the reporting period	–307	79	–	–
Total	**–8**	**12**	**34**	**23**

Only interest rate risks are hedged using micro hedges. Group hedges are used to hedge currency risk.

(12) Gains or Losses on Derecognition of Financial Instruments not Measured at Fair Value through Profit or Loss

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Related to financial assets measured at fair value through other comprehensive income	**4**	**–1**
Bonds and other fixed-income securities	4	–1
Related to financial liabilities measured at amortised cost	**1**	**8**
Deposits and loans	1	8
Total	**5**	**7**

(13) Share of Profit or Loss of Equity-Accounted Entities

The share of profit or loss of equity-accounted entities comprises the earnings contributions of equity-accounted joint ventures and associates, which are recognised in the income statement.

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Share of profit or loss of equity-accounted joint ventures	**–**	**1**
Share of profit or loss	–	3
Impairment losses or impairment loss reversals	–	–2
Share of profit or loss of equity-accounted associates	**2**	**2**
Share of profit or loss	2	2
Total	**2**	**3**

(14) Other Net Operating Income

in € m

	1.1.–30.6.2020	1.1.–30.6.2019[1)]
Gains (+) or losses (–) from the disposal of non-financial assets	**32**	**33**
Investment property	11	24
Property and equipment	16	–
Inventories	5	9
Impairment losses (–) or reversals of impairment losses (+) on non-financial assets	**–4**	**–**
Intangible assets	–1	–
Other intangible assets	–1	–
Inventories	–3	–
Additions (–) to or reversals (+) of provisions	**3**	**–4**
Restructuring provisions	1	–9
Provisions for litigation risks and tax proceedings	–1	–
Sundry provisions	3	5
Income from the recognition of negative goodwill	**–**	**163**
Income or expense from the elimination of intragroup transactions of subsidiaries consolidated for the first time	**–**	**–29**
Other net operating income	**106**	**104**
Investment property	94	94
Property and equipment	8	11
Inventories	4	–1
Rental income under non-cancellable subtenancy arrangements	**1**	**–**
Income from non-banking services	**7**	**11**
Sundry other operating income and expenses	**–11**	**23**
Total	**134**	**301**

[1)] Prior-year figures adjusted: In the previous year, rental expenses of € 2 m were reported under other net income from investment property and rental expenses of € 4 m under sundry other operating income and expenses. These expenses are now recognised under general and administrative expenses.

In the prior-year period, the contribution to other net operating income from the initial inclusion of KOFIBA arose largely from the recognition of the negative goodwill of € 163 m and the expense under the elimination of intragroup transactions of subsidiaries consolidated for the first time amounting to € 29 m.

The sundry other operating income and expenses include revenue in accordance with IFRS 15. Please refer to Note (7) for further disclosures.

The income and expenses from investment property included in other net operating income are shown in the following breakdown:

in € m

	1.1.–30.6.2020	1.1.–30.6.2019[1)]
Income from investment property	**195**	**201**
Rental and lease income	180	173
Gains on derecognition	11	24
Other income	4	4
Expenses from investment property	**–90**	**–83**
Operating and maintenance expenses	–88	–82
thereof: From property leased out	–88	–82
Miscellaneous expenses	–2	–1
Total	**105**	**118**

[1)] Prior-year figures adjusted: In the previous year, rental expenses of € 2 m were reported under operating and maintenance expenses. These expenses are now recognised under general and administrative expenses.

(15) General and Administrative Expenses

in € m

	1.1.–30.6.2020	1.1.–30.6.2019[1)]
Personnel expenses	**–335**	**–334**
Wages and salaries	–260	–264
Social security	–42	–40
Expenses for pensions and other benefits	–33	–30
Other administrative expenses	**–378**	**–381**
Business operating costs	–54	–58
Audit and consultancy services	–44	–52
IT expenses	–130	–134
Expenses for business premises	–17	–17
Cost of advertising, public relations and representation	–11	–18
Mandatory contributions	–122	–102
thereof: Mandatory contributions to the European Single Resolution Fund	–51	–42
Total	**–713**	**–715**

[1)] Prior-year figures adjusted: In the previous year, rental expenses of € 6 m had been reported under other net operating income, but they are now recognised in general and administrative expenses under expenses for business premises.

(16) Depreciation and Amortisation

in € m

	1.1.–30.6.2020	1.1.–30.6.2019
Investment property	**–22**	**–21**
Buildings leased out	–22	–21
Property and equipment	**–32**	**–30**
Owner-occupied land and buildings	–24	–23
Operating and office equipment	–7	–7
Machinery and technical equipment	–1	–
Intangible assets	**–11**	**–12**
Purchased software	–11	–12
Total	**–65**	**–63**

(17) Segment Reporting

The following table shows the income for each segment in the reporting period:

in € m

	Real Estate	Corporates & Markets	Retail & Asset Manage-ment	WIBank	Other	Consolida-tion/re-concilia-tion	Group
Net interest income	192	185	123	32	61	5	598
Loss allowances	–2	–101	–14	–	–34	–	–151
Net interest income after loss allowances	**190**	**84**	**109**	**32**	**27**	**5**	**447**
Net fee and commission income	9	83	115	21	–15	–2	211
Net income from investment property	–	–	105	–	–	–	105
Gains or losses on measurement at fair value	–	–158	–29	–	–116	–	–303
Net trading income	–	–158	–9	–	–	–3	–170
Gains or losses on hedge accounting and other financial instruments measured at fair value (not held for trading)	–	–	–20	–	–116	3	–133
Share of profit or loss of equity-accounted entities	–	–	2	–	–	–	2
Other net income/expense	–	4	49	1	5	–17	42
Total income	**199**	**13**	**351**	**54**	**–99**	**–14**	**504**
General and administrative expenses including depreciation and amortisation	–81	–269	–286	–39	–156	53	–778
Profit/loss before taxes	**118**	**–256**	**65**	**15**	**–255**	**39**	**–274**
Assets (€ bn)	32.6	74.7	32.9	25.3	63.6	–1.4	227.7
Risk-weighted assets (€ bn)	17.3	27.2	7.4	1.2	10.2	–	63.3
Allocated capital (€ m)	2,021	3,062	2,335	136	1,138	–	8,692
Return on equity (%)	11.7	–	5.6	21.8	–	–	–
Cost-income ratio (%)	40.3	234.4	78.4	72.2	–	–	118.7

The following table shows the income for each segment in the corresponding prior-year reporting period:

in € m

	Real Estate	Corporates & Markets[1]	Retail & Asset Management[1]	WIBank	Other[1]	Consolidation/reconciliation[1]	Group[1]
Net interest income	190	170	121	29	54	–7	557
Loss allowances	12	–47	–1	–	2	–	–34
Net interest income after loss allowances	**202**	**123**	**120**	**29**	**56**	**–7**	**523**
Net fee and commission income	9	76	96	19	–13	–1	186
Net income from investment property[2]	–	–	118	–	–	–	118
Gains or losses on measurement at fair value[2]	–	–22	13	–	87	–	78
Net trading income	–	–24	2	–	–	–5	–27
Gains or losses on hedge accounting and other financial instruments measured at fair value (not held for trading)	–	2	11	–	87	5	105
Share of profit or loss of equity-accounted entities	–	–	2	–	1	–	3
Other net income/expense[2]	–1	22	43	1	144	–14	195
Total income	**210**	**199**	**392**	**49**	**275**	**–22**	**1,103**
General and administrative expenses including depreciation and amortisation[2]	–79	–248	–274	–36	–178	37	–778
Profit/loss before taxes	**131**	**–49**	**118**	**13**	**97**	**15**	**325**
Assets (€ bn)	31.0	70.2	31.7	24.1	67.6	–11.6	213.0
Risk-weighted assets (€ bn)	16.9	23.3	7.3	1.2	9.5	–	58.2
Allocated capital (€ m)	1,907	2,599	2,355	132	1,484	–	8,477
Return on equity (%)	13.8	–	10.0	20.1	–	–	7.7
Cost-income ratio (%)	39.7	101.1	69.7	72.9	–	–	68.4

[1] Prior-year figures adjusted: Following an internal reorganisation, the prior-year figures for the Corporates & Markets, Retail & Asset Management, Other and Consolidation/reconciliation segments have been adjusted (see table). In addition, rental expenses of € 2 m were previously reported under net income from investment property in the Retail & Asset Management segment and similar expenses of € 4 m under the other net income/expense for the Consolidation/reconciliation segment, but are now reported under general and administrative expenses including depreciation and amortisation for the respective segment. This has led to adjustments in the cost-income ratio in the Retail & Asset Management segment (+0.2 percentage points) and in the Group (+0.1 percentage points).

[2] Presentation adjusted: The lines net income from investment property and gains or losses on measurement at fair value have been inserted. Net income from investment property was included in other net income/expense in the previous year. The gains or losses on measurement at fair value include net trading income and net income from hedge accounting and other financial instruments measured at fair value (non-trading). For the avoidance of doubt, the general and administrative expenses line has been renamed general and administrative expenses including depreciation and amortisation. The presentation is thus in line with the internal presentation of financial performance and also the presentation in the management report.

The segment report is broken down into the four operating segments explained below.

- Products related to financing major commercial projects and existing properties are Helaba's particular speciality in the Real Estate segment. The product range includes traditional real estate loans in Germany and abroad, financing for open-ended real estate funds as well as development/portfolio financing. Office buildings, retail outlets and residential portfolios make up the bulk of the business in this area, although the segment also provides finance for retail parks and logistics centres.

- In the Corporates & Markets segment, Helaba offers products for all customer groups. The Asset Finance and Corporate Banking divisions provide specially tailored finance for companies, structured and arranged to specific customer requirements, through the constituent product groups Corporate Loans, Project Finance, Transport Finance, Foreign Trade Finance, Acquisition Finance, Asset Backed Finance, Investment and Leasing Finance and Tax Engineering. The Bank's activities in the Savings Banks & SME division concentrate on supporting Sparkassen and their customers with financing arrangements based on credit standing and cash flow (primarily jointly extended loans), trade finance business and cash management services. The Public Sector division provides advice and products for municipal authorities and their corporations. In addition to the lending products, this segment also includes the trading and sales activities from the Capital Markets division. Following an internal reorganisation, the Capital Markets division now additionally includes the income and expenses from the depositary, which previously formed part of the Retail & Asset Management segment.

- The Retail & Asset Management segment encompasses retail banking, private banking, Landesbausparkasse Hessen-Thüringen and asset management activities. Frankfurter Sparkasse offers the conventional products of a retail bank. The Frankfurter Bankgesellschaft Group rounds off the range of private banking products available from Helaba. The asset management products at Helaba Invest Kapitalanlagegesellschaft mbH also include traditional asset management and administration, the management of special and retail funds for institutional investors and support for master investment trust clients. The Portfolio and Real Estate Management business, including the real estate subsidiaries such as the GWH Group and Helicon KG, also forms part of this segment. The range of products is broad, covering support for third-party and own real estate, project development and facility management.

- The WIBank segment mainly comprises the Wirtschafts- und Infrastrukturbank Hessen (WIBank) business line. In its capacity as the central development institution for Hesse, WIBank administers development programmes on behalf of the State of Hesse. This segment therefore brings together the earnings from the public-sector development and infrastructure business in the fields of housing, municipal and urban development, public infrastructure, business/enterprise and employment promotion, agriculture and environmental protection.

In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting. The presentation of income and expenses follows the reporting to management.

For internal management purposes, net interest income in the lending business is calculated using the market interest rate method from the difference between the customer interest rate and the market interest rate for an alternative transaction with a matching structure. Gains or losses on maturity transformation are reported as net interest income in Asset/Liability Management.

Net income from investment property includes both income and expenses from the management of investment property and investment property project development. In the previous year, this net income was reported as part of other net operating income.

The net trading income, gains or losses on non-trading derivatives and financial instruments to which the fair value option is applied, net income from hedge accounting, gains and losses on bonds measured at fair value through other comprehensive income, gains and losses on debt instruments and equity instruments mandatorily measured at fair value through profit or loss and share of profit or loss of equity-accounted entities are determined in the same way as the figures for external financial reporting under IFRSs.

Other net income/expense consists of dividend income, other net operating income not attributable to net income from investment property, and gains or losses on derecognition of financial instruments not measured at fair value through profit or loss.

General and administrative expenses comprise the costs directly assignable to the segments plus the costs of internal services provided by other units. The costs of these services are allocated on the basis of arm's-length pricing agreements or volume drivers according to the user-pays principle. The final component is the allocation of corporate centre costs, generally also based on the user-pays principle.
The assets line shows the assets in the statement of financial position allocated to the relevant units. Contribution margin accounting is used for allocating these items to the operating segments. The risk exposure item comprises the risk exposure of the banking and trading book, including the market risk exposure in accordance with the Capital Requirements Regulation (CRR). The average equity stated in the statement of financial position for the divisions is distributed based on risk exposures and allocated for the subsidiaries and equity investments in relation to the equity stated in the statement of financial position (allocated capital).

The return on equity for the segments is the ratio of profit/loss before taxes to average allocated capital. The cost-income ratio is the ratio of general and administrative expenses to total income net of loss allowances.

The Other segment contains the contributions to income and expenses that cannot be attributed to the operating segments. In particular, this column includes the net income from centrally consolidated equity investments such as the OFB Group as well as the costs of the central units that cannot be allocated to the individual segments in line with the user-pays principle. The net income or expense from Treasury activities, from central own funds investing activities, from strategic planning decisions and from the centrally held liquidity securities is also recognised under this segment.

Effects arising from consolidation and intragroup adjustments between the segments are reported under consolidation/reconciliation. Effects that arise from the reconciliation between the segment figures and the consolidated income statement, in particular in relation to net interest income, are also reported under consolidation/reconciliation. Since the contribution margin statement shows net interest income on the basis of the market interest rate method, differences also result in the case of non-recurring income and net interest income attributable to other periods.

Following an internal reorganisation, the prior-year figures for the Corporates & Markets, Retail & Asset Management, Other and Consolidation/reconciliation segments have been adjusted as follows:

in € m

	Corporates & Markets		**Retail & Asset Management**		**Other**		**Consolidation/ reconciliation**	
	reported	**adjusted**	**reported**	**adjusted**	**reported**	**adjusted**	**reported**	**adjusted**
Net Interest Income	170	170	120	121	55	54	−7	−7
Net interest income after loss allowances	**123**	**123**	**119**	**120**	**57**	**56**	**−7**	**−7**
Net fee and commission income	69	76	94	96	−4	−13	−1	−1
Total income	**192**	**199**	**389**	**392**	**285**	**275**	**−22**	**−22**
General and administrative expenses including depreciation and amortisation	−245	−248	−274	−274	−181	−178	37	37
Profit/loss before taxes	**−53**	**−49**	**115**	**118**	**104**	**97**	**15**	**15**
Assets (€ bn)	70.1	70.2	31.9	31.7	68.4	67.6	−12.5	−11.6
Risk-weighted assets (€ bn)	23.2	23.3	7.4	7.3	9.5	9.5	–	–
Allocated capital (€ m)	2,588	2,599	2,368	2,355	1,482	1,484	–	–
Return on equity (%)	–	–	9.7	10.0	–	–	–	–
Cost-income ratio (%)	103.0	101.0	70.3	69.7	–	–	–	–

Consolidated Statement of Financial Position Disclosures

(18) Cash on Hand, Demand Deposits and Overnight Money Balances with Central Banks and Banks

in € m

	30.6.2020	31.12.2019
Cash on hand	**258**	**85**
Demand deposit balances with central banks	**25,042**	**12,932**
With Deutsche Bundesbank	24,212	12,201
Financial assets measured at amortised cost	24,212	12,201
With other central banks	830	731
Financial assets measured at amortised cost	830	731
Demand deposits and overnight money balances with banks	**1,138**	**1,538**
Financial assets measured at amortised cost	804	1,204
Financial assets mandatorily measured at fair value	334	334
Total	**26,438**	**14,555**

(19) Financial Instruments Measured at Amortised Cost

The following table shows the financial assets measured at amortised cost:

in € m

	30.6.2020	31.12.2019
Loans and receivables	**133,157**	**130,326**
Repayable on demand and at short notice	12,954	11,498
Credit card receivables	13	10
Trade accounts receivable, including factoring	2,574	3,335
Receivables from finance leases	–	1
Other fixed-term loans	117,288	115,428
Promissory note loans	3,513	3,030
Registered bonds	970	870
Forwarding loans	8,099	7,840
Time deposits	2,679	3,440
Bausparkasse building loans	956	936
Sundry other fixed-term loans	101,071	99,312
Other receivables not classified as loans	328	54
Total	**133,157**	**130,326**

The table below shows a breakdown of the other fixed-term loans by financing purpose:

in € m

	30.6.2020	31.12.2019
Commercial real estate loans	34,448	32,858
Residential building loans	6,335	6,250
Consumer loans to private households	231	216
Infrastructure loans	29,044	28,736
Asset finance	7,178	7,062
Leasing funding	4,012	4,400
Import/export finance	18	16
Other financing purposes	36,022	35,890
Total	**117,288**	**115,428**

The following table shows the financial liabilities measured at amortised cost:

in € m

	30.6.2020	31.12.2019[1)]
Securitised liabilities	**58,389**	**59,715**
Issued money market instruments	10,545	13,286
Commercial paper (CP)	4,872	4,479
Certificates of deposit (CD)	5,213	8,105
Asset-backed commercial paper (ABCP)	460	702
Medium- and long-term bonds issued	47,844	46,429
Mortgage Pfandbriefe	11,370	10,813
Public Pfandbriefe	12,863	13,272
Structured (hybrid) bonds	1,563	1,582
Other medium- and long-term bonds	22,048	20,762
Deposits and loans	**114,010**	**95,169**
Payable on demand	43,692	35,978
With an agreed term	63,562	52,525
With an agreed period of notice	6,662	6,608
Securities repurchase transactions (repos)	94	58
Other financial liabilities	**633**	**480**
thereof: Liabilities under long-term leases	207	221
Total	**173,032**	**155,364**

[1)] Prior-year figures adjusted: Liabilities under long-term leases, which were previously reported under deposits and loans with agreed maturity, are now included in other financial liabilities. The prior-year figures have been adjusted by an amount of € 221 m.

The increase in the deposits and loans with agreed maturity is predominantly attributable to Helaba's participation in the ECB's targeted longer-term refinancing operations III (TLTRO III).

The following table shows the financial instruments measured at amortised cost by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2020	31.12.2019[1)]	30.6.2020	31.12.2019[1)]	30.6.2020	31.12.2019[1)]	30.6.2020	31.12.2019[1)]
Loans and receivables	**82,371**	**83,632**	**35,182**	**32,197**	**15,604**	**14,497**	**133,157**	**130,326**
Central banks	52	65	–	–	–	–	52	65
Central giro institutions	287	371	–	–	–	–	287	371
Sparkassen	5,600	5,737	–	–	–	–	5,600	5,737
Other banks	2,753	2,727	8,323	6,885	965	865	12,041	10,477
Other financial corporations	5,542	5,256	4,487	4,087	603	691	10,632	10,034
Non-financial corporations	31,381	32,248	20,343	19,087	13,779	12,713	65,503	64,048
Government	29,167	29,741	2,010	2,116	82	52	31,259	31,909
Households	7,589	7,487	19	22	175	176	7,783	7,685
Assets	**82,371**	**83,632**	**35,182**	**32,197**	**15,604**	**14,497**	**133,157**	**130,326**

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2020	31.12.2019[1)]	30.6.2020	31.12.2019[1)]	30.6.2020	31.12.2019[1)]	30.6.2020	31.12.2019[1)]
Deposits and loans	**107,207**	**88,723**	**3,344**	**2,930**	**3,459**	**3,516**	**114,010**	**95,169**
Central banks	10,038	2,182	–	–	–	448	10,038	2,630
Central giro institutions	1,510	1,286	–	–	–	–	1,510	1,286
Sparkassen	12,123	9,156	–	–	–	–	12,123	9,156
Other banks	20,251	19,714	1,499	1,156	1,716	1,619	23,466	22,489
Other financial corporations	23,344	23,104	1,033	946	902	411	25,279	24,461
Non-financial corporations	9,079	5,374	541	430	512	633	10,132	6,437
Government	10,334	7,813	129	261	101	193	10,564	8,267
Households	20,528	20,094	142	137	228	212	20,898	20,443
Other financial liabilities	**615**	**468**	**11**	**7**	**7**	**5**	**633**	**480**
Central giro institutions	3	–	–	–	–	–	3	–
Sparkassen	2	2	–	–	–	–	2	2
Other banks	2	2	–	–	–	–	2	2
Other financial corporations	82	99	–	–	–	–	82	99
Non-financial corporations	207	244	11	7	4	5	222	256
Government	258	25	–	–	–	–	258	25
Households	61	96	–	–	3	–	64	96
Liabilities	**107,822**	**89,191**	**3,355**	**2,937**	**3,466**	**3,521**	**114,643**	**95,649**

[1)] Prior-year figures adjusted: Liabilities under long-term leases, which were previously reported under deposits and loans with agreed maturity, are now included in other financial liabilities. The breakdown of the total amount of € 221 m is as follows: other financial corporations in Germany, € 82 m; non-financial corporations, € 87 m (Germany € 75 m, European Union € 7 m, rest of world € 5 m); government in Germany, € 20 m; and households in Germany, € 32 m. In addition, deposits and loans from other banks included an amount of € 464 m that was attributed to Germany but should have been allocated to the European Union (excluding Germany).

(20) Trading Assets and Trading Liabilities

This item consists solely of financial instruments held for trading purposes and mandatorily measured at fair value through profit or loss (FVTPL HfT).

Loans and receivables held for trading mainly comprise promissory note loans and, to a lesser extent, repos and money trading transactions. Further disclosures on derivatives can be found in Note (35), and on issuing activities in Note (36).

The following tables show a breakdown of trading assets and trading liabilities by product:

in € m

	30.6.2020	31.12.2019
Positive fair values of trading derivatives	**16,226**	**12,348**
thereof: Traded OTC	16,222	12,342
thereof: Exchange-traded	4	6
Equity-/index-related transactions	413	272
Interest-rate-related transactions	14,852	11,128
Currency-related transactions	943	931
Credit derivatives	18	17
Bonds and other fixed-income securities	**6,384**	**5,951**
Money market instruments	13	176
Medium- and long-term bonds	6,371	5,775
Loans and receivables	**1,266**	**979**
Repayable on demand and at short notice	1	3
Receivables from securities repurchase transactions (reverse repos)	300	16
Other fixed-term loans	965	960
Equity shares and other variable-income securities	**26**	**26**
Equities	26	26
Trading assets	**23,902**	**19,304**

in €m

	30.6.2020	31.12.2019
Negative fair values of trading derivatives	**13,003**	**10,180**
thereof: Traded OTC	12,979	10,166
thereof: Exchange-traded	24	14
Equity-/index-related transactions	406	271
Interest-rate-related transactions	11,725	9,045
Currency-related transactions	852	846
Credit derivatives	19	17
Commodity-related transactions	1	1
Securitised liabilities	**1,468**	**1,137**
Issued money market instruments	1,439	1,102
Commercial paper (CP)	1,289	852
Certificates of deposit (CD)	150	250
Issued equity/index certificates	29	35
Deposits and loans	**5,767**	**7,145**
Payable on demand	819	851
With an agreed term	4,948	6,294
Liabilities arising from short-selling	**238**	**11**
Trading liabilities	**20,476**	**18,473**

The following table presents the non-derivative trading assets and trading liabilities by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Bonds and other fixed-income securities	**1,965**	**1,759**	**3,250**	**2,951**	**1,169**	**1,241**	**6,384**	**5,951**
Central giro institutions	84	244	–	–	–	–	84	244
Sparkassen	76	67	–	–	–	–	76	67
Other banks	1,219	1,027	2,883	2,811	1,097	1,130	5,199	4,968
Other financial corporations	26	35	32	30	49	55	107	120
Non-financial corporations	47	39	19	32	1	–	67	71
Government	513	347	316	78	22	56	851	481
Loans and receivables	**829**	**827**	**395**	**112**	**42**	**40**	**1,266**	**979**
Central giro institutions	14	53	–	–	–	–	14	53
Sparkassen	161	180	–	–	–	–	161	180
Other banks	440	188	36	42	–	–	476	230
Other financial corporations	11	–	–	3	–	–	11	3
Non-financial corporations	81	138	353	66	42	40	476	244
Government	122	268	6	1	–	–	128	269
Equity shares and other variable-income securities	**22**	**24**	**4**	**2**	**–**	**–**	**26**	**26**
Other banks	1	–	–	–	–	–	1	–
Other financial corporations	2	–	2	1	–	–	4	1
Non-financial corporations	19	24	2	1	–	–	21	25
Non-derivative trading assets	**2,816**	**2,610**	**3,649**	**3,065**	**1,211**	**1,281**	**7,676**	**6,956**

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Deposits and loans	**5,196**	**6,797**	**502**	**283**	**69**	**65**	**5,767**	**7,145**
Sparkassen	1,374	1,869	–	–	–	–	1,374	1,869
Other banks	60	46	5	5	69	25	134	76
Other financial corporations	1,554	1,920	497	278	–	40	2,051	2,238
Non-financial corporations	244	132	–	–	–	–	244	132
Government	1,963	2,829	–	–	–	–	1,963	2,829
Households	1	1	–	–	–	–	1	1
Liabilities arising from short-selling	**238**	**–**	**–**	**–**	**–**	**11**	**238**	**11**
Other banks	–	–	–	–	–	1	–	1
Other financial corporations	–	–	–	–	–	10	–	10
Government	238	–	–	–	–	–	238	–
Non-derivative trading liabilities	**5,434**	**6,797**	**502**	**283**	**69**	**76**	**6,005**	**7,156**

(21) Other Financial Instruments Mandatorily Measured at Fair Value through Profit or Loss

in € m

	30.6.2020	31.12.2019
Positive fair values of non-trading derivatives	**6,721**	**5,876**
thereof: Traded OTC	6,721	5,876
Interest-rate-related transactions	6,615	5,755
Currency-related transactions	106	121
Bonds and other fixed-income securities	**1,815**	**1,945**
Money market instruments	–	1
Medium- and long-term bonds	1,815	1,944
Loans and receivables	**317**	**319**
Repayable on demand and at short notice	2	2
Other fixed-term loans	315	317
Equity shares and other variable-income securities	**124**	**157**
Investment units	124	157
Shareholdings	**62**	**65**
Shares in unconsolidated affiliates	13	16
Shares in non-equity-accounted joint ventures	4	5
Shares in non-equity-accounted associates	4	4
Other equity investments	41	40
Receivables from the purchase of endowment insurance policies	**60**	**71**
Total	**9,099**	**8,433**

in € m

	30.6.2020	31.12.2019
Negative fair values of non-trading derivatives	**7,755**	**6,759**
thereof: Traded OTC	7,752	6,759
thereof: Exchange-traded	3	–
Equity-/index-related transactions	3	–
Interest-rate-related transactions	7,016	6,104
Currency-related transactions	736	655
Total	**7,755**	**6,759**

The non-trading derivatives recognised in this item are derivative financial instruments used for economic hedging as part of hedge management (economic hedges); the documentation requirements for hedge accounting in accordance with IFRS 9 are not satisfied.

The following table shows the other financial assets mandatorily measured at fair value through profit or loss by region and counterparty:

in €m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Bonds and other fixed-income securities	**114**	**114**	**1,091**	**1,166**	**610**	**665**	**1,815**	**1,945**
Central giro institutions	1	–	–	–	–	–	1	–
Other banks	11	12	67	79	30	34	108	125
Other financial corporations	26	26	427	460	170	184	623	670
Non-financial corporations	74	74	593	622	391	418	1,058	1,114
Government	2	2	4	5	19	29	25	36
Loans and receivables	**303**	**302**	**4**	**5**	**10**	**12**	**317**	**319**
Other financial corporations	1	1	–	1	10	12	11	14
Non-financial corporations	106	105	4	4	–	–	110	109
Government	196	196	–	–	–	–	196	196
Equity shares and other variable-income securities	**73**	**115**	**39**	**30**	**12**	**12**	**124**	**157**
Other financial corporations	72	115	39	30	12	12	123	157
Non-financial corporations	1	–	–	–	–	–	1	–
Shareholdings	**61**	**64**	**1**	**1**	**–**	**–**	**62**	**65**
Other banks	1	1	–	–	–	–	1	1
Other financial corporations	31	32	–	–	–	–	31	32
Non-financial corporations	29	31	1	1	–	–	30	32
Receivables from the purchase of endowment insurance policies	**60**	**71**	**–**	**–**	**–**	**–**	**60**	**71**
Other financial corporations	60	71	–	–	–	–	60	71
Total	**611**	**666**	**1,135**	**1,202**	**632**	**689**	**2,378**	**2,557**

(22) Financial Instruments Designated Voluntarily at Fair Value

The following table shows the fair values of financial assets designated voluntarily at fair value and the changes in fair value attributable to a change in credit risk:

in € m

	Carrying amount (fair value)		Changes attributable to credit risk			
			Reporting period		Cumulative	
	30.6.2020	31.12.2019[1]	1.1. – 30.6.2020	1.1. – 31.12.2019	30.6.2020	31.12.2019
Bonds and other fixed-income securities	141	136	2	–1	4	2
Loans and receivables	3,894	3,827	–4	–11	–23	–19
Total	**4,035**	**3,963**	**–2**	**–12**	**–19**	**–17**

[1] Prior-year figures restated: In the previous year, loans and receivables were overstated. The figure has been reduced by € 15 m (see Note (1)).

The following table shows the fair values of financial liabilities designated voluntarily at fair value and the cumulative changes in fair value attributable to changes in the Helaba Group's own credit risk:

in € m

	Carrying amount (fair value)		Cumulative changes attributable to credit risk	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Securitised liabilities	5,740	6,024	–134	–8
Deposits and loans	6,936	6,775	–175	–48
Total	**12,676**	**12,799**	**–309**	**–56**

For detailed disclosures on issuing activities, see Note (36).

The following table shows the financial instruments designated voluntarily at fair value by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2020	31.12.2019[1)]	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019[1)]
Bonds and other fixed-income securities	**141**	**133**	**–**	**3**	**–**	**–**	**141**	**136**
Other banks	–	–	–	3	–	–	–	3
Government	141	133	–	–	–	–	141	133
Loans and receivables	**3,844**	**3,777**	**50**	**50**	**–**	**–**	**3,894**	**3,827**
Non-financial corporations	65	71	50	50	–	–	115	121
Government	3,779	3,706	–	–	–	–	3,779	3,706
Assets	**3,985**	**3,910**	**50**	**53**	**–**	**–**	**4,035**	**3,963**
Deposits and loans	**6,871**	**6,721**	**55**	**54**	**10**	**–**	**6,936**	**6,775**
Sparkassen	608	513	–	–	–	–	608	513
Other banks	197	195	–	–	10	–	207	195
Other financial corporations	5,696	5,634	55	54	–	–	5,751	5,688
Non-financial corporations	162	157	–	–	–	–	162	157
Government	208	222	–	–	–	–	208	222
Liabilities	**6,871**	**6,721**	**55**	**54**	**10**	**–**	**6,936**	**6,775**

1) Prior-year figures restated: In the previous year, the loans to and receivables from government in Germany were overstated. The figure has been reduced by € 15 m (see Note (1)).

(23) Hedge Accounting

The following table shows the notional amounts and the positive and negative fair values of the hedging derivatives used in hedge accounting:

in € m

	Notional amount		Positive fair values		Negative fair values	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Fair value hedges – micro hedges	**52,874**	**55,150**	**1,019**	**965**	**1,557**	**1,509**
thereof: Traded OTC	52,874	55,150	1,019	965	1,557	1,509
Hedging of interest rate risk	52,874	55,150	1,019	965	1,557	1,509
Interest rate swaps	52,818	55,094	1,018	965	1,557	1,507
Cross-currency swaps	56	56	1	–	–	2
Fair value hedges – group hedges	**17,548**	**17,242**	**334**	**137**	**258**	**398**
thereof: Traded OTC	17,548	17,242	334	137	258	398
Foreign currency hedges	17,548	17,242	334	137	258	398
Cross-currency swaps	17,548	17,242	334	137	258	398
Total	**70,422**	**72,392**	**1,353**	**1,102**	**1,815**	**1,907**

(24) Financial Assets Measured at Fair Value through Other Comprehensive Income

in € m

	30.6.2020	31.12.2019
Bonds and other fixed-income securities	**23,604**	**23,122**
Money market instruments	1,792	990
Medium- and long-term bonds	21,812	22,132
Loans and receivables	**693**	**649**
Other fixed-term loans	693	649
Shareholdings	**31**	**32**
Shares in unconsolidated affiliates	5	5
Other equity investments	26	27
Total	**24,328**	**23,803**

The financial assets reported in the shareholdings line item are equity instruments allocated to the measurement category "at fair value through other comprehensive income without recycling" (FVTOCI non-recycling).

The following table shows the financial assets measured at fair value through other comprehensive income by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Bonds and other fixed-income securities	**9,199**	**7,658**	**9,270**	**10,297**	**5,135**	**5,167**	**23,604**	**23,122**
Central giro institutions	605	511	–	–	–	–	605	511
Other banks	2,109	1,947	8,075	8,691	4,470	4,514	14,654	15,152
Other financial corporations	12	8	174	352	174	179	360	539
Non-financial corporations	59	63	18	21	10	13	87	97
Government	6,414	5,129	1,003	1,233	481	461	7,898	6,823
Loans and receivables	**438**	**400**	**200**	**196**	**55**	**53**	**693**	**649**
Other banks	10	–	–	–	–	–	10	–
Other financial corporations	–	–	106	107	–	–	106	107
Non-financial corporations	425	398	94	89	55	53	574	540
Government	3	2	–	–	–	–	3	2
Shareholdings	**31**	**32**	**–**	**–**	**–**	**–**	**31**	**32**
Other banks	12	14	–	–	–	–	12	14
Other financial corporations	19	18	–	–	–	–	19	18
Total	**9,668**	**8,090**	**9,470**	**10,493**	**5,190**	**5,220**	**24,328**	**23,803**

No equity instruments measured at fair value through other comprehensive income were derecognised in the reporting period.

(25) Shares in Equity-Accounted Entities

In the reporting period, a total of 24 (31 December 2019: 25) joint ventures and 2 (31 December 2019: 2) associates were accounted for using the equity method.

The breakdown of equity-accounted investments is shown below:

in € m

	30.6.2020	31.12.2019
Investments in joint ventures	**43**	**44**
Non-financial corporations	43	44
Investments in associates	**6**	**4**
Other financial corporations	1	1
Non-financial corporations	5	3
Total	**49**	**48**

(26) Investment Property

in € m

	30.6.2020	31.12.2019
Land and buildings leased to third parties	**2,409**	**2,265**
thereof: Right-of-use assets under leases	52	53
Undeveloped land	**25**	**39**
Vacant buildings	**2**	**–**
Investment property under construction	**306**	**205**
Total	**2,742**	**2,509**

(27) Property and Equipment

in € m

	30.6.2020	31.12.2019
Owner-occupied land and buildings	**574**	**570**
thereof: Right-of-use assets under leases	146	161
Operating and office equipment	**58**	**57**
thereof: Right-of-use assets under leases	4	5
Machinery and technical equipment	**26**	**26**
Total	**658**	**653**

(28) Intangible Assets

in € m

	30.6.2020	31.12.2019
Goodwill	**20**	**7**
Concessions, industrial and similar rights	**1**	**1**
Software	**100**	**92**
thereof: Purchased	99	91
thereof: Internally generated	1	1
Other intangible assets	**5**	**1**
Total	**126**	**101**

The addition to goodwill resulted from the acquisition of 75.1 % of the shares in IMAP M&A Consultants AG (see Note (2)).

(29) Non-Current Assets and Disposal Groups Classified as Held for Sale and Liabilities Related to Non-Current Assets and Disposal Groups Classified as Held for Sale

As at 30 June 2020, the line item in the statement of financial position relating to non-current assets and disposal groups classified as held for sale consisted of a commercial property for which a sale and purchase agreement has already been signed. However, the sale is only expected to be completed in the second half of 2020 following a delay to the completion of construction. The sale agreement had originally been expected to be completed back in 2019.

(30) Other Assets and Liabilities

in € m

	30.6.2020	31.12.2019
Inventories	**667**	**576**
Property held for sale	664	573
Other inventories/work in progress	3	3
Advance payments and payments on account	**203**	**306**
Other taxes receivable	**7**	**3**
Sundry assets	**144**	**531**
Other assets	**1,021**	**1,416**

in € m

	30.6.2020	31.12.2019
Advance payments/payments on account	193	187
Tax liabilities, other taxes	28	33
Employee benefits due in short term	56	80
Sundry liabilities	408	98
Other liabilities	**685**	**398**

(31) Provisions

in € m

	30.6.2020	31.12.2019
Provisions for employee benefits	**1,944**	**2,110**
Pensions and similar defined benefit obligations	1,880	2,041
Other employee benefits due in the long term	64	69
Other provisions	**348**	**355**
Provisions for off-balance sheet commitments	53	47
Provisions for loan commitments and financial guarantees	53	47
Restructuring provisions	86	94
Provisions for litigation risks	20	20
Sundry provisions	189	194
Total	**2,292**	**2,465**

In the calculation of pension provisions, the main pension obligations in Germany were measured using a discount rate of 1.6 % (31 December 2019: 1.25 %).

(32) Equity

The subscribed capital of € 2,509 m comprises the share capital of € 589 m paid in by the owners in accordance with the Charter and the capital contributions of € 1,920 m paid by the Federal State of Hesse.

As at 30 June 2020, the share capital was attributable to the owners as follows:

	in € m	Share in %
Sparkassen- und Giroverband Hessen-Thüringen	405	68.85
State of Hesse	48	8.10
Rheinischer Sparkassen- und Giroverband	28	4.75
Sparkassenverband Westfalen-Lippe	28	4.75
Fides Beta GmbH	28	4.75
Fides Alpha GmbH	28	4.75
State of Thuringia	24	4.05
Total	**589**	**100.00**

The capital reserves comprise the premiums from issuing share capital to the owners.

In 2018, the Helaba Group raised Additional Tier 1 (AT1) capital externally through registered bonds in the amount of € 354 m. All AT1 bonds are unsecured subordinated Helaba bonds. The servicing of these bonds is based on an interest rate applied to the respective nominal amount. These bonds provide fixed interest rates for the period between the issue date and the first possible early repayment date. Afterwards, interest rates will be established for another period of ten years. According to the bond terms, Helaba may be obliged, but also has extensive rights, to take the sole decision to suspend interest payments at any time. Interest payments are not cumulative, which means that suspended interest payments will not be paid out in subsequent periods. These bonds have no maturity date, and may be terminated by Helaba at specific dates. If Helaba does not terminate a bond, it has additional termination options every ten years. Early terminations may be permissible provided that all tax-related and regulatory conditions are met. Every termination is subject to approval from the competent supervisory authority. The repayment as well as the nominal amount of the bonds may be reduced if a triggering event occurs. The decline of Helaba Group's Common Equity Tier 1 (CET1) capital ratio to under 5.125 % on a consolidated basis would be a triggering event. After the occurrence of a triggering event, any reduced bond amounts may be increased again under specific conditions. According to the applicable resolution stipulations, the competent supervisory authority may exercise a series of rights; for instance, the supervisory authority may decide to wholly or partially mark down entitlements to repayment of capital and/or to convert such entitlements into CET1 instruments. The AT1 bonds are reported as Tier 1 capital instruments in an amount of € 354 m, the amount remaining unchanged compared with the previous reporting date.

The retained earnings amounting to € 4,592 m (31 December 2019: € 4,778 m, prior-year figure restated to incorporate a reduction of € 10 m; see Note (1)) comprise the profits retained by the parent company and the consolidated subsidiaries as well as amounts from the amortised results of acquisition accounting and from other consolidation adjustments. Retained earnings include reserves provided for by the Charter of € 294 m (31 December 2019: € 294 m). If it is necessary to use these reserves to cover losses, the net profit generated in subsequent years is used in full to restore the reserves required by the Charter to the required level.

The decision on the planned distribution to the owners of an amount of € 90 m from consolidated net profit for 2019 based on their shareholdings and capital contributions has been suspended until further notice in line with a pronouncement by the ECB because of the COVID-19 pandemic.

The following table shows the changes in the individual components of accumulated other comprehensive income (OCI) in the reporting period:

in € m

	Items that will not be reclassified to the consolidated income statement, after taxes			Items that will be reclassified to the consolidated income statement, after taxes				Accumulated other comprehensive income
	Remeasurement of net defined benefit liability	Change in fair value of equity instruments measured at fair value through other comprehensive income	Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	Change in fair value of debt instruments measured at fair value through other comprehensive income	Gains or losses from hedges of a net investment in a foreign operation	Gains or losses from currency translation of foreign operations	Gains or losses from fair value hedges of currency risk	
As at 1.1.2019	**–440**	**2**	**–6**	**94**	**–17**	**35**	**–28**	**–360**
Other comprehensive income for the reporting period	–111	–2	45	65	–	–1	15	11
Reclassifications within equity	–	–	–2	–	–	–	–	–2
As at 30.6.2019	**–551**	**–**	**37**	**159**	**–17**	**34**	**–13**	**–351**
Other comprehensive income for the reporting period	–96	–8	–1	–19	–	3	–18	–139
Reclassifications within equity	–	–	2	–	–	–	–	2
As at 31.12.2019	**–647**	**–8**	**38**	**140**	**–17**	**37**	**–31**	**–488**
Other comprehensive income for the reporting period	117	–1	173	–14	–	1	24	300
As at 30.6.2020	**–530**	**–9**	**211**	**126**	**–17**	**38**	**–7**	**–188**

Capital Management

Helaba defines capital management as all processes directly or indirectly involved in ensuring that it upholds its risk-bearing capacity (both from a regulatory perspective in Pillar I and from an economic perspective in Pillar II) and that it is in a position to monitor its capital adequacy in a timely manner. The main components of capital management in the Helaba Group are planning regulatory own funds and own funds ratios as part of the planning process, allocating own funds, monitoring changes in risk exposures, complying with regulatory and economic capital limits, monitoring the remaining capital buffer as well as recognising a projected cost of capital as part of contribution margin accounting. The aim of capital management is to allocate capital over the various divisions of the Group, with due consideration being given to risk and return aspects, and also in line with the need to comply with regulatory requirements concerning capital adequacy.

Capital management focuses on both regulatory own funds and internal capital from a complementary economic management perspective.

The minimum regulatory requirements that need to be taken into account include Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR), the additional provisions in the German Banking Act (Kreditwesengesetz, KWG) and also the requirements specified under the European Single Supervisory Mechanism (SSM). Article 92 of the CRR specifies that institutions must at all times have adequate own funds in relation to their risk-weighted assets (RWAs). It makes a distinction between the following minimum ratios:

- Common Equity Tier 1 (CET1) capital ratio: 4.5 %
- Tier 1 capital ratio (where Tier 1 capital is the total of CET1 and Additional Tier 1 capital): 6.0 %
- Total capital ratio (based on the total of Tier 1 and Tier 2 capital): 8.0 %.

In addition, KWG requirements specify general and bank-specific capital buffers such as the capital conservation buffer, the countercyclical capital buffer and the buffers for global and other systemically important banks, which in each case relate to CET1 capital and ultimately increase the minimum CET1 capital ratio for each bank by at least 2.5 %.

To add to these generally applicable requirements, the ECB lays down further institution-specific requirements for institutions subject to the SSM. As at 30 June 2020, the minimum CET1 capital ratio (including the capital buffer requirements) required to be maintained by the Helaba Group under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 9.0 % (31 December 2019: 9.85 %). This figure takes into account the ECB's decision in response to the COVID-19 pandemic that, with immediate effect in 2020, the capital requirement derived from the SREP need no longer be held exclusively in the form of Common Equity Tier 1 capital; instead, some of it can be held in the form of Additional Tier 1 capital and Tier 2 capital. In addition, various country-related countercyclical capital buffer rates have been adjusted by national supervisory authorities as part of measures implemented to address the impact from the COVID-19 pandemic.

Within the risk appetite framework, the Executive Board of Helaba sets internal targets for the minimum ratios that include a sufficient buffer in respect of the regulatory minimum requirements so that Helaba is able to operate at all times without any restrictions on its business activities.

The regulatory own funds of the Helaba banking group are determined in accordance with Regulation (EU) No. 575/2013 (CRR) and the complementary provisions in sections 10 and 10a of the KWG. In accordance with the classification specified in the CRR, own funds comprise Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.

The regulatory own funds requirements and the capital ratios are also determined in accordance with the provisions of the CRR.

The following tables show the own funds (amounts after regulatory adjustments in each case), own funds requirements and capital ratios for the Helaba banking group:

in € m

	30.6.2020	31.12.2019
Tier 1 capital	**8,998**	**9,153**
Common Equity Tier 1 capital (CET1)	8,433	8,483
Additional Tier 1 capital	565	670
Tier 2 capital	**2,228**	**2,229**
Own funds, total	**11,226**	**11,382**

in € m

	30.6.2020	31.12.2019
Default risk (including equity investments and securitisations)	4,434	4,213
Market risk (including CVA risk)	354	297
Operational risk	274	272
Total own funds requirement	**5,062**	**4,782**
CET1 capital ratio	13.3 %	14.2 %
Tier 1 capital ratio	14.2 %	15.3 %
Total capital ratio	17.7 %	19.0 %

The Tier 1 and total capital ratios comply with the target ratios specified by Helaba in its capital management. The Helaba Group is complying with the regulatory requirements, including the requirements of the European SSM, regarding capital adequacy.

The leverage ratio measures the ratio between regulatory capital and the unweighted total of all on-balance sheet and off-balance sheet asset items including derivatives. Currently, banks must disclose the leverage ratio and report it to the supervisory authorities as an indicator for monitoring purposes. From 28 June 2021, institutions must comply with a mandatory minimum leverage ratio of 3.0 % under CRR II, which came into force on 28 June 2019.

More detailed information on the structure and adequacy of Helaba's regulatory own funds, together with a reconciliation to the own funds in the IFRS consolidated statement of financial position, has been published in the Helaba Group's disclosure report in accordance with section 26a KWG (offenlegung.helaba.de).

Disclosures on Financial Instruments and Off-Balance Sheet Transactions

(33) Credit Risks Attributable to Financial Instruments

The following section comprises the quantitative disclosures in line with IFRS 7 required for financial instruments within the scope of application of IFRS 9.

The following table shows the loss allowances recognised for financial instruments:

in € m

	30.6.2020	31.12.2019
Cumulative loss allowances	**–418**	**–289**
In respect of financial assets measured at amortised cost	–415	–286
Loans and receivables	–415	–286
In respect of financial assets measured at fair value through other comprehensive income	–3	–3
Bonds and other fixed-income securities	–2	–2
Loans and receivables	–1	–1
Loan loss provisions	**53**	**47**
For loan commitments	27	21
For financial guarantees	26	26

All parameters used to determine the expected credit loss (ECL) are subject to estimation uncertainty, meaning that the actual losses incurred at Helaba may be different from the expected losses reflected in loss allowances. The wider the time frame used for ECL projection purposes, the higher the estimation uncertainty. The list of factors that influence loss allowances and that are subject to uncertainty includes, for instance, the expected change in the credit quality of the borrower, economic conditions and changes in the fair value of the collateral held by the Helaba Group. All factors used to determine the ECL are subject to regular validation processes.

Impact of the COVID-19 pandemic

Very close monitoring is being carried out to identify potential effects from the COVID-19 pandemic on credit risk in the Helaba Group.

The pandemic is giving rise to frequent signs of risk that need to be evaluated as part of the system for the early identification of risk in the lending process. Examples of these signs are corporate announcements about a slump in sales revenue and/or a squeeze on liquidity as well as requests for covenant waivers or payment deferrals. In order to ensure that lending is handled in a manner that is appropriate to this exceptional situation, focusing purposefully on the risk involved, all Helaba's borrowers who are displaying evidence of heightened credit risk as a result of the effects of the COVID-19 pandemic with an indicator or event signalling a non-performing loan or the requirement for intensive monitoring are separately identified and their progress regularly and closely monitored as part of the risk analysis system. The aim is to enable Helaba to identify signs of financial difficulties or a crisis coming to a head in good time and instigate targeted corrective measures. As at 30 June 2020, the total volume of these exposures on the COVID-19 watchlist amounted to € 5.4 bn. For further details on the organisation of risk management, the individual risk types as well as risk concentrations, including such details in the COVID-19 context, please refer to the risk report, which forms an integral part of the management report.

When Helaba grants COVID-19-related concessions to individual borrowers, it examines whether the borrower can be expected to re-establish its pre-crisis position within a reasonable period, taking into account the action requested by the borrower. If this criterion is satisfied and there is neither a present value loss of more than 1.0 % nor any indication that repayment is unlikely, the concession is not classified as a forbearance measure and does not therefore lead to an automatic transfer to stage 2.

EU member states have agreed a comprehensive range of support measures to minimise the economic impact of the efforts to contain the COVID-19 pandemic. These measures include moratoriums on the settlement of loan obligations that apply for a broadly based group of borrowers and provide for standardised conditions relating to changes to payment schedules. The aim is to reduce short-term liquidity problems for borrowers. The Helaba Group is subject to the statutory moratorium for consumer loans pursuant to article 240 section 3 of the Introductory Act to the German Civil Code (Einführungsgesetz zum Bürgerlichen Gesetzbuch, EGBGB) and, on 13 July 2020, opted into a non-legislative repayment moratorium applicable to commercial real estate finance under the auspices of the Association of German Pfandbrief Banks (vdp). Both moratoriums are believed to be in compliance with EBA requirements and do not therefore lead to classification of the action as a forbearance measure.

As at the reporting date, 1,229 borrowers had submitted an application for an EBA-compliant moratorium. The gross carrying amount of the loans corresponding to the authorised applications amounted to € 117 m. New loans with a government guarantee in the COVID-19 context (KfW development bank programmes, federal state guarantees) stood at € 264 m as at 30 June 2020.

In addition, there were exposures with a gross carrying amount of € 337 m for which COVID-19-related forbearance measures, in particular covenant waivers and individual deferral agreements, had been approved. For every forbearance action, the Helaba Group verifies whether this triggers a default event regarding the debt instrument concerned. If the forbearance action leads to a default event, the instrument is transferred to stage 3; otherwise it is transferred to stage 2.

Any contractual changes, including those in the COVID-19 context, are reviewed to establish whether they constitute a modification. According to IFRS 9, contract modifications of financial instruments comprise both the adjustment of contractual cash flows as well as changes in the legal situation with an effect on the cash flows associated with the financial instrument. However, unlike forbearance measures, the exercise of a provision or option stipulated in the original contract is not considered a contract modification within the meaning of IFRS 9. In addition, modifications in line with IFRS 9 are considered independently from any financial difficulties of the borrower.

Despite government assistance and individual concessions to borrowers to cushion the adverse effects of COVID-19, it is probable that there will be a substantial rise in loan defaults. Forward-looking information is taken into account in the calculation of the lifetime ECL by generally including such information in the PD and LGD input parameters and by reviewing specific scenarios. Specific scenarios are circumstances in which an adjustment of the risk parameters is required, for example because of exceptional macroeconomic circumstances. Regular reviews are carried out on the basis of economic forecasts made by the Helaba Group to establish whether there is a need to analyse specific scenarios. The deterioration of the anticipated macroeconomic trend accompanying the pandemic was analysed as a specific scenario (i.e. a sharp deviation in the projected economic trend from the normal macroeconomic environment) as part of the regular process for determining loss allowances. If a specific scenario is identified for one or more risk parameters and an adjustment of the parameters agreed, this is carried out by taking into account three internal macroeconomic scenarios at Helaba, weighted with the probability that they may materialise (negative with a probability of 30 %, positive with a probability of 10 % and a base scenario with a probability of 60 %). The specific scenario is identified largely by means of a comparison between the current portfolio probability of default and the default rate forecast in the scenarios. Further additional analyses may include a comparison for individual macroeconomic parameters between the forecast values and the historical averages over a period of ten years. The core assumption in the different scenarios concerns the question as to how rapidly COVID-19 can be contained; the negative scenario assumes a slower containment of the virus compared with the base scenario. For these reasons, the loss allowances at stages 1 and 2, which are determined on the basis of probability of default profiles that are independent of macroeconomic considerations, have been increased by an amount of € 100 m. Various macroeconomic parameters are analysed according to scenario to identify a specific scenario. These parameters include gross domestic product, unemployment rate, oil price, consumer price index and share price index, together with trends in interest rates and exchange rates. In the federal states and regions, the main macroeconomic drivers for the realignment requirement identified as part of the specific scenario are the forecasts of higher unemployment rates and lower gross domestic product. For the primary market of Germany, the negative scenario assumes an unemployment rate of 7.9 % and a fall in gross domestic product of 6.5 % over a full year.

in %

	30.6.2020			
	Positive	**Base**	**Negative**	**Historical 10-year average**
Gross domestic product (Germany)	5.4	0.0	–6.5	1.2
Unemployment rate (Germany)	6.0	6.7	7.9	6.2

In the first half of 2020, the heightened risk was only specifically reflected to a small extent in the individual calculations of loss allowances as a result of rating deteriorations and default events. For example, at € 5,227 m, the share of financial assets and off-balance sheet commitments at stage 2 equated to 2.4 % of the total volume (31 December 2019: € 4,975 m or 2.4 %). The volume of transactions at stage 3 amounted to € 608 m, equating to 0.3 % of the total volume, compared with € 560 m or 0.3 % as at the prior-year reporting date. Actual defaults are therefore well below the rise in default risk anticipated by management as a result of the pandemic, as a result of which the stage 2 portfolio-based loss allowance of € 60 m recognised as at 31 December 2019 has been increased by € 28 m. This additional requirement has been estimated using a scenario analysis on the basis of the COVID-19 watchlist, in which rating deteriorations and collateral value markdowns have been assumed for all exposures on the list. If the exposures have not already been included in the specific scenario analysis, an additional flat-rate transfer is made to stage 2.

As in the prior year, the portfolio-based loss allowance for stage 2 includes an adjustment for the expected effects from the recalibration of the Domestic Real Estate rating module, which will only gradually be reflected in the re-rating process from the current financial year onwards. This adjustment is unrelated to COVID-19.

Disclosures for financial assets measured at amortised cost

The following table shows a breakdown of the financial assets measured at amortised cost and the cumulative loss allowances recognised in respect of these assets by IFRS 9 impairment model stage as at 30 June 2020:

in € m

	Gross carrying amount					Cumulative loss allowances				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Demand deposits and overnight money balances at central banks and banks	**25,846**	**–**	**–**	**–**	**25,846**	**–**	**–**	**–**	**–**	**–**
Demand deposits at central banks	25,042	–	–	–	25,042	–	–	–	–	–
Demand deposits and overnight money balances at banks	804	–	–	–	804	–	–	–	–	–
Financial assets measured at amortised cost	**129,129**	**3,894**	**547**	**2**	**133,572**	**−52**	**−251**	**−112**	**–**	**−415**
Loans and receivables	129,129	3,894	547	2	133,572	−52	−251	−112	–	−415
Total	**154,975**	**3,894**	**547**	**2**	**159,418**	**−52**	**−251**	**−112**	**–**	**−415**

The following table shows the figures as at 31 December 2019:

in € m

	Gross carrying amount					Cumulative loss allowances				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Demand deposits and overnight money balances at central banks and banks	**14,136**	**–**	**–**	**–**	**14,136**	**–**	**–**	**–**	**–**	**–**
Demand deposits at central banks	12,932	–	–	–	12,932	–	–	–	–	–
Demand deposits and overnight money balances at banks	1,204	–	–	–	1,204	–	–	–	–	–
Financial assets measured at amortised cost[1)]	**126,273**	**3,854**	**483**	**2**	**130,612**	**−39**	**−121**	**−126**	**–**	**−286**
Loans and receivables[1)]	126,273	3,854	483	2	130,612	−39	−121	−126	–	−286
Total[1)]	**140,409**	**3,854**	**483**	**2**	**144,748**	**−39**	**−121**	**−126**	**–**	**−286**

[1)] Prior-year figures adjusted: Within the loans and receivables, an amount of € 8 m was reported as POCI assets, of which € 3 m should have been reported under stage 1 and € 5 m under stage 2.

The following table shows the changes (broken down by stage) in the period under review in the loss allowances recognised in respect of financial assets measured at amortised cost:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and receivables					
As at 1.1.2020	**–39**	**–121**	**–126**	**–**	**–286**
Total change in loss allowances due to transfers between stages	–2	4	–2	–	–
Transfer to stage 1	–4	4	–	–	–
Transfer to stage 2	2	–2	–	–	–
Transfer to stage 3	–	2	–2	–	–
Additions	–46	–177	–29	–	–252
Newly originated/acquired financial assets	–11	–4	–	–	–15
Other additions	–35	–173	–29	–	–237
Time-value-of-money effect in stage 3 from gross carrying amount adjustment	–	–	–1	–	–1
Reversals	35	43	28	–	106
Reversals from redemptions (derecognition)	2	1	5	–	8
Other reversals	33	42	23	–	98
Utilisations	–	–	20	–	20
Changes due to currency translation and other adjustments	–	–	–2	–	–2
As at 30.6.2020	**–52**	**–251**	**–112**	**–**	**–415**

The following table shows the changes during the prior-year period:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and receivables					
As at 1.1.2019	**–46**	**–66**	**–185**	**–2**	**–299**
Total change in loss allowances due to transfers between stages	–5	7	–2	–	–
Transfer to stage 1	–8	8	–	–	–
Transfer to stage 2	3	–3	–	–	–
Transfer to stage 3	–	2	–2	–	–
Additions	–38	–68	–69	–1	–176
Newly originated/acquired financial assets	–17	–	–	–1	–18
Other additions	–21	–68	–69	–	–158
Time-value-of-money effect in stage 3 from gross carrying amount adjustment	–	–	–4	–1	–5
Reversals	46	58	39	1	144
Reversals from redemptions (derecognition)	2	1	–	–	3
Other reversals	44	57	39	1	141
Utilisations	–	–	28	–	28
Changes due to currency translation and other adjustments	–	–	2	–	2
As at 30.6.2019	**–43**	**–69**	**–191**	**–3**	**–306**

Disclosures for financial assets measured at fair value through other comprehensive income

The following table shows the carrying amounts of financial assets measured at fair value through other comprehensive income and the cumulative loss allowances recognised in respect of these assets as at 30 June 2020:

in € m

	Carrying amount (fair value)					Cumulative loss allowances (recognised in OCI)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities	23,604	–	–	–	23,604	–2	–	–	–	–2
Loans and receivables	693	–	–	–	693	–1	–	–	–	–1
Total	**24,297**	**–**	**–**	**–**	**24,297**	**–3**	**–**	**–**	**–**	**–3**

The following table shows the figures as at 31 December 2019:

in € m

	Carrying amount (fair value)					Cumulative loss allowances (recognised in OCI)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities	23,122	–	–	–	23,122	–2	–	–	–	–2
Loans and receivables	649	–	–	–	649	–1	–	–	–	–1
Total	**23,771**	**–**	**–**	**–**	**23,771**	**–3**	**–**	**–**	**–**	**–3**

Cumulative loss allowances on financial assets measured at fair value through other comprehensive income remained largely unchanged compared with the position as at 31 December 2019. In the prior-year period, there was an increase of € 1 m.

Disclosures for off-balance sheet commitments

The following table shows the nominal amounts of loan commitments and the maximum guarantee amounts of financial guarantees (subsequently referred to as nominal amount) as well as the related provisions as at 30 June 2020:

in € m

	Nominal amount					Provisions				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments	26,943	864	19	–	27,826	9	9	9	–	27
Financial guarantees	7,253	470	40	7	7,770	4	11	11	–	26
Total	**34,196**	**1,334**	**59**	**7**	**35,596**	**13**	**20**	**20**	**–**	**53**

The following table shows the figures as at 31 December 2019:

in € m

	Nominal amount					Provisions				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments	27,329	662	20	1	28,012	10	8	3	–	21
Financial guarantees	7,058	464	39	7	7,568	3	11	9	3	26
Total	**34,387**	**1,126**	**59**	**8**	**35,580**	**13**	**19**	**12**	**3**	**47**

The following table shows the change in provisions for loan commitments and financial guarantees during the reporting period:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2020	**10**	**8**	**3**	**–**	**21**
Total change in provision due to transfers between stages	1	–1	–	–	–
Transfer to stage 1	2	–2	–	–	–
Transfer to stage 2	–1	1	–	–	–
Additions	10	9	9	–	28
New loan commitments originated	4	–	–	–	4
Other additions	6	9	9	–	24
Reversals	–12	–7	–3	–	–22
Utilisations (drawdown under loan commitment)	–5	–4	–1	–	–10
Other reversals	–7	–3	–2	–	–12
As at 30.6.2020	**9**	**9**	**9**	**–**	**27**
Financial guarantees					
As at 1.1.2020	**3**	**11**	**9**	**3**	**26**
Total change in provision due to transfers between stages	–	–2	2	–	–
Transfer to stage 1	1	–1	–	–	–
Transfer to stage 2	–1	1	–	–	–
Transfer to stage 3	–	–2	2	–	–
Additions	2	5	6	–	13
Other additions	2	5	6	–	13
Reversals	–1	–3	–6	–3	–13
As at 30.6.2020	**4**	**11**	**11**	**–**	**26**

The following table shows the changes during the prior-year period:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2019	**8**	**6**	**8**	**–**	**22**
Total change in provision due to transfers between stages	2	–2	–	–	–
Transfer to stage 1	2	–2	–	–	–
Additions	12	11	45	–	68
New loan commitments originated	5	–	–	–	5
Other additions	7	11	45	–	63
Reversals	–12	–8	–47	–	–67
Utilisations (drawdown under loan commitment)	–6	–4	–8	–	–18
Other reversals	–6	–4	–39	–	–49
As at 30.6.2019	**10**	**7**	**6**	**–**	**23**
Financial guarantees					
As at 1.1.2019	**3**	**5**	**6**	**3**	**17**
Total change in provision due to transfers between stages	–	–1	1	–	–
Transfer to stage 3	–	–1	1	–	–
Additions	1	10	7	–	18
Other additions	1	10	7	–	18
Reversals	–1	–5	–8	–	–14
As at 30.6.2019	**3**	**9**	**6**	**3**	**21**

(34) Fair Values of Financial Instruments

Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's-length transaction (except in the case of emergency settlement).

Measurement methods

When selecting the measurement method for financial instruments, the Helaba Group distinguishes between those financial instruments that can be measured directly using prices quoted in an active market and those measured using standard valuation techniques. In this process, of all the markets to which the Helaba Group has access, the market with the highest level of activity is generally assumed to be the relevant market (primary market). If no primary market can be determined for individual financial instruments, the most favourable market is selected.

The fair value of financial instruments listed in active markets is determined on the basis of quoted prices. A market is deemed to be active if, for relevant or similar financial instruments, there are market prices that satisfy minimum requirements, particularly in relation to price spread and trading volume. The minimum requirements are specified by the Helaba Group and subject to a regular review.

In the case of financial instruments for which no quoted prices are available in active markets on the reporting date, the fair value is determined using generally accepted valuation techniques. The financial instruments are measured on the basis of the cash flow structure, taking into account estimated future cash flows, discount rates and volatility. These approaches use modelling techniques such as the discounted cash flow method or established option pricing models. Models with greater differentiation that use more detailed inputs such as correlations are used for more complex financial instruments.

The inputs for the models are usually observable in the market. If no market information is available for the required model inputs, they are derived from other relevant information sources, such as prices for similar transactions or historical data.

The following table provides an overview of the measurement models used for the financial instruments:

Financial instruments	Measurement models	Key inputs
Interest-rate swaps and interest-rate options	Discounted cash flow method, Black/Normal Black model, Markov functional model, SABR model, replication model, bivariate copula model, Hull-White/hybrid Hull-White model	Yield curves, interest-rate volatility, correlations
Interest-rate futures	Discounted cash flow method	Yield curves
Currency futures	Discounted cash flow method	Exchange rates, yield curves
Equity/index options	Black model, local volatility model	Equity prices, yield curves, equity volatilities, dividends
Currency options[1)]	Black model, skew barrier model	Exchange rates, yield curves, FX volatilities
Credit derivatives	Black model	Yield curves, credit spreads, credit volatility
Loans	Discounted cash flow method	Yield curves, credit spreads
Money market instruments	Discounted cash flow method	Yield curves
Securities repurchase transactions	Discounted cash flow method	Yield curves
Promissory note loans	Discounted cash flow method	Yield curves, credit spreads
Securities, forward securities transactions	Discounted cash flow method	Yield curves, credit spreads, securities prices
Fund units/shares	Fund valuation	Net asset values of the funds
Shareholdings	Dividend discount method, net asset value method	Discount rate, expected cash flows

[1)] Precious metal options are measured in the same way as currency options. They are reported as commodity options.

Fund units/shares in the equity shares and other variable-income securities measurement category are measured on the basis of net asset values, which are mainly determined by the fund management companies and made available to the unitholders/shareholders. These values can be considered as representative of the fair value. If the latest fair value was determined as at a date other than the reporting date, such value is extrapolated to the reporting date, factoring in current information from the fund management company that has an impact on fair value.

In the case of purchased rights under endowment insurance policies, the fair value is measured on the basis of the surrender value notified by the insurance company. This value is then adjusted for contributions and other changes in value up to the reporting date.

Adjustments

Adjustments may be required in some cases, and these adjustments form an additional part of the measurement process. Depending on the complexity of the financial instrument involved, the use of a model to measure a financial instrument could involve some uncertainty in the selection of a suitable model, for example regarding the numeric implementation or the parametrisation/calibration of the model. When measuring a financial instrument using fair value principles, this uncertainty is taken into account by applying model adjustments, which can be subdivided into deficiency adjustments and complexity adjustments.

The purpose of a deficiency adjustment is to reflect model-related measurement uncertainty. Such model uncertainty arises if a financial instrument is measured using a model that is uncommon (or no longer common) or if there is a lack of clarity caused by an inadequate calibration process or by the technical implementation. Complexity adjustments are taken into account if there is no market consensus regarding the model to be used or the parametrisation for the model cannot be clearly derived from the market data. The problems in such cases are referred to as model risk. The measurement markdowns resulting from the various adjustments are taken into account in the form of a model reserve.

Generally speaking, derivatives are currently measured in front-office systems on a risk-free basis. In other words, it is specifically assumed that the counterparties involved will remain in place until the contractual maturity of the outstanding transactions. Credit risk is taken into account in the form of a measurement adjustment. The measurement adjustment is calculated on the basis of the net exposure and the exposure over time is estimated using a Monte Carlo simulation. The credit value adjustment (CVA) reflects the imputed loss risk to which the Helaba Group believes it is exposed in respect of its counterparty, based on a positive fair value from the Helaba Group's perspective. If the counterparty were to default, it would only be possible to recover a fraction of the fair value of the outstanding transactions in any insolvency or liquidation process (recovery rate). A debit value adjustment (DVA) mirrors the CVA and is defined as that imputed part of a negative fair value (from the perspective of the Group) that would be lost if the counterparty were to default. The CVA and DVA amounts are taken into account in the form of a measurement adjustment.

A funding valuation adjustment (FVA) is necessary to ensure that the measurement of derivative financial instruments takes into account the funding costs implied by the market. Funding costs are incurred in connection with the replicated hedging of unsecured customer derivatives with secured hedging derivatives in the interbank market. Whereas the volume to be funded is derived from an exposure simulation, the funding rates are set in line with the Euro Interbank Offered Rate (Euribor). Similar to a CVA/DVA, there are two types of FVA. A funding benefit adjustment (FBA) is applied in the case of a negative exposure, and a funding cost adjustment (FCA) for a positive exposure.

Validation and control

The measurement process is subject to continuous validation and control. In the trading business, part of the process of measuring exposures independently of the trading activity is to ensure that the methods, techniques and models used for the measurement are appropriate.

New measurement models are generally subject to comprehensive initial validation before they are used for the first time. The models are then regularly reviewed depending on materiality, the extent to which they are established in the market and on the complexity of the model in question. Ad hoc reviews are also carried out if, for example, significant changes are made to the model.

A process of independent price verification is also carried out to ensure that the inputs used for measuring the financial instruments are in line with the market.

Level 1

The market price is the best indicator of the fair value of financial instruments. If an active market exists, observable market prices are used to measure the financial instruments recognised at fair value. These are normally prices quoted on a stock exchange or market prices quoted on the interbank market. These fair values are reported as Level 1.

Level 2

If an observable market price does not exist for a financial instrument, recognised and customary valuation techniques are used for measurement purposes, with all input data being based on observable market data and taken from external sources. These valuation techniques are normally used for OTC derivatives (including credit derivatives) and for financial instruments that are recognised at fair value and not traded on an active market. In such cases, the fair values are reported as Level 2.

Level 3

In those cases in which not all input parameters are directly observable on the market, the fair values are calculated using realistic assumptions based on market conditions. This approach is required in particular for complex structured (derivative) basket products where correlations not directly observable in the market are significant to the measurement. If no market prices are available for non-derivative financial instruments, sector rating credit curves are used to determine the credit spreads; alternatively, if this is not possible, arranger prices are used. Inputs that cannot be observed, particularly the surpluses derived from corporate planning, are also used to measure unlisted shareholdings recognised at fair value and to test goodwill for impairment. In the case of investment property, fair values are determined on the basis of expected income and expenses, with the result that these fair values are also classified as Level 3.

At Helaba, transactions are generally allocated to Level 3 if no inputs observable in the market are used in the measurement. If the sole non-observable input is the internal credit rating for the customer and this has only an immaterial effect on fair value, the transaction is allocated to Level 2.

If an input material to the measurement of a financial instrument can no longer be classified under the same level used in the previous measurement, the instrument is reallocated to the relevant level.

The breakdown of financial instruments on the assets side measured at fair value according to the hierarchy of the inputs used was as follows:

in € m

	30.6.2020				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2[1]	Level 3[1]	Total
Cash on hand, demand deposits and overnight money balances with central banks and banks	**–**	**334**	**–**	**334**	**–**	**334**	**–**	**334**
Demand deposits and overnight money balances with banks	–	334	–	334	–	334	–	334
Trading assets	**6,355**	**17,166**	**381**	**23,902**	**5,883**	**12,938**	**483**	**19,304**
Positive fair values of derivatives	4	16,007	215	16,226	6	12,175	167	12,348
Bonds and other fixed-income securities	6,325	59	–	6,384	5,851	40	60	5,951
Loans and receivables	–	1,100	166	1,266	–	723	256	979
Equity shares and other variable-income securities	26	–	–	26	26	–	–	26
Other financial assets mandatorily measured at fair value through profit or loss	**1,669**	**6,795**	**635**	**9,099**	**1,850**	**5,931**	**652**	**8,433**
Positive fair values of derivatives	–	6,556	165	6,721	–	5,714	162	5,876
Bonds and other fixed-income securities	1,668	147	–	1,815	1,849	96	–	1,945
Loans and receivables	–	29	288	317	–	18	301	319
Equity shares and other variable-income securities	1	63	60	124	1	103	53	157
Shareholdings	–	–	62	62	–	–	65	65
Receivables from the purchase of endowment insurance policies	–	–	60	60	–	–	71	71
Financial assets designated voluntarily at fair value	**7**	**3,661**	**367**	**4,035**	**3**	**3,542**	**418**	**3,963**
Bonds and other fixed-income securities	7	134	–	141	3	133	–	136
Loans and receivables	–	3,527	367	3,894	–	3,409	418	3,827
Positive fair values of hedging derivatives under hedge accounting	**–**	**1,353**	**–**	**1,353**	**–**	**1,102**	**–**	**1,102**
Financial assets measured at fair value through other comprehensive income	**21,892**	**1,933**	**503**	**24,328**	**21,307**	**1,983**	**513**	**23,803**
Bonds and other fixed-income securities	21,892	1,712	–	23,604	21,307	1,815	–	23,122
Loans and receivables	–	221	472	693	–	168	481	649
Shareholdings	–	–	31	31	–	–	32	32
Financial assets	**29,923**	**31,242**	**1,886**	**63,051**	**29,043**	**25,830**	**2,066**	**56,939**

[1] Prior-year figures restated: In the previous year, the loans and receivables designated voluntarily at fair value were overstated. The figure has been reduced by € 15 m (see Note (1)). In addition, transactions under other loans and receivables mandatorily measured at fair value through profit or loss were allocated to Level 2 even though the fair value ought to have required allocation to Level 3. An amount of € 34 m has been reallocated.

On the liabilities side, the breakdown of financial liabilities measured at fair value was as follows:

in € m

	30.6.2020				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading liabilities	**291**	**19,969**	**216**	**20,476**	**60**	**18,244**	**169**	**18,473**
Negative fair values of derivatives	24	12,763	216	13,003	14	9,997	169	10,180
Securitised liabilities	29	1,439	–	1,468	35	1,102	–	1,137
Deposits and loans	–	5,767	–	5,767	–	7,145	–	7,145
Liabilities arising from short-selling	238	–	–	238	11	–	–	11
Negative fair values of non-trading derivatives	**3**	**7,712**	**40**	**7,755**	**–**	**6,714**	**45**	**6,759**
Financial liabilities designated voluntarily at fair value	**–**	**11,133**	**1,543**	**12,676**	**–**	**11,193**	**1,606**	**12,799**
Securitised liabilities	–	4,746	994	5,740	–	4,974	1,050	6,024
Deposits and loans	–	6,387	549	6,936	–	6,219	556	6,775
Negative fair values of hedging derivatives under hedge accounting	**–**	**1,815**	**–**	**1,815**	**–**	**1,907**	**–**	**1,907**
Financial liabilities	**294**	**40,629**	**1,799**	**42,722**	**60**	**38,058**	**1,820**	**39,938**

The following tables show transfers from Level 1 and Level 2 to other levels as a result of a change in fair value quality for financial instruments that were held in the portfolio of the Helaba Group as at the reporting date. Other changes in the portfolios at Levels 1 and 2 were attributable to additions, derecognition or measurement changes.

in €m

	30.6.2020				31.12.2019			
	From Level 1 to		From Level 2 to		From Level 1 to		From Level 2 to	
	Level 2	Level 3	Level 1	Level 3	Level 2	Level 3	Level 1	Level 3
Trading assets	**16**	**–**	**–**	**–**	**22**	**–**	**3**	**–**
Bonds and other fixed-income securities	16	–	–	–	22	–	3	–
Other financial assets mandatorily measured at fair value through profit or loss	**48**	**–**	**7**	**1**	**24**	**–**	**2**	**–**
Bonds and other fixed-income securities	48	–	7	–	24	–	2	–
Loans and receivables	–	–	–	1	–	–	–	–
Financial assets designated voluntarily at fair value	**–**	**–**	**7**	**–**	**–**	**–**	**–**	**–**
Bonds and other fixed-income securities	–	–	7	–	–	–	–	–
Financial assets measured at fair value through other comprehensive income	**75**	**–**	**84**	**–**	**17**	**–**	**–**	**4**
Bonds and other fixed-income securities	75	–	84	–	17	–	–	–
Loans and receivables	–	–	–	–	–	–	–	4
Financial assets	**139**	**–**	**98**	**1**	**63**	**–**	**5**	**4**

As in the prior-year period, there were no transfers of financial liabilities from Levels 1 or 2 to another level in the reporting period.

The following tables show the changes in the portfolio of financial instruments measured at fair value and allocated to Level 3, on the basis of class of financial instrument regardless of measurement category. Transfers to or from Level 3 from/to other levels in the measurement hierarchy were made at the carrying amount on the date on which the transfer was carried out. The allocations to the various levels are reviewed quarterly. The tables show the gains and losses as well as the cash flows that have occurred since the beginning of the year or since the allocation to Level 3. The tables also show the net gains or losses on remeasurement of the financial instruments still held in the portfolio as at the reporting date:

in € m

	Positive fair values of derivatives	Bonds and other fixed-income securities	Loans and receivables[1]	Equity shares and other variable-income securities	Shareholdings	Receivables from endowment insurance policies
As at 1.1.2020	**329**	**60**	**1,456**	**53**	**97**	**71**
Gains or losses recognised in the consolidated income statement	128	–	28	–9	–1	2
Net trading income	112	–	4	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	16	–	24	–9	–1	2
Gains or losses recognised in other comprehensive income	–	–	–2	–	–1	–
Additions	5	–	185	17	1	–
Disposals/liquidations	–21	–65	–295	–1	–3	–13
Changes in accrued interest	–3	–	–	–	–	–
Amortisation of premiums/discounts	–9	–	–5	–	–	–
Transfers from Level 2	–	5	–	–	–	–
Transfers to Level 2	–49	–	–74	–	–	–
As at 30.6.2020	**380**	**–**	**1,293**	**60**	**93**	**60**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	107	–	10	–9	1	1

[1] Opening balance adjusted: As at 31 December 2019, transactions were allocated to Level 2 even though the fair value ought to have required their allocation to Level 3. The balance as at 1 January 2020 has been increased by € 34 m.

The following table show the changes in the assets at Level 3 in the prior-year period:

in € m

	Positive fair values of derivatives	Bonds and other fixed-income securities	Loans and receivables[1)]	Equity shares and other variable-income securities	Shareholdings	Receivables from endowment insurance policies
As at 1.1.2019	**302**	**34**	**556**	**34**	**112**	**95**
Gains or losses recognised in the consolidated income statement	–8	–	12	1	–	2
Net trading income	–30	–	5	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	22	–	7	1	–	2
Gains or losses recognised in other comprehensive income	–	–	3	–	–1	–
Additions	4	–	301	11	1	–
Disposals/liquidations	–9	–26	–170	–3	–	–12
Changes in basis of consolidation	131	25	126	–	–	–
Changes in accrued interest	1	–	–1	–	–	–
Amortisation of premiums/discounts	–	–	–1	–	–	–
Transfers to Level 2	–37	–	–	–	–	–
As at 30.6.2019	**384**	**33**	**826**	**43**	**112**	**85**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	26	–	3	1	–	1

The following table shows the changes in the liabilities at Level 3 in the reporting period:

in € m

	Negative fair values of derivatives	Securitised liabilities	Deposits and loans
As at 1.1.2020	**214**	**1,050**	**556**
Gains or losses recognised in the consolidated income statement	107	19	−2
Net trading income	111	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	−4	19	−2
Gains or losses recognised in other comprehensive income	–	−31	−5
Additions	8	19	10
Disposals/liquidations	−24	−49	–
Changes in accrued interest	−1	1	−2
Amortisation of premiums/discounts	−1	−1	−8
Transfers to Level 2	−47	−14	–
As at 30.6.2020	**256**	**994**	**549**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	−86	−19	1

The following table show the changes in the liabilities at Level 3 in the prior-year period:

in € m

	Negative fair values of derivatives	Securitised liabilities	Deposits and loans
As at 1.1.2019	**300**	**683**	**38**
Gains or losses recognised in the consolidated income statement	−40	37	6
Net trading income	−30	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	−10	37	6
Gains or losses recognised in other comprehensive income	–	−2	–
Additions	8	181	30
Disposals/liquidations	−16	−10	–
Changes in basis of consolidation	34	120	398
Amortisation of premiums/discounts	–	1	−2
Transfers to Level 2	−38	–	–
As at 30.6.2019	**248**	**1,010**	**470**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	15	−36	−6

As in the previous year, there were no major transfers in the reporting year to or from Level 3. The transfers that were carried out were attributable to changes in the quality of the individual inputs used.

Helaba's model for measuring the Level 3 instruments used inputs producing a price that knowledgeable market participants would apply. In its model considerations, Helaba uses inputs that are preferably observable in a market. In the case of inputs that are not observable in a market, Helaba uses the same assumptions that would be used by market participants for pricing purposes.

The following table provides an overview of the main inputs not observable in a market that were used in the relevant valuation techniques as at 30 June 2020:

in € m

	Assets at Level 3	Liabilities at Level 3	Valuation technique	Key inputs not observable in a market	Range
Derivatives	**380**	**256**			
Equity-/index-related derivatives	135	137	Option pricing model	Dividend estimate with remaining term > 3 years	0.0 – 94.3
	72	71	Option pricing model	Equity shares correlation	21.5 % – 88.3 %
Interest-rate derivatives	173	48	Option pricing model	Interest correlation	–35.0 % – 100.0 %
Equity shares and other variable-income securities	**60**				
Private equity funds	60		Fund valuation	Net asset values	n.a.
Securitised liabilities		**994**			
Interest certificates		994	Option pricing model	Interest correlation	–35.0 %–100.0 %
Loans and receivables	**1,293**				
Promissory note loans	649		DCF approach	Credit spread	0.0 % – 3.0 %
	74		Option pricing model	Credit spread	0.0 % – 0.5 %
	531		Option pricing model	Interest correlation	–35.0 % – 100.0 %
				Credit spread	0.0 % – 0.5 %
Mezzanine receivables	4		Fund valuation	Fair value	n.a.
Other	35		Various	n.a.	n.a.
Deposits and loans		**549**	Option pricing model	Interest correlation	–35.0 % – 100.0 %
Shareholdings	**93**				
	48		Income capitalisation approach	Discount rate	6.0 %–7.18 %
				Expected cash flows	n.a.
	45		Net asset value method	Fair value	n.a.
Receivables from the purchase of endowment insurance policies	**60**		Insurance valuation model	Surrender values	n.a.
Total	**1,886**	**1,799**			

The following table shows the figures as at 31 December 2019:

in € m

	Assets at Level 3[1]	Liabilities at Level 3	Valuation technique	Key inputs not observable in a market	Range
Derivatives	**329**	**214**			
Equity-/index-related derivatives	101	104	Option pricing model	Dividend estimate with remaining term > 3 years	0.0 – 126.6
	57	57	Option pricing model	Equity shares correlation	–34.3 % – 94.4 %
Interest-rate derivatives	171	53	Option pricing model	Interest correlation	–52.0 % – 100.0 %
Equity shares and other variable-income securities	**53**				
Private equity funds	53		Fund valuation	Net asset values	n.a.
Bonds and other fixed-income securities	**60**		DCF approach	Credit spread	0.0 % – 2.5 %
Securitised liabilities		**1,050**			
Interest certificates		1,050	Option pricing model	Interest correlation	–52.0 % – 100.0 %
Loans and receivables	**1,456**				
Promissory note loans	810		DCF approach	Credit spread	0.0 % – 2.5 %
	497		Option pricing model	Credit spread	0.0 % – 0.5 %
	110		Option pricing model	Interest correlation	–52.0 % – 100.0 %
				Credit spread	0.0 % – 0.5 %
Mezzanine receivables	6		Fund valuation	Fair value	n.a.
Other	33		Various	n.a.	n.a.
Deposits and loans		**556**	Option pricing model	Interest correlation	–52.0 % – 100.0 %
Shareholdings	**97**				
	49		Income capitalisation approach	Discount rate	6.1 % – 7.1 %
				Expected cash flows	n.a.
	48		Net asset value method	Fair value	n.a.
Receivables from the purchase of endowment insurance policies	**71**		Insurance valuation model	Surrender values	n.a.
Total	**2,006**	**1,820**			

[1] Prior-year figures adjusted: In the previous year, a promissory note loan of € 32 m and mezzanine loans of € 2 m were not identified as Level 3 and were omitted from the table. The promissory note loan was measured using an option pricing model and was only sensitive in terms of the credit spread.

In the case of those market inputs used that are not directly observable in a market, it is possible to use alternative inputs that knowledgeable market participants could apply to identify more advantageous or more disadvantageous prices. The following section describes how fluctuations in unobservable inputs may impact fair values of financial instruments. The calculations are based on either sensitivity analyses or recalculations of fair values.

The Helaba Group uses correlations to measure derivatives, issued certificates, deposits, and loans. Correlations are unobservable market parameters used in model calculations of fair value for financial instruments with more than one reference value. Correlations describe the relationship between these reference values. A high degree of correlation means that there is a strong relationship between the performance of the respective reference values. Structured interest rate derivatives are typically entered into exclusively to hedge structured interest rate issues in the banking book, or to hedge structured customer transactions in the trading book. Furthermore, structured equity derivatives – where correlations must be taken into account as market parameters – are usually entered into exclusively in connection with the corresponding retail issues; such items are closed with back-to-back hedges. The changes in the fair values of the hedging instrument and the hedged item that are attributable to the relevant parameter (interest or equity share correlation) offset each other.

In the case of equity derivatives with underlyings involving dividend distributions, future dividends are taken into account in the valuation. However, no dividend estimates are directly observable on the market for securities with a remaining term of more than three years. To determine the impact on fair values of dividend projections for items with a remaining term of more than three years, a premium or discount of 50 % was applied to the dividend estimates used. This only resulted in minor variances. As at 31 December 2019, the fair value rose by € 1 m as a result of an increase in the dividend estimate and fell by € 1 m in the case of a decrease.

The credit spread is a key input in a model-based measurement of the fair value of bonds and other fixed-income securities and of the promissory note loans reported under loans and receivables. Interest-bearing securities are allocated to Level 3 if it is not (or not with reasonable assurance) possible to derive the credit spread as an input parameter from market data. For this reason, the sensitivity analysis applied to interest-bearing securities includes an examination of the potential impact from credit spread changes. Helaba determines credit spread standard deviations for all required sector-rating-combinations based on one-year history files of sector curves from the CDS or bond market. The determined standard deviations are allocated to Level 3 securities – based on sector and rating – and then multiplied with credit spread sensitivity of the respective security. The result is the fair value adjustment for the relevant security exposure if the valuation spread increases or declines by the 1-year standard deviation. This led to an increase of € 9 m (31 December 2019: € 6 m) or a decline of € 9 m (31 December 2019: € 6 m) in the fair values of the relevant exposures.

In the case of fund units/shares and mezzanine loans, fair values are predominantly determined by the fund management companies on the basis of the fund assets and made available to the unitholders/shareholders. The latest available fair values are adjusted up to the reporting date. If the input factors used are increased by 10 %, the fair values rise by € 6 m (31 December 2019: € 5 m). If the inputs are correspondingly decreased, the fair values fall by € 6 m (31 December 2019: € 5 m).

In the case of investments in unlisted companies for which fair values are determined using the discounted earnings model, a premium, or discount, of 10 % is applied to all discountable cash flows. This results in an increase, or decline, in fair values of € 5 m (31 December 2019: € 5 m). If the discount rate were to be increased by one percentage point, the calculated fair values would fall by € 7 m (31 December 2019: € 8 m); if the discount rate were lowered by one percentage point, the fair values would rise by € 9 m (31 December 2019: € 11 m). Furthermore, the fair value for some investments in unlisted companies is determined using the net asset value method. The input factors used are subject to a premium, or discount, of 10 %. This results in alternative values that could be up to € 5 m (31 December 2019: € 5 m) above, or up to € 5 m (31 December 2019: € 5 m) below the disclosed amounts.

The receivables from the purchase of endowment insurance policies are not deemed to be subject to any material sensitivity because they are measured on the basis of the surrender values supplied by the life insurance companies.

There were no significant sensitivities evident in the other Level 3 instruments.

The following overview compares the fair values of financial assets and liabilities measured at amortised cost with their corresponding carrying amounts as at 30 June 2020.

in € m

	Fair value					
	Level 1	Level 2	Level 3	Total	Carrying amount	Difference
Cash on hand, demand deposits and overnight money balances with central banks and banks	**–**	**25,846**	**–**	**25,846**	**25,846**	**–**
Demand deposit balances with central banks	–	25,042	–	25,042	25,042	–
Demand deposits and overnight money balances with banks	–	804	–	804	804	–
Financial assets measured at amortised cost	**–**	**90,290**	**47,568**	**137,858**	**133,157**	**4,701**
Loans and receivables	–	90,290	47,568	137,858	133,157	4,701
Financial assets	**–**	**116,136**	**47,568**	**163,704**	**159,003**	**4,701**
Financial liabilities measured at amortised cost	**4,529**	**143,635**	**26,688**	**174,852**	**173,032**	**1,820**
Securitised liabilities	4,529	54,125	–	58,654	58,389	265
Deposits and loans	–	89,437	26,130	115,567	114,010	1,557
Other financial liabilities	–	73	558	631	633	-2
Financial liabilities	**4,529**	**143,635**	**26,688**	**174,852**	**173,032**	**1,820**

The following table shows the figures as at 31 December 2019:

in € m

	Fair value					
	Level 1	Level 2	Level 3	Total	Carrying amount	Difference
Cash on hand, demand deposits and overnight money balances with central banks and banks	**–**	**14,136**	**–**	**14,136**	**14,136**	**–**
Demand deposit balances with central banks[1]	–	12,932	–	12,932	12,932	–
Demand deposits and overnight money balances with banks	–	1,204	–	1,204	1,204	–
Financial assets measured at amortised cost	**–**	**90,145**	**44,343**	**134,488**	**130,326**	**4,162**
Loans and receivables[2]	–	90,145	44,343	134,488	130,326	4,162
Financial assets	**–**	**104,281**	**44,343**	**148,624**	**144,462**	**4,162**
Financial liabilities measured at amortised cost	**4,506**	**126,692**	**25,864**	**157,062**	**155,364**	**1,698**
Securitised liabilities	4,506	55,674	–	60,180	59,715	465
Deposits and loans[2), 3)]	–	70,902	25,499	96,401	95,169	1,232
Other financial liabilities[3]	–	116	365	481	480	1
Financial liabilities	**4,506**	**126,692**	**25,864**	**157,062**	**155,364**	**1,698**

1) Prior-year figures adjusted: In the previous year, Level 3 included a correction amounting to a reduction of € 1 m, but this reduction should have been allocated to Level 2.

2) Prior-year figures restated: In the previous year, the Level 2 fair values reported under loans and receivables were € 140 m too low; those under deposits and loans were also € 72 m too low.

3) Prior-year figures adjusted: In the previous year, lease liabilities of € 221 m were reported under deposits and loans but are now shown under other financial liabilities. Of the fair values reported in the previous year, € 99 m was allocated to Level 2 and € 119 m to Level 3; disclosures relating to a further € 3 m were omitted. The total fair value amount of € 221 m as at 31 December 2019 is now allocated to Level 3.

The portfolios reported under Level 3 mainly consist of development and retail business as well as loans to and receivables from customers who do not have an impeccable credit standing.

(35) Derivatives

The Helaba Group uses derivative financial instruments for both trading and hedging purposes.

Derivatives can be entered into in the form of standard contracts on an exchange or individually negotiated as OTC derivatives.

The notional amounts reflect the gross volume of all purchases and sales. These figures are used as a reference for determining mutually agreed compensation payments; however, they are not receivables or liabilities that can be shown in the statement of financial position.

The notional amounts and fair values of derivatives as at 30 June 2020 were as follows:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Equity-/index-related transactions	**5,140**	**5,273**	**413**	**272**	**409**	**271**
OTC products	4,810	4,860	409	266	384	257
Equity options	4,810	4,860	409	266	384	257
Purchases	2,508	2,542	409	266	–	–
Sales	2,302	2,318	–	–	384	257
Exchange-traded products	330	413	4	6	25	14
Equity/index futures	51	86	–	–	–	–
Equity/index options	279	327	4	6	25	14
Interest-rate-related transactions	**513,599**	**487,029**	**22,485**	**17,848**	**20,298**	**16,656**
OTC products	499,181	473,053	22,485	17,848	20,296	16,656
Interest rate swaps	443,894	413,962	20,464	16,215	13,866	12,043
Interest rate options	55,195	58,516	2,021	1,633	6,430	4,613
Purchases	22,481	24,295	1,838	1,476	57	59
Sales	32,714	34,221	183	157	6,373	4,554
Other interest rate contracts	92	575	–	–	–	–
Exchange-traded products	14,418	13,976	–	–	2	–
Interest rate futures	14,348	13,716	–	–	2	–
Interest rate options	70	260	–	–	–	–

in € m

	Notional amounts		Positive fair values		Negative fair values	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Currency-related transactions	**73,165**	**76,488**	**1,384**	**1,189**	**1,846**	**1,901**
OTC products	73,165	76,488	1,384	1,189	1,846	1,901
Currency spot and futures contracts	47,284	50,002	505	513	708	595
Cross-currency swaps	25,163	25,736	868	667	1,127	1,297
Currency options	718	750	11	9	11	9
Purchases	362	378	11	9	–	–
Sales	356	372	–	–	11	9
Credit derivatives	**4,260**	**3,197**	**18**	**17**	**19**	**17**
OTC products	4,260	3,197	18	17	19	17
Commodity-related transactions	**57**	**43**	**–**	**–**	**1**	**1**
OTC products	57	43	–	–	1	1
Commodity options	57	43	–	–	1	1
Total	**596,221**	**572,030**	**24,300**	**19,326**	**22,573**	**18,846**

Derivatives have been entered into with the following counter-parties:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Central banks and banks in Germany	124,761	108,354	7,515	6,026	5,903	4,950
Central banks and banks in the EU (excluding Germany)	115,619	126,031	5,244	4,659	13,724	11,419
Central banks and banks in the rest of the world (excluding EU)	2,494	3,701	53	37	245	206
Governments, Germany	23,222	25,154	8,123	5,909	1,188	1,089
Other counterparties in Germany	30,754	33,989	1,742	1,568	575	487
Other counterparties in the EU (excluding Germany)	282,910	259,168	1,227	973	897	659
Other counterparties (rest of world, excluding EU)	1,713	1,244	392	148	14	22
Exchange-traded derivatives	14,748	14,389	4	6	27	14
Total	**596,221**	**572,030**	**24,300**	**19,326**	**22,573**	**18,846**

Notional amounts broken down by term to maturity as at 30 June 2020:

in €m

	Less than three months	Three months to one year	One year to five years	More than five years	Total
Equity-/index-related transactions	214	554	4,356	16	5,140
Interest-rate-related transactions	47,276	49,755	194,562	222,006	513,599
Currency-related transactions	32,307	16,376	18,521	5,961	73,165
Credit derivatives	100	328	3,704	128	4,260
Commodity-related transactions	57	–	–	–	57
Total	**79,954**	**67,013**	**221,143**	**228,111**	**596,221**

The following table shows the notional amounts broken down by term to maturity as at 31 December 2019:

in €m

	Less than three months	Three months to one year	One year to five years	More than five years	Total
Equity-/index-related transactions	319	558	4,066	330	5,273
Interest-rate-related transactions	43,114	55,325	190,289	198,301	487,029
Currency-related transactions	35,235	16,782	18,591	5,880	76,488
Credit derivatives	32	391	2,618	156	3,197
Commodity-related transactions	43	–	–	–	43
Total	**78,743**	**73,056**	**215,564**	**204,667**	**572,030**

(36) Issuing Activities

The following table provides an overview of changes in the Helaba Group's securitised funding during the reporting period:

in € m

	Measured at amortised cost		Mandatorily measured at fair value through profit or loss		Voluntarily designated at fair value		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
As at 1.1.	**59,715**	**45,455**	**1,137**	**853**	**6,024**	**7,062**	**66,876**	**53,370**
Changes in basis of consolidation	–	1,899	–	–	–	155	–	2,054
Additions from issues	48,408	47,076	1,298	2,816	755	1,066	50,461	50,958
Additions from reissue of previously repurchased instruments	1,401	408	–	–	39	43	1,440	451
Redemptions	–40,006	–39,790	–870	–853	–987	–1,594	–41,863	–42,237
Repurchases	–11,351	–1,524	–93	–1	–47	–88	–11,491	–1,613
Changes in accrued interest	–50	–18	–	–	–5	–4	–55	–22
Changes in value recognised through profit or loss	260	476	–2	10	75	124	333	610
Credit-risk-related changes in fair value recognised in OCI	–	–	–	–	–129	–2	–129	–2
Changes due to currency translation and other adjustments	12	26	–2	–15	15	–	25	11
As at 30.6.	**58,389**	**54,008**	**1,468**	**2,810**	**5,740**	**6,762**	**65,597**	**63,580**

As part of its issuing activities, the Helaba Group places short-term commercial paper, equities and index certificates, medium- and long-term bonds, and subordinated sources of funding on the money and capital markets.

Additions from issues and redemptions also include the placement volume of short-term commercial paper that could be repaid by as early as the end of the reporting period. The changes in value recognised through profit or loss result from remeasurement gains or losses on financial liabilities that were either accounted for as hedged items or to which the fair value option was applied and from the amortisation of premiums and discounts.

(37) Contingent Liabilities and Other Off-Balance Sheet Obligations

in € m

	30.6.2020	31.12.2019
Loan commitments	**27,826**	**28,012**
Financial guarantees	**7,770**	**7,568**
Other obligations	**2,753**	**3,310**
Liabilities from guarantees and warranty agreements (excluding financial guarantees)	181	197
Placement and underwriting obligations	1,488	2,072
Contribution obligations	178	150
Contractual obligations for the acquisition of property and equipment, intangible assets and other assets	311	282
Contractual obligations in connection with investment property	409	451
Sundry obligations	186	158
Total	**38,349**	**38,890**

(38) Fiduciary Transactions

in € m

	30.6.2020	31.12.2019
Loans and advances to banks	628	508
Loans and advances to customers	466	309
Equity shares and other variable-income securities	92	95
Shareholdings	67	67
Other assets	15	13
Trust assets	**1,268**	**992**
Deposits and loans from banks	390	255
Deposits and loans from customers	659	518
Other financial liabilities	219	219
Trust liabilities	**1,268**	**992**

The fiduciary transactions mainly involve development funding from the Federal Government, the Federal State of Hesse and from the KfW provided in the form of trustee loans, trust funds invested with other credit institutions as well as shareholdings managed for private investors. The trustee loans also include KfW development loans forwarded to Sparkassen and customers to mitigate the effects of the COVID-19 pandemic (KfW-Schnellkredit 2020).

Other Disclosures

(39) Related Party Disclosures

In the course of the ordinary activities of Helaba, transactions with parties deemed to be related in accordance with IAS 24 are conducted on an arm's-length basis. The following disclosures relate to transactions with unconsolidated affiliated companies, with associates and with joint ventures of the Helaba Group as well as their subordinated subsidiaries.

With regard to the Sparkassen- und Giroverband Hessen-Thüringen, the Federal State of Hesse and the Free State of Thuringia in their capacity as shareholders and owners, the criteria for exemption from reporting on related parties that are public-sector entities are satisfied; this option is always utilised if the business volumes involved are insignificant. The business relations with our shareholders and their subordinated subsidiaries in accordance with IAS 24 comprise normal banking services. The extent of business relations with the shareholders and main subordinated companies in the period under review is detailed in the balances at the end of the year shown in the following table. The disclosures relating to persons in key positions of the Helaba Group as defined in IAS 24, including their close family relations and companies controlled by those persons, are also included in the following breakdowns.

As at 30 June 2020, Helaba held the following assets in respect of related parties:

in € m

	Unconsoli-dated sub-sidiaries	Invest-ments in joint ven-tures and associates	Helaba share-holders	Other related parties	Total
Financial assets measured at amortised cost	**2**	**150**	**8,967**	**1**	**9,120**
Loans and receivables	2	150	8,967	1	9,120
Trading assets	**–**	**–**	**1,695**	**–**	**1,695**
Positive fair values of trading derivatives	–	–	1,693	–	1,693
Bonds and other fixed-income securities	–	–	2	–	2
Other financial assets mandatorily measured at fair value through profit or loss	**13**	**8**	**1**	**–**	**22**
Shareholdings	13	8	1	–	22
Financial assets designated voluntarily at fair value	**–**	**–**	**761**	**–**	**761**
Loans and receivables	–	–	761	–	761
Financial assets measured at fair value through other comprehensive income	**5**	**–**	**467**	**–**	**472**
Bonds and other fixed-income securities	–	–	423	–	423
Loans and receivables	–	–	44	–	44
Shareholdings	5	–	–	–	5
Shares in equity-accounted entities	**–**	**10**	**–**	**–**	**10**
Other assets	**–**	**–**	**115**	**–**	**115**
Total assets	**20**	**168**	**12,006**	**1**	**12,195**

The following table shows the figures as at 31 December 2019:

in € m

	Unconsoli-dated sub-sidiaries	Invest-ments in joint ven-tures and associates	Helaba share-holders	Other related parties	Total
Financial assets measured at amortised cost	**6**	**164**	**8,591**	**1**	**8,762**
Loans and receivables	6	164	8,591	1	8,762
Trading assets	**–**	**–**	**1,186**	**–**	**1,186**
Positive fair values of trading derivatives	–	–	1,179	–	1,179
Bonds and other fixed-income securities	–	–	7	–	7
Other financial assets mandatorily measured at fair value through profit or loss	**15**	**9**	**1**	**–**	**25**
Shareholdings	15	9	1	–	25
Financial assets designated voluntarily at fair value	**–**	**–**	**753**	**–**	**753**
Loans and receivables	–	–	753	–	753
Financial assets measured at fair value through other comprehensive income	**5**	**–**	**486**	**–**	**491**
Bonds and other fixed-income securities	–	–	443	–	443
Loans and receivables	–	–	43	–	43
Shareholdings	5	–	–	–	5
Shares in equity-accounted entities	**–**	**8**	**–**	**–**	**8**
Other assets	**–**	**–**	**115**	**–**	**115**
Total assets	**26**	**181**	**11,132**	**1**	**11,340**

The liabilities and off-balance sheet commitments to related parties as at 30 June 2020 were as follows:

in € m

	Unconsolidated subsidiaries	Investments in joint ventures and associates	Helaba shareholders	Other related parties	Total
Financial assets measured at amortised cost	**130**	**34**	**4,060**	**5**	**4,229**
Deposits and loans	130	34	4,060	5	4,229
Trading liabilities	**–**	**–**	**66**	**–**	**66**
Negative fair values of trading derivatives	–	–	66	–	66
Financial liabilities designated voluntarily at fair value	**–**	**–**	**79**	**–**	**79**
Deposits and loans	–	–	79	–	79
Provisions	**–**	**–**	**3**	**–**	**3**
Total liabilities	**130**	**34**	**4,208**	**5**	**4,377**
Loan commitments	2	107	1,627	–	1,736
Financial guarantees	–	–	3	–	3
Total off-balance sheet commitments	**2**	**107**	**1,630**	**–**	**1,739**

The following table shows the figures as at 31 December 2019:

in € m

	Unconsoli-dated sub-sidiaries	Invest-ments in joint ven-tures and associates	Helaba share-holders	Other related parties	Total
Financial assets measured at amortised cost	**58**	**35**	**3,142**	**21**	**3,256**
Deposits and loans	58	35	3,141	21	3,255
Other financial liabilities	–	–	1	–	1
Trading liabilities	**–**	**–**	**60**	**–**	**60**
Negative fair values of trading derivatives	–	–	60	–	60
Financial liabilities designated voluntarily at fair value	**–**	**–**	**79**	**–**	**79**
Deposits and loans	–	–	79	–	79
Provisions	**–**	**–**	**3**	**26**	**29**
Total liabilities	**58**	**35**	**3,284**	**47**	**3,424**
Loan commitments	6	112	1,828	–	1,947
Financial guarantees	–	–	3	–	3
Total off-balance sheet commitments	**6**	**112**	**1,831**	**–**	**1,950**

Standard banking transactions with related parties gave rise to income and expenses in the lending, deposits, investment and derivatives businesses. In the reporting period, the Helaba Group generated total net interest income of € 44 m from related parties (H1 2019: € 57 m). Standard banking services produced net fee and commission income of € 22 m (H1 2019: € 20 m). In addition, derivative transactions are entered into with related parties, mainly to hedge interest rate risk. Interest income of € 18 m (H1 2019: € 16 m) was generated from interest rate derivatives. This item was reported under net trading income. In accordance with IFRS, derivatives are measured at fair value through profit or loss; unrealised effects from changes in fair value reported in net trading income are matched by corresponding countervailing transactions with other customers as part of overall bank management.

(40) Members of the Executive Board

Thomas Groß – CEO (since 1 June 2020) – – Deputy CEO (until 31 May 2020) –	Dezernent (Board member) with responsibility for Group Steering, Human Resources and Legal Services, Accounting and Taxes, Group Audit, Operations, Frankfurter Sparkasse, Frankfurter Bankgesellschaft, Branch Management New York
Dr. Detlef Hosemann	Dezernent (Board member) with responsibility for Risk Control, Credit Risk Management, Restructuring/Workout, Compliance, Information Technology, Organisation
Hans-Dieter Kemler	Dezernent (Board member) with responsibility for Corporate Banking, Capital Markets, Treasury, Sales Controlling Corporates & Markets, Helaba Invest
Frank Nickel – Since 1 June 2020 –	Dezernent (Board member) with responsibility for Savings Banks and SME, Public Sector, Wirtschafts- und Infrastrukturbank Hessen, Landesbausparkasse Hessen-Thüringen (LBS), Sales Controlling S-Group / SME / Public Sector
Christian Schmid	Dezernent (Board member) with responsibility for Real Estate Finance, Asset Finance, Portfolio and Real Estate Management, GWH Wohnungsgesellschaft Hessen mbH, OFB Projektentwicklung GmbH, Branch Management London

The following Board members stepped down during the reporting period:

Hans Herbert Grüntker
– CEO (until 31 May 2020) –

Dr. Norbert Schraad
– Until 31 May 2020 –

(41) Report on Events After the Reporting Date

There were no significant events after 30 June 2020.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Helaba Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Helaba Group, together with a description of the principal opportunities and risks associated with the expected development of the Helaba Group.

Frankfurt am Main/Erfurt, 14 August 2020

Landesbank Hessen-Thüringen Girozentrale

Executive Board

Groß Dr. Hosemann Kemler

Nickel Schmid

Review Report

To Landesbank Hessen-Thüringen Girozentrale,
Frankfurt am Main/Erfurt

We have reviewed the interim condensed consolidated financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, which comprise the consolidated income statement, and the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, condensed consolidated cash flow statement and selected explanatory notes, and the interim group management report for the period from 1 January 2020 to 30 June 2020, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The executive directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Institution's employees and analytical assessments, and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Eschborn/Frankfurt am Main, 14 August 2020
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller-Tronnier	Hultsch
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]