Helaba

Being reliable

Annual Report 2020

Values with impact.

Helaba in Brief: One of the leading banks in the German financial capital of Frankfurt am Main, the Helaba Group employs approximately 6,200 people and has total assets of € 219 bn. We offer a complete range of financial services from a single source for companies, banks and institutional investors. We provide innovative, high-quality financial products and services for the Sparkassen. Helaba serves as the Sparkasse central bank for Hesse, Thuringia, North Rhine-Westphalia and Brandenburg, making it a strong partner for some 40 percent of Germany's Sparkassen. We are the regional market leader in retail banking through our subsidiary Frankfurter Sparkasse and also have a presence in direct banking through 1822direkt. Landesbausparkasse Hessen-Thüringen, Helaba's independent home loans and savings division, uses the Sparkassen as sales partners and is the market leader in both Hesse and Thuringia. WIBank, which comes under Helaba's Public Development and Infrastructure Business unit, supports development programmes for the State of Hesse. We also engage in many areas of public life by sponsoring ground-breaking cultural, educational, environmental, sports and social projects.

“Business and society need a strong and reliable partner more than ever in uncertain times like these.”

Thomas Groß
CEO

At a Glance

Helaba ratings

(As at: February 2021)

Moody's

Outlook	Stable
Long-term Issuer Rating	Aa3
Counterparty Risk Assessment[3]	Aa3(cr)
Long-term Deposit Rating[3]	Aa3
Public-Sector Covered Bonds	Aaa
Short-term Deposit Rating[2]	P-1
Long-term Senior Unsecured[3]	Aa3
Long-term Junior Senior Unsecured[4]	A2
Subordinate Rating[5]	Baa2
Baseline Credit Assessment	baa2

Fitch

Outlook	Negative
Long-term Issuer Default Rating[1]	A+
Public Sector Pfandbriefe	AAA
Mortgage Pfandbriefe	AAA
Short-term Issuer Default Rating[1, 2]	F1+
Derivative Counterparty Rating[1]	AA–(dcr)
Long-term Deposit Rating[1]	AA–
Senior Preferred[1, 3]	AA–
Senior Unsecured[1, 4]	A+
Subordinated debt[1, 5]	A
Viability-Rating[1]	a+

Standard & Poor's

Outlook	Negative
Long-term Issuer Credit Rating[1]	A
Short-term Issuer Credit Rating[1, 2]	A-1
Long-term Senior Unsecured[1, 3]	A
Long-term Senior Subordinated[1, 4]	A–
Standalone Credit Profile[1]	a

Ratings for Helaba liabilities that are covered by statutory guarantee[6]

	Moody's	Fitch Ratings	Standard & Poor's
Long-term ratings	Aaa	AAA	AA–

[1] Joint S-Group rating for the Sparkassen-Finanzgruppe Hessen-Thüringen, respectively based on the group rating.
[2] Corresponds to short-term liabilities.
[3] Corresponds in principle to long-term senior unsecured debt according to § 46f (5 and 7) KWG ("with preferential right to payment").
[4] Corresponds in principle to long-term senior unsecured debt according to § 46f (6) KWG ("without preferential right to payment").
[5] Corresponds to subordinated liabilities.
[6] The statutory guarantee applies to all liabilities in place prior to 18 July 2001 (no time limit).

Stakes in Helaba's share capital

[1] represented by DSGV e. V. as the trustee.

68.85 %
Sparkassen- und Giroverband Hessen-Thüringen

8.10 %
State of Hesse

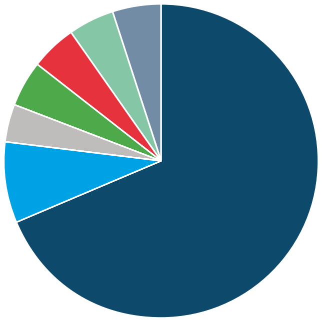
4.05 %
State of Thuringia

4.75 %
Sparkassenverband Westfalen-Lippe

4.75 %
Rheinischer Sparkassen- und Giroverband

4.75 %
FIDES Alpha GmbH[1]

4.75 %
FIDES Beta GmbH[1]



The Helaba Group in figures

Performance Figures		2020 in € m	2019 in € m	Change in € m	Change in %
Net interest income before loss allowances		1,172	1,191	–19	–1.6
Net fee and commission income		435	395	40	10.2
General and administrative expenses including depreciation and amortisation		–1,468	–1,521	52	3.4
Profit or loss before tax		223	518	–295	–56.9
Consolidated net profit		**177**	**470**	**–293**	**–62.3**
Return on equity	in %	**2.6**	**6.1**		
Cost-income ratio	in %	**73.5**	**71.6**		

Balance Sheet Figures	31.12.2020 in € m	31.12.2019 in € m	Change in € m	Change in %
Measured at amortised cost				
Loans and advances to banks	17,922	16,649	1,272	7.6
Loans and advances to customers	113,925	113,676	249	0.2
Trading assets	**21,173**	**19,304**	**1,869**	**9.7**
Financial assets measured at fair value (not held for trading)	**34,438**	**37,301**	**–2,864**	**–7.7**
Measured at amortised cost				
Deposits and loans from banks	54,391	35,560	18,831	53.0
Deposits and loans from customers	63,062	59,608	3,454	5.8
Securitised liabilities	49,869	59,715	–9,846	–16.5
Trading liabilities	**17,793**	**18,473**	**–680**	**–3.7**
Financial liabilities measured at fair value (not held for trading)	**21,864**	**21,464**	**400**	**1.9**
Equity	**8,842**	**8,700**	**142**	**1.6**
Total assets	**219,324**	**207,018**	**12,306**	**5.9**

Key indicators for regulatory purposes	31.12.2020 in %	31.12.2019 in %
CET1 capital ratio	14.7	14.2
Tier 1 capital ratio	15.6	15.3
Total capital ratio	19.1	19.0

dear customers, dear business partners,

Looking back over 2020, which really was a very challenging year, I would first and foremost like to express our heartfelt gratitude to you, our customers and business partners. Even under the trying circumstances, we still managed to work together to find forward-looking solutions, thanks to our often long-standing business relationships built on confidence and trust.

In 2020, we set a course to ensure that our success can be sustained. Our updated strategic agenda and the launch of associated initiatives mean that we are well placed to face the challenges ahead. The sound performance of our operating business demonstrates that, based on our diversified business model, we are in the best of positions, even when confronted with a crisis. Overall, taking into account everything that has happened, we can be pleased with the profit generated in 2020.

Despite the adverse impact from the COVID-19 pandemic in 2020, our earnings were satisfactory. Profit before tax in accordance with IFRS amounted to € 223 m (2019: € 518 m). Consolidated net profit, i.e. the profit after tax, came to € 177 m (2019: € 470 m). The consolidated net profit reflects the positive impact of the transformation programme that has been initiated. Thanks to stringent management of costs, we have been able to bring the trend of rising costs to a halt. In 2020, we slimmed down the Bank's organisational structure markedly and implemented cost-cutting measures, with IT and consulting expenses scaled back significantly. At the same time, the effects from remeasurement gains and losses, which had had a considerable adverse impact on our half-year earnings in 2020, improved substantially in line with forecasts.

Net fee and commission income rose significantly to € 435 m, whereas net interest income was slightly below the prior-year level at € 1,172 m. Income from investment property, which is generated predominantly by GWH, again proved itself to be a stable and reliable component of income.

The sound performance of the operating business overall was nevertheless affected by substantially higher loss allowances and a markedly weaker outcome from remeasurement at fair value because of the COVID-19 pandemic. To date, Helaba has not suffered any appreciable defaults, which is due to the excellent quality of the portfolio. However, defaults are anticipated in 2021 and the Bank proactively increased its loss allowances by an adequate amount in 2020; it thus believes that it is well prepared. We also have sufficient capital to enable us to continue to serve our customers reliably going forward.

At 14.7 per cent, the CET1 ratio is at a very good level and well above the current regulatory requirements. The year-on-year increase (31 December 2019: 14.2 per cent) was largely attributable to the expansion of the capital base.

Consolidated total assets rose to € 219.3 bn. This growth was mainly attributable to additional liquidity safeguarding measures in connection with the COVID-19 pandemic and higher fair values of derivatives.

“In these extraordinary times, we have managed to find a whole new level of collaborative working at Helaba that has allowed us to provide dependable support consistently for each other as well as for our customers.”

#togetherwecandoit

Based on our strategic focus, we believe that Helaba is on the right track and well prepared for the challenges we are going to face. I’m optimistic about the current year. However, the COVID-19 pandemic and its consequences are continuing to shape economic conditions, and interest rates remain at a historic low. Nevertheless, we predict that there will be little change to the level of loss allowances in 2021 and that we will be able to generate a profit before tax at the level of the previous year.

On behalf of the whole of the Executive Board, I would like to extend our thanks to our customers and business partners for their enduring trust and to our corporate bodies for their unfaltering support. Likewise, I would like to take this opportunity to express our grateful thanks to our employees, whose efforts are deeply appreciated. The performance of Helaba’s business in 2020 would not have been possible without their extraordinary commitment, unswerving loyalty and willingness to make great changes. In these peculiar times, we have worked together to create a very special team spirit at Helaba, offering reliable support at all times, not only for our customers, but for each other too.

Yours sincerely,

Thomas Groß
Chairman of the Executive Board

The Executive Board

"Implementing the digital transformation – in collaboration with our customers – is very much a priority alongside efforts to safeguard operating stability. This is why we are ensuring that Helaba is technologically fit for the future, and driving technology in all respects."

Christian Rhino, CIO / COO
Information Technology,
Operations and Organisation

"Helaba resolutely stands by its customers in the current crisis just as it always does thanks to our committed and dependable staff. Diversity is the key to keeping our success going – both as an employer and as a reliable partner for a sustainable economy."

Thomas Groß, CEO
Group Steering, Human Resources and
Legal Services, Accounting and Taxes,
Group Audit, Frankfurter Sparkasse,
Frankfurter Bankgesellschaft

"Real estate and financing solutions for the real estate sector form a central pillar of our business. The market recognises Helaba's extensive experience and broad-based expertise and trusts us as a reliable partner."

Christian Schmid
Real Estate Finance, Asset Finance, Portfolio and Real Estate Management, GWH Wohnungsgesellschaft mbH Hessen, OFB Projektentwicklung GmbH, Branch Management London and New York

"Demand for sustainable financial products could well exceed supply before long. We continue to build on our leading position with new, customer-focused solutions."

Hans-Dieter Kemler
Corporate Banking, Capital Markets, Treasury, Sales Controlling Corporates & Markets, Helaba Invest

"We have a duty as the S-Group bank to provide committed and reliable support for the Sparkassen and their customers. We welcome the opportunity to share our expertise and work hand-in-hand on new products."

Frank Nickel
Savings Banks and SME, Public Sector, WIBank, LBS, Sales Controlling S-Group

"The COVID-19 pandemic has underlined for us once again that long-term customer relationships provide a solid foundation even in the most challenging of times."

Dr. Detlef Hosemann, CRO
Risk Controlling, Credit Risk Management, Restructuring/ Workout and Compliance

Helaba

Real Estate	Commercial bank
Corporates & Markets	Sparkasse central institute
Retail & Asset Management	Development bank
Development Business	

Frankfurter Sparkasse 1822

LBS

Frankfurter Bankgesellschaft PRIVATBANK | Zürich | Frankfurt

Helaba Invest

GWH RÄUME ZUM LEBEN

OFB Projektentwicklung

WIBank Wirtschafts- und Infrastrukturbank Hessen

Corporate Strategy

Helaba's basic strategic focus remains unchanged and it intends to continue to serve its customers as a commercial bank, Sparkasse central bank and development bank. The Bank has already added the element of "Growth through Efficiency" to its strategic agenda with the Scope project to help slow the rate of cost increases and secure the freedom to manoeuvre, in terms of both finances and content, that it needs to have to be able to shape its future. The Helaba Group intends to press ahead in its three strategic focus areas – "Further diversifying the business model and increasing efficiency", "Modernising IT and driving digital transformation" and "Using sustainability as an opportunity for growth and increasing diversity" – to secure its long-term progress through the COVID-19 crisis and beyond.

Helaba is a credit institution organised under public law with the long-term strategic business model of a full-service bank; it has a strong regional focus, a presence in carefully selected international markets and is tightly integrated into the Sparkassen-Finanzgruppe.

One key aspect of Helaba's business model is its legal form as a public-law institution. 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 institutions, the large stake in Helaba owned by the Sparkassen-Finanzgruppe, and Helaba's retention and expansion of its activities in the S-Group and public development and infrastructure business.

As a commercial bank, Helaba operates in Germany and abroad. The Bank's hallmarks include stable, long-term customer relationships. It works with companies, institutional clients, the public sector and municipal corporations. Helaba provides a comprehensive range of products for its customers.

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.

In its capacity as the central development institution for Hesse, Helaba administers public-sector development programmes through Wirtschafts- und Infrastrukturbank Hessen (WIBank). WIBank's business activities are guided by the development objectives of the State of Hesse.

The Bank's registered offices are situated in Frankfurt am Main and Erfurt and it has branches in Düsseldorf, Kassel, London, New York, Paris and Stockholm plus a number of representative and sales offices, subsidiaries and affiliates.

Staff

Two events had a particularly pronounced impact on Helaba's employees and corporate culture in 2020: the implementation of the new, significantly leaner organisational structure as part of the Scope – Growth through Efficiency transformation project and the onset of the COVID-19 pandemic. The new organisational structure at Helaba took effect in March 2020 – at almost the same time as Germany's first lockdown. Both had a significant effect on the "Helaba in Bewegung" transformation process, which has been running since 2017, because at this moment we not only implemented a complete change of personnel in management positions at department director/department head level but also switched virtually all of our workplaces over to remote working to protect staff from the risk of infection. Human resources was one of the many areas in which these changes created a whole host of challenges that needed to be addressed quickly.

The duties and responsibilities of the HR function are in principle determined by Helaba's business strategy and the associated societal, economic and regulatory developments. The resulting core tasks are as follows: strategy-oriented and needs-based recruitment of suitable employees; the provision of professional services; the rapid filling of vacancies; the creation of attractive compensation packages (including ancillary benefits such as occupational pensions); and the delivery of sustainability-focused continuing professional development (including the management of young talent and employees with high potential to ensure future staffing needs can be met).

It is enormously important to be perceived as an attractive employer for current and potential future employees, a point Helaba is also at pains to underline in its employer branding. We promote individual careers and create an environment for our employees that is conducive to ongoing high performance. The continuous development of our Corporate Values plays a key role in this: we aim to establish a corporate culture founded on trust that shares and embraces responsibility and treats commitments given as sacrosanct.

The Helaba Group had 6,241 people in its employment at the end of 2020, 42 fewer than in the previous year. Work on the streamlining of the structural organisation as planned in the Scope project proceeded in 2020 with the specification of related human resources management instruments and the start of the responsible implementation of the defined actions in line with our Helaba values.

Every company depends for its success on committed and well-trained employees capable of meeting future as well as present business requirements. Helaba continued to prioritise investment in staff training in 2020. Keeping teams that collaborate remotely properly connected and effective was an objective for us even before the outbreak of the COVID-19 pandemic. We offer appropriately targeted seminars covering professional, personal, social and methodological development for all employees to help them meet their individual training needs. The use of virtual formats increased in the year under review due to the restrictions on face-to-face contact. The HR function has modernised its continuing professional development landscape by introducing Galileo as its new platform for web-based training.

Sustainability in the context of HR means not just recruiting and developing young talent and high-potential employees but also making sure that we retain their services for Helaba in the long term. We believe that training and developing the staff we need internally is the best way to meet present and future staffing requirements. Vocational training and general trainee programmes and the internships we offer for students give people at the start of their career the opportunity to learn our banking business and acquire core skills. Developing existing employees with strong potential and smoothing their path into a technical, management or project-based career also remains a high priority and we accordingly draw up targeted development plans based on the specific strengths and subject interests of suitable individuals. A programme for high-potential employees developed especially for Helaba provides systematic preparation for future tasks with greater responsibility.

Helaba aims to help employees maintain their physical and mental well-being and to nurture an awareness of the need for a healthy lifestyle, to which end we operate an occupational health management system and a company sports programme. The importance attached to this subject in practice is evident from the remarkable speed with which we put the technical prerequisites in place to enable most of our staff to work and collaborate with their teams from home as the COVID-19 pandemic broke in 2020. The working from home action plan also included advice on healthy working and a rotation system enabling different people to come to the office on different days. Employees needing help with job-related, family, health or other personal matters can obtain specific personal support from external specialists through Helaba's employee assistance programme.

Helaba continues to develop its corporate culture with the aim of establishing new processes, modes of working and forms of collaboration. These efforts are backed up by a comprehensive change management system. A large proportion of Helaba's staff relocated to the Helaba Campus, a new office building at the Offenbach site, in the middle of the COVID-19 pandemic. The New Work@Helaba concept implemented at this new facility, which includes multi-purpose spaces and think tanks for ad hoc collaboration and shorter communication pathways, gives the organisation greater mobility and agility. The roll-out of mobile technology, which will make remote working a more convenient proposition even after the pandemic, also commenced across the whole of the Bank in 2020.

We are firmly committed to creating a corporate culture and environment that ensures all of our employees – in all their diversity – genuinely have access to the same development opportunities within our Bank. Central to activities in this area is the Bank's internal life-stage model, which is intended to provide guidance as to the measures that will typically be suitable at different career stages and thereby to help employees remain productive in the business over the long term and develop their capabilities according to their potential. Female employees are our particular priority in the context of diversity management and we very much want to see more women in management positions. Assistance is provided in the form of seminars and mentoring designed specifically to help female employees choose the appropriate next steps and actively plan their career progression.

Helaba recognises the great importance of a satisfactory work-life balance too and provides options including childcare places, flexible hours and flexible modes of working to help employees make the most of their time.

6,241
people work at Helaba.

The Helaba Campus in Offenbach is open. The NewWork@Helaba concept implemented there makes the organisation more mobile and more agile.

Female employees are a particular focus for diversity management at Helaba: specifically designed seminars provide impetus for active career planning.

Helaba's HR function has modernised its training landscape with the Galileo virtual platform for web-based training.

Sustainability

Helaba has always embraced its responsibilities to society and the natural environment and its strategic business model clearly reflects its steadfast commitment in this area. Acting in the public interest and protecting vital natural resources have been written in our DNA for almost 200 years. We understand very well, in our capacity as a Landesbank and the S-Group bank for the Sparkassen, the importance of setting a good example and going beyond the minimum requirements imposed by the regulatory authorities. 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. We endeavour to remain true to our conscience and our obligations to our stakeholders by continuously increasing our positive impact in the ecological and social spheres.

Fundamental Standards

Helaba's sustainability principles acknowledge the Group's environmental and social responsibilities and establish standards of conduct regarding business activities, business operations, staff and corporate social responsibility. Sustainability as we see it thus encompasses the ESG criteria (environment, social and governance) in our core activity and throughout the value chain. Sustainability in the sense of environmental and social responsibility is an integral part of the binding Group-wide business strategy, as is sustainability in the sense of fair corporate management.

Core activity: Our risk strategies, which are updated annually, incorporate mandatory Group-wide sustainability criteria derived from the business strategy. Overall responsibility for all associated concerns rests with the Executive Board, which is supported in this area by the Sustainability Management team. Financing energy-efficient facilities and renewable energy projects has to be the most effective way for a financial services provider like us to help protect the environment. We adhere rigidly to the relevant nvironmental standards every time we lend and have steadily withdrawn from business involving financing for coal projects and other technologies of particular concern.

Values: "Values with impact." – Helaba's Corporate Values embody our beliefs and the guiding principle of our business strategy: putting values at the heart of our decision-making is the key to long-term, sustainable success. Our corporate culture is founded on mutual respect and appreciation; there is no place at Helaba for discrimination and prejudice. Helaba has aligned itself publicly with this stance by signing both the Diversity Charter and the UN Global Compact and committing to uphold the fundamental conventions of the International Labour Organization (ILO).

Corporate management: Helaba has adopted a Code of Conduct to help spread awareness of our sustainability agenda within the Bank and provide everyone who works here with a binding framework to guide their actions. The Code of Conduct defines in transparent terms for employees, customers and the public at large how we want and intend to work together and realise our objectives both within Helaba and in dealings with our stakeholders. As part of the regulatory requirements, Helaba holds regular training sessions, and it is mandatory for employees to attend these events every three years at least.

Helaba and Group subsidiaries Frankfurter Bankgesellschaft and Frankfurter Sparkasse were among the original signatories of the DSGV's "Commitment by German Savings Banks to climate-friendly and sustainable business practices" along with more than 170 Sparkassen and three other Landesbanken. Signatory institutions pledge to work proactively to protect the climate and adopt a consistently sustainable approach to their business, which makes the Commitment a logical element to incorporate into our sustainability strategy. Formally obligating itself in this way underlines Helaba's determination to help the German Sparkassen-Finanzgruppe, which it serves as one of the central S-Group companies, to overcome the challenges currently facing society as a whole.

Helaba Invest and Frankfurter Bankgesellschaft, moreover, have signed up to the UN Principles for Responsible Investment (PRI), under which the signatory institutions agree, among other things, to abide by principles such as the inclusion of environmental, social and corporate cultural factors in investment and decision-making processes.

The sustainable alignment of the Bank's operations taking account of ESG criteria is part of the Helaba business strategy for 2020.

A member of the UN Global Compact, Helaba publishes an annual progress report and provides a transparent account of its environmental footprint.

Helaba Invest and Frankfurter Bankgesellschaft are signatories of the UN Principles for Responsible Investments (PRI) and incorporate ESG criteria into their investment and decision-making processes.

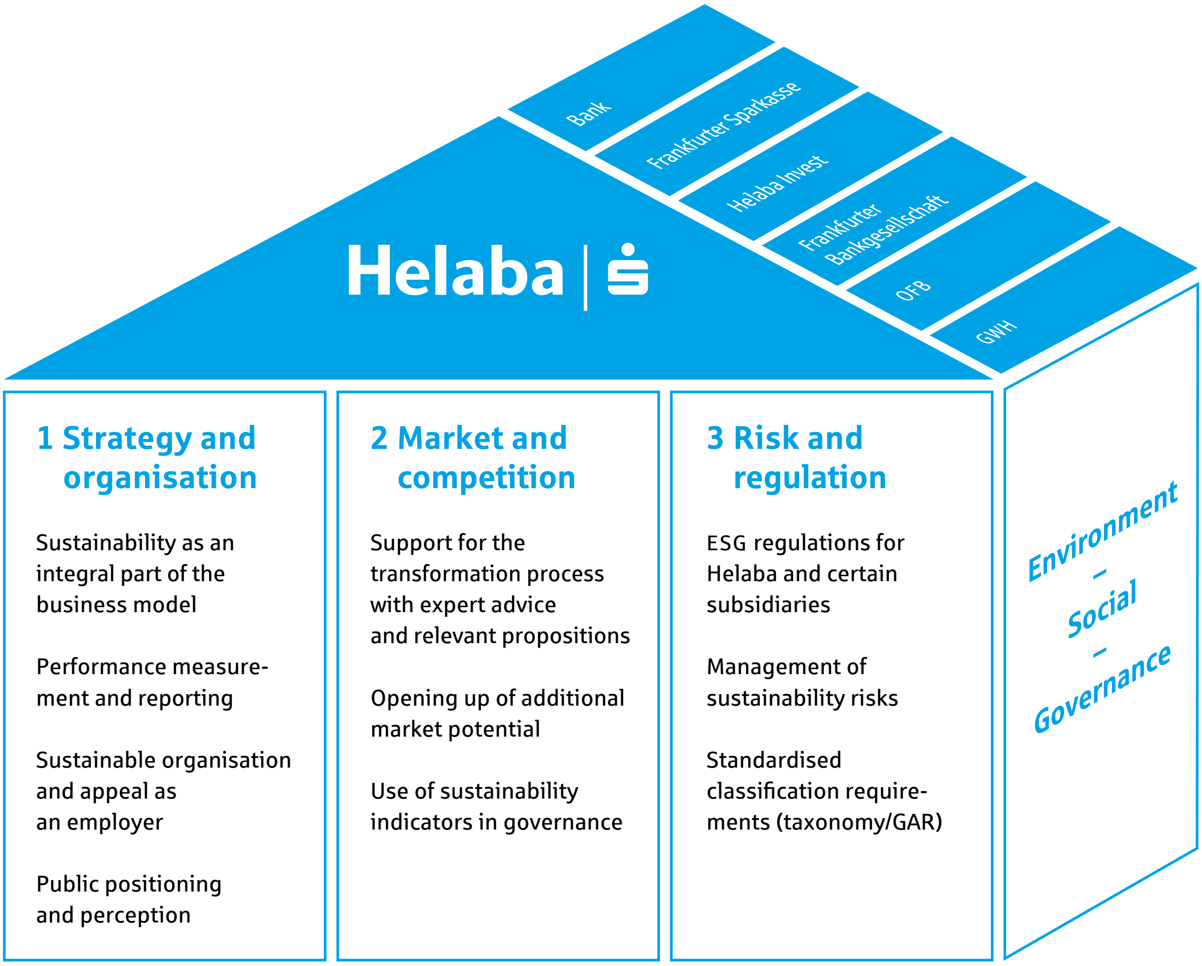
Key Developments and Action Areas

While it has undoubtedly increased uncertainty in a great many areas, the COVID-19 pandemic has only reinforced the trend towards greater sustainability: sustainability issues are assuming an ever more central role in our customers' business models and the societal and political pressure on companies and financial institutions is growing constantly. We have no doubt that demand for sustainable financial products is going to exceed supply by a wide margin. The transformation to a sustainable existence will progress against a backdrop of changing processes, new market opportunities, increased reporting obligations and a need for investment in staff and structures. The European Green Deal aims to make the EU climate neutral with a circular economy within 30 years. Helaba's business activities are tightly interconnected with the real economy, so we have a vital role to play promoting this transformation and helping our customers and employees to make it happen.

The EU's Financing Sustainable Growth action plan also has significant implications for our work. We take account of the diverse regulatory provisions associated with the plan, have permanently integrated sustainability factors and climate risks into our risk management system and are refining our reporting formats in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). We regard sustainability as an integral aspect of our corporate responsibility and have incorporated the associated management tools into the central core processes of bank governance. The interdisciplinary Sustainability Management function raises awareness of sustainability issues throughout the Bank and the wider Group with focused workshops and training courses.

HelabaSustained
The HelabaSustained programme, which launched in 2020, aims to develop the Helaba Group's sustainability profile consistently and continuously with an eye to the future. It focuses mainly on the establishment and definition of the relevant strategic objectives both internally and externally. The market and customer perspectives are of particular concern here alongside the implementation of the dynamically evolving regulatory requirements.

The content of the programme is organised into three main categories. All of Helaba's subsidiaries are involved in the programme's work. The programme leadership team is responsible for all aspects of management and oversight. Decisions are made by a steering committee that comprises representatives of the Executive Board, division management and the senior management of two of the subsidiaries. The presence of so many high-ranking leaders on the steering committee reflects the great importance of sustainability for Helaba and underlines the fact that compliance with sustainability requirements is absolutely mandatory.



Regulatory requirements
Following on from the publication of BaFin's Guidance Notice on Dealing With Sustainability Risks, the ECB issued its Guide on climate-related and environmental risks, in which it sets out specific expectations concerning the integration of climate and environmental factors into all material banking processes, in 2020. The IT tool intended to facilitate the use of the taxonomy introduced with the EU Taxonomy Regulation, which is an element of the EU's Financing Sustainable Growth action plan, had yet to be finalised at the beginning of 2021. The EBA has also recently put a draft version of the expanded non-financial reporting provisions out for consultation, demonstrating that the regulatory environment is as dynamic with respect to sustainability as it is in other fields. We analyse the wide range of regulatory requirements concerning sustainability continuously and are carrying out the preparatory work necessary to ensure that we comply with impending requirements in areas such as the integration of ESG risks into risk management and reporting in accordance with the TCFD recommendations.

Expanding the range of sustainable products
Helaba is developing a policy for the strategic expansion of sustainability expertise in the front office and product units in response to changes in the nature of the advice customers are seeking from the Bank. A wide range of workshops and training courses are provided to help instil a greater awareness of sustainability issues across the operating divisions. These actions are intended to enable us to provide even better advice to customers on sustainability matters and make the knowledge we hold within our organisation readily available throughout the Group.

Helaba is playing an active part in countering the economic consequences of the COVID-19 pandemic. It has been helping to implement the new KfW support loans since March 2020 in its forwarding institution role for the Sparkassen-Finanzgruppe Hessen-Thüringen. By the end of December 2020, Helaba had forwarded a total of 2,939 applications for COVID-19 assistance programmes with a total value of around € 910 m. Wirtschafts- und Infrastrukturbank Hessen (WIBank) has provided a total of around € 1 bn in support – in the form of (trust) loans, credit, subsidies, equity investments and guarantees – for the business community and healthcare facilities on behalf of the State of Hesse since the start of the coronavirus pandemic in March 2020. WIBank had approved more than 7,650 credit facilities and loans totalling approximately € 236 m as pandemic relief for businesses in Hesse alone by the end of 2020.

We are very active in the growing market for sustainable finance and ESG-linked loans and cover all the important steps from advice and structuring to syndication support. ESG-linked products have financing terms that are linked to a sustainability component such as a rating or performance indicator. This gives the customer an extra incentive to act sustainably – and we are only too happy to support customers' efforts in this area. The latest addition to the range is our sustainable guarantee facility.

Helaba Invest includes ESG factors as standard procedure in its investment approaches and products as an asset manager for institutional investors. It aims to make all investments sustainable and takes account of various relevant national and international standards as well as statutory and regulatory requirements. The ESG Investment Policy it published in 2021 underlines its strategic ESG focus. Helaba Invest systematically analyses all the investment securities for its retail equity funds to determine the extent to which they comply with international sustainability standards and conventions. It is expanding its product portfolio with new sustainable funds continuously, putting together a green bonds fund and an emerging markets corporate bonds fund in 2020 as well as adding a global multi-factor equities fund to the product range in the equities segment. Helaba Invest provides customers with ESG screening and associated analyses of special funds with its own sustainability reporting.

Risk strategy

Lending business is one of Helaba's core activities and its decisions on how and to whom to extend loans can have a meaningful impact on our environment and society. We take this responsibility very seriously and work hard in our risk management to minimise the sustainability risks, including transitional and physical risks due to climate change, associated with our financing activities. Helaba has defined mandatory guidelines for its core business – lending business – that apply across the whole of the Group. Derived from the business strategy, these lending guidelines are formalised in the risk strategies, which have been approved by Helaba's corporate bodies and thus bear the full authority of the organisation. The lending criteria are reviewed every year and adapted as necessary.

The universal lending guidelines ensure respect for human rights, workers' rights and cultural assets and protection for the environment, while sector-specific lending guidelines for the energy, mining, oil and gas, agriculture and forestry, pulp and paper and defence industries ensure that the Bank does not become involved in controversial business practices. Compliance with the OECD recommendations on environmental and social due diligence is generally a mandatory requirement for all export finance transactions.

Sustainability Ratings

Agencies specialising in sustainability scrutinise companies regularly to determine how they are performing in sustainability matters. Leading sustainability rating agencies include ISS-ESG, imug, Sustainalytics and MSCI. Helaba follows the development of sustainability ratings very closely and maintains close contacts with all the rating agencies to help it keep on improving its sustainability ratings.

Helaba has a stable rating in the upper average range for the global industry and the upper midrange among the comparison group of German banks and Landesbanken from all rating agencies. Helaba managed to improve its ratings from agency Sustainalytics in 2020.

Table of rating results

Rating agency	Rating	Trend
ISS ESG	**“C” (Prime)** [scale: D– to A+] Among the **top 10 %** in the comparison group of 243 banks B– grade for “Social & Governance” sub-rating	2018: C 2019: C 2020: C
imug	**“BB” (Positive)** [scale: D to AAA] **Top 5** in the comparison group of 24 banks **BBB (Positive)** grade for “Mortgage Pfandbriefe” sub-rating	2018: B 2019: B 2020: BB
Sustainalytics	**19.1 (Low Risk)** [scale: 0 (best) to 100] Among the **top 5 %** in the comparison group of 407 banks **Top score** for “Corporate Governance” sub-rating	2018: 23.5 2019: 20.7 2020: 19.1
MSCI	**“A” (Average)** [scale: CCC to AAA] In the **upper midrange** of the comparison group of 192 banks **Top score** for “Financial Environmental Impact” sub-rating	2018: A 2019: A 2020: A

Group Management Report

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. It also has a presence in the nationwide direct banking market 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 M&A Consultants AG (Deutschland), Frankfurter Bankgesellschaft extended its range of services for family-owned businesses from the beginning of 2020 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 manages almost 50,000 residential units and is therefore one of the largest housing organisations in Hesse. The group focuses on developing housing projects, managing and optimising residential property portfolios, and initiating and supporting residential real estate funds.

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 % at Group level. This figure is the ratio of general and administrative expenses including depreciation and amortisation to total profit/loss before taxes net of general and administrative expenses including depreciation and amortisation 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 new 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 Regulatory 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 8.75 %.

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 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 % at Group level 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 a new 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 %. At Group level, Helaba has set itself a target of achieving an LCR of more than 125 %. The amended CRR published in 2019 implements the NSFR in the EU and it will be mandatory to comply with the NSFR requirements from June 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 Regulatory 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 central S-Group bank in the Sparkassen-Finanzgruppe, Helaba is continuously expanding its business relationships with Sparkassen throughout Germany. The Helaba Group has many divisions and subsidiaries that work in partnership with the Sparkassen with the objective of generating the greatest possible benefit for the Sparkassen from this collaboration.

Helaba's over-riding commitment to sustainability is set out in the Treaty of the Formation of a Joint Savings Banks Association Hesse-Thuringia, which requires it to operate in the public interest.

The detail of its mission to serve the public interest is filled in by the Helaba sustainability principles, These principles acknowledge the Helaba Regulatory Group's environmental and social responsibilities and establish standards of conduct regarding business activities, business operations, staff and corporate social responsibility. Sustainability in the sense of environmental and social responsibility is therefore an integral part of the binding Group-wide business strategy, as is sustainability in the sense of fair corporate management. Helaba's risk assessment and risk management processes thus incorporate the identification and assessment of environmental risks as well as issues from a social and ethical perspective.

The Helaba Regulatory Group's understanding of sustainability goes beyond tackling the challenge of climate change to encompass all ESG (environmental, social and governance) criteria, which are addressed using selected tools.

1. In its business strategy, Helaba commits to the objectives of the Paris Agreement and supports the climate objectives of the German federal government and the European Union. The exclusion criteria integrated into the risk strategy provide Helaba with an effective tool for preventing ESG risks in new business. The filter for ESG risks at Helaba is therefore already tightly meshed on a qualitative basis and implemented as a mandatory part of the standard risk management process.
2. The social aspects of the sustainability criteria are addressed in the corporate values and through Helaba's membership of the UN Global Compact. With this step, the Bank recognises international standards for environmental protection, human and labour rights, and anti-corruption measures.
3. The governance framework and the Code of Conduct document Helaba's rules on proper corporate management.

In lending operations, Helaba has established mandatory Group-wide sustainability criteria that have been incorporated into the risk strategies and are reviewed each year. Its aim is to use the risk management system to minimise sustainability 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.

Together with more than 170 Sparkassen and three other Landesbanken, Helaba was also one of the first signatories to the "Commitment by German Savings Banks to climate-friendly and sustainable business practices".

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.

The Helaba Group has a stable rating in the upper average range for the global industry and the upper midrange among the comparison group of German banks and Landesbanken from all relevant sustainability rating agencies. These ratings were confirmed in the latest rating process. Its rating from the Sustainalytics rating agency improved by one risk category. The Helaba Group has thereby consolidated its competitive position from the perspective of sustainability and is continually and consistently improving its sustainability profile.

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 that focuses on sustainability aspects (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.

- Sustainable human resources development
  Helaba invests in the professional development of its employees both to satisfy its current skills needs and to meet future business requirements. Processes are therefore set up on a sustainable basis. A regular structured dialogue between managers and employees creates transparency in working relationships, ensures that targets are clear and allows development opportunities to be discussed. To support the implementation of suitable action plans, 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. Based on the Bank's internal life-stage model, employees at different stages in their professional careers are offered suitable development activities so that they can remain productive in the business over the long term and develop their capabilities according to their potential.

- 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, recruitment is making 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 employees are provided with targeted development based on their strengths and areas of learning; either individually or as part of a programme for high-potential employees, they can prepare systematically for future tasks with increased responsibility.

- 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, an advisory service for employees and managers, which staff can use to obtain help in connection with professional, family, health or other personal issues. As a result of the COVID-19 pandemic, Helaba took action in 2020 to protect the health of its employees and rapidly arranged for most jobs to be carried out remotely from home; it then provided support for home working by offering virtual training aimed at helping employees work in a healthy manner.

- Transformation support
  The objective of the "Scope – Growth through Efficiency" transformation project, which has been implemented throughout the Group, is to safeguard Helaba's long-term future and create scope for innovation. This project brings together various growth initiatives, the efforts to advance the digitalisation of the business and the "Helaba in Bewegung" process for transforming the corporate culture. The latter aims to move the corporate culture towards new approaches in terms of ways of working, processes and forms of collaboration. Helaba has also set out the framework for its future working environment in a programme with the tagline "New Work@Helaba". Having acquired the Helaba Campus, a new office building at the Offenbach site, Helaba has laid the foundations for half of its workforce to take a more agile approach to collaboration and to shorten the lines of communication. The process of introducing mobile technology throughout Helaba was initiated in 2020, establishing key infrastructure for remote working and thus facilitating concentrated job activities and smooth operation of virtual teamwork. In all these transformation projects, the HR unit plays a key role as adviser and partner for employees and managers in the implementation of the various activities and also ensures that the transformation is supported by appropriate change management.

- Diversity management
  Helaba is constantly striving to create conditions in which it is possible for employees to achieve a work/life balance. This includes the offer of childcare places and the use of flexible types of working and working-time models. Helaba focuses, in addition, on the implementation of measures in the context of diversity management. Particular attention is being paid to the advancement of women. In a voluntary commitment, Helaba aims to increase the percentage of women in management positions to more than 30 % overall. Women are being provided with support in the form of dedicated seminars and appropriate mentoring.

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 very first months of the pandemic led to a sharp rise in uncertainty and volatility in capital markets.

The pandemic is likely to ease gradually during the course of 2021 as the vaccination programme progresses. Following a continuation in the tough economic conditions at the start of the year, a substantial rebound in the global economy is anticipated from the spring onwards.

- 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. The various measures were implemented in full during the official restrictions in the first and second lockdowns. The operational stability of the processes is monitored continuously. Helaba has been able to maintain the stability of its processes at all times. Suitable precautionary measures have also been introduced at subsidiaries. Processes at subsidiaries are stable. 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
  The Helaba Regulatory Group's overall liquidity situation remains sound. Throughout the period of the pandemic, the liquidity coverage ratio (LCR) for the Helaba Regulatory Group has remained well above the risk tolerance threshold of 120 % and the minimum required ratio of 100 %. The Helaba Regulatory Group's LCR was 201.6 % as at 31 December 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 and the ECB's liquidity measures were implemented.

As at 31 December 2020, the Helaba Regulatory Group's Common Equity Tier 1 (CET1) capital ratio stood at 14.7 %, which was above the corresponding figure of 14.2 % at the end of 2019. The risk-weighted assets (RWAs) remained at the level of the 2019 year-end; the improvement in the capital ratio resulted from an increase in Common Equity Tier 1 capital. Over the course of the whole of 2020, the Helaba Regulatory 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 Regulatory 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 temporary 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 in the "Financial Position and Financial Performance" section of the management report and in Note (37) of the consolidated 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. Various types of assistance in the form of (trust) loans, credit, subsidies, equity investments and guarantees are available to small and medium-sized businesses, start-ups, freelancers and the self-employed.

Since March 2020, a total of more than 7,600 business owners in Hesse have received support commitments from WIBank with a value of € 236 m to help mitigate the consequences of the COVID-19 crisis. Most of the support commitments (€ 221 m) were able to be provided through a direct loan from WIBank under the "Hessen-Mikroliquidität" programme. A further € 15 m was accounted for by liquidity support for small and medium-sized enterprises (SMEs) in Hesse. In addition, Beteiligungs-Managementgesellschaft Hessen mbH (BMH), a subsidiary of WIBank, has supported start-ups and small enterprises with special liquidity-boosting quasi-equity investments (Liquiditätsbeteiligungen) amounting to a total of € 8.6 m, enabling these businesses to strengthen their capital base.

A COVID-19 assistance programme referred to as the Hesse fund for economic stabilisation measures has also been created to provide support primarily for medium-sized businesses and those that have been unable to obtain any other aid so far.

More than 600 applications for investment subsidies amounting to approximately € 1 m have already been approved under the programme phased in from December 2020 to support hospitality businesses.

To assist hospitals in Hesse, compensation payments amounting to a total of around € 770 million have been made because of the additional charges caused by the COVID-19 crisis and the need to establish additional intensive care capacity with ventilators.

Further programmes to support sports organisations and safeguard arts infrastructure have been implemented. Additional measures are being set in motion.

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 COVID-19 support programmes operated by funding institutions (including KfW development bank), among other things by advising on the selection of the assistance programmes and by providing information on the requirements of the funding institutions and on the processing of both support loan applications and the existing procedures that follow. By the end of December 2020, Helaba had forwarded a total of 2,939 applications for COVID-19 assistance programmes with a total value of around € 910 m.

- 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 Regulatory Group in all supervisory decisions and supervisory letters, generally by a period of six months.

  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 chosen 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. The 2021 EBA stress test was initiated in January 2021 and will end with the notification of the findings by the EBA on 31 July 2021.

  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) in the Helaba Regulatory Group of just 0.54 % at the end of 2020, Helaba has received requests from customers for payment deferrals and the suspension of repayments as a consequence of the crisis. In this context, Helaba maintained a special watchlist from mid-March 2020 with a view to carrying out even closer monitoring of customers and transactions particularly affected by the COVID-19 crisis. The customers and transactions on this watchlist were transferred later in the year to Helaba's regular watchlist. 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 (37) of the consolidated financial statements.

Economic Report

Macroeconomic and sector-specific conditions in Germany

The predominant feature of 2020 was the COVID-19 pandemic, which led to a serious recession in Germany. Gross domestic product contracted by 5.3 % on a calendar-adjusted basis. Actual economic output fell by 5 % owing to the higher number of working days. Consumer spending shrank by 6 % in 2020. On the other hand, government spending went up by 3.4 %. Spending on capital equipment fell sharply. In the spring, border closures and lockdowns in many of Germany's export markets seriously disrupted supply chains and led to a slump in foreign trade. Industrial activity has been recovering since the autumn despite the pandemic. Construction activity, primarily in the residential sector, has proved to be a stabilising factor in Germany. The growth in gross domestic product in the third quarter was interrupted by the lockdown in the fourth quarter. Towards the end of the year, the closure of many service providers and retailers again had a negative impact.

In view of the continued restrictions, the first quarter of 2021 is expected to be weak. A recovery is anticipated from the spring onwards, as a result of which economic growth in Germany for the whole of 2021 is projected to reach 3.7 %. The inflation rate in 2020 was just 0.5 % as a consequence of the temporary reduction in VAT in the second half of the year and low energy costs. A return to higher tax rates and an average oil price for the year around US$ 60 per barrel will have an inflationary impact in 2021, with the result that the inflation rate in Germany is expected to increase to just under 2 %.

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 even further impetus to this trend, at the same time substantially boosting the willingness of all parties to use digital services.

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. For some time, derivative platforms have enabled currency hedges to be effected using standardised processes, lending portals arrange funding for small and medium-sized 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 foreign trade finance, digital payments on a blockchain basis have also become a greater focus of attention recently. Following the lead of young innovative businesses, established businesses, banks and supervisory authorities have also increasingly become aware of the advantages (and also the negative macroeconomic implications) of using these alternative means of payment. Helaba believes that these circumstances offer significant potential for long-term changes, which is why it became involved in 2020, among other things, in the "Programmable money" working group led by the German Federal Ministry of Finance and Deutsche Bundesbank.

On 31 January 2020, the United Kingdom (UK) left the EU. The EU-UK Trade and Cooperation Agreement signed on 30 December 2020, which provisionally came into force on 1 January 2021, means that a no-deal Brexit has been avoided. In this regard, Helaba took action back in 2018 by submitting to the British supervisory authorities an application to establish a third-country branch for the Helaba branch in London. Until approval is received, the London branch falls within the scope of the Temporary Permissions Regime regulation issued by HM Treasury (the UK's finance and economics ministry). The regulation allows firms currently passporting into the UK to continue new and existing regulated business within the scope of their current permissions for a limited period of time.

Key developments in the regulatory framework were as follows:

- Prudential supervision by the ECB (Single Supervisory Mechanism, SSM)
  The Helaba Regulatory 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 Regulatory Group a letter dated 10 December 2019 notifying it of the findings of the Supervisory Review and Evaluation Process (SREP). The resulting minimum Common Equity Tier 1 capital ratio to be maintained by the Group comprised the Pillar 1 minimum capital requirement, the Pillar 2 capital requirement and the capital buffers.

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 8.75 %.

- German Risk Reduction Act
  The German Act on Reducing Risk and Strengthening Proportionality in the Banking Sector or Risk Reduction Act (Risikoreduzierungsgesetz, RiG) will 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 June 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 RiG was published in the German Federal Law Gazette on 14 December 2020. Most of the provisions came into force on 28 or 29 December 2020; the effective dates of the remainder are 28 June 2021 or 1 January 2023. Any measures that are necessary at Helaba are being implemented by the relevant deadlines.

- EU "Action Plan: Financing Sustainable Growth"
  The EU Taxonomy Regulation, an important element of the EU's "Action Plan: Financing Sustainable Growth", came into force in June 2020. The Taxonomy Regulation is a key component of the action plan and specifies which economic activities can be considered sustainable; the definitions are subject to mandatory application. The aim of this regulation is to provide investors with guidelines on which investments are used to finance environmentally sustainable economic activities and prevent greenwashing. Further delegated acts related to this action plan are anticipated in mid-2021.

- ECB Guide on climate-related and environmental risks
  Following the completion of a consultation process, the ECB published the final version of its guide on climate-related and environmental risks on 27 November 2020. In this guide, the ECB sets out how it expects banks to manage and disclose such risks. The ECB's document aims to provide banks classified as "significant" with guidance on how they can integrate climate-related and environmental risks in their governance and risk management structures and how they can take these risks into account when specifying and implementing their business strategies. In the next step, the ECB will invite banks to carry out a self-assessment in 2021 based on the recommendations and explore the findings in the consultations between the supervisor and the banks. In addition, the ECB intends to make climate-related risks a key area of focus in the supervisory stress tests scheduled to be carried out in 2022. 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.

- Minimum Requirements for Risk Management (MaRisk)
  October 2020 saw the start of the consultation on the sixth revision to MaRisk. This revision will primarily implement three sets of EBA guidelines: Guidelines on management of non-performing and forborne exposures, Guidelines on outsourcing arrangements and Guidelines on ICT and security risk management. The supervisory authority plans to publish the final revised version of MaRisk by the end of the first quarter of 2021. It will not comment on a possible implementation timeline until a later date.

Business performance

The market environment for banking business was significantly impacted by the COVID-19 pandemic in 2020. 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) declined year on year to € 17.6 bn (2019: € 21.5 bn). Loans and advances to customers (financial assets measured at amortised cost) remained virtually unchanged at € 113.9 bn (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 € 6.0 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 COVID-19 pandemic also had a significant impact on the market environment for funding business for financial institutions. Following a positive start to the year, the outbreak of the pandemic caused huge turmoil on money and capital markets 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. In particular, the improved terms for the ECB's targeted longer-term refinancing operations III (TLTRO III) in June settled down the funding environment for financial institutions to a great extent. During the year, there was a further deterioration in negative interest rates and the general level of interest rates in the euro zone hit new historic lows. Market conditions began to return to some semblance of normality in the second half of the year with spreads at the end of 2020 at similar levels to those at the end of the previous year. The Helaba Group had no difficulty in meeting its medium- and long-term funding requirements in 2020.

Including the tender drawdown of € 8.0 bn, the Helaba Group raised medium- and long-term funding of around € 22.5 bn (2019: € 18.0 bn), with unsecured funding amounting to approximately € 12.4 bn (2019: € 11.3 bn). Pfandbrief issues amounted to € 5.9 bn in total (2019: € 6.7 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 TLTRO III. A further TLTRO III drawdown of € 8.0 bn in September was also used for the purposes of optimising income. Despite the further drop in low interest rates, sales of retail issues placed through the Sparkasse network amounted to € 2.0 bn (2019: € 2.6 bn). 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. Frankfurter Sparkasse also participated in the ECB's TLTRO III programme with a drawdown of € 1.4 bn. In addition, new medium- and long-term funding at WIBank amounted to just under € 2.4 bn.

The Helaba Group's cost-income ratio was 73.5 % as at 31 December 2020 compared with 71.6 % as at 31 December 2019 (prior-year figure restated; see Note (1)) and was therefore marginally higher than the target range (2020 target: < 70 %). Return on equity declined to 2.6 % (31 December 2019: 6.1 %; prior-year figure restated; see Note (1)) and was therefore outside the target range of 5 to 7 %.

As at 31 December 2020 the Helaba Group's CET1 capital ratio was 14.7 % (31 December 2019: 14.2 %) and its total capital ratio 19.1 % (31 December 2019: 19.0 %). 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 31 December 2020, the Helaba Regulatory Group's leverage ratio was 4.8 % (31 December 2019: 4.5 %) and therefore above the specified minimum ratio of 3.0 %.

The liquidity coverage ratio (LCR) for the Helaba Regulatory Group was 201.6 % as at 31 December 2020 (31 December 2019: 225.3 %).

The NPL ratio for the Helaba Regulatory Group (in accordance with EBA risk indicator code AQT_3.2) was 0.54 % as at 31 December 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 1.3 % (as at 30 June 2020) was already very low by European standards.

As at 31 December 2019, the MREL ratio for the Helaba Regulatory 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.

One of Helaba's core strategic areas of activity is to provide targeted support, particularly in the form of new products, to help its customers with the transformation to a sustainable future. In the asset management business, Helaba structures projects in the renewable energy and social & digital infrastructure segments. It is also expanding its sustainable finance advisory service, in which it offers a broadly based range of information across sectors and products around the theme of sustainable finance covering all financial instruments (loans, promissory notes, bonds, leases, guarantees, etc.). Helaba continues to be involved in the syndication of green, social and ESG-linked finance and promissory notes.

In the sustainable promissory note segment of the market, Helaba is one of the leading arrangers and supported a number of transactions of this nature in 2020. For example, it was involved in the issue of ESG-linked promissory notes in which the interest costs related to the promissory note were linked to the sustainability performance of the business.

Helaba has also supported its customers in the transformation process by entering into a number of sustainable guarantee facilities. In these facilities, environmental, social and corporate governance (ESG) criteria are established as the basis for environmentally friendly financing and guarantees are issued under a guarantee master agreement, taking into account these criteria. Ultimately, the margins in the guarantees are also based on the criteria.

Helaba reviews its business model on a regular basis and continues to refine it.

In this regard, Helaba has updated and refocused its strategic agenda and its long-term quantitative targets. In particular, the business model for Helaba and the Group as a whole is to be diversified across a broader base in order to strengthen net fee and commission income and to achieve a better balance across all the sources of income. The strategic agenda now includes the updating of IT systems, the aim of which is also to give further impetus to digital transformation.

In addition, the Helaba Regulatory Group intends to expand its ESG expertise across its entire range of products and services so that it can make the most of future growth opportunities and have the necessary capability to support its customers with sustainable finance products. The structured promotion and reinforcement of diversity is a further component aimed at, among other things, enhancing Helaba's innovative capabilities and securing them over the long term.

The transformation project "Scope – Growth through Efficiency" adds a new 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 has been to place an even greater focus on customers in Helaba's structures in order to facilitate continuation of the growth trajectory. In March 2020, Helaba introduced its new organisational structure and initiated the process of implementing the specified changes. This implementation process is being systematically followed up.

Financial Position and Financial Performance

Changes to basis of consolidation

The deconsolidation of entities in the real estate sector resulted in derecognition gains of € 97 m (2019: € 3 m), which were recognised under other net income / expense. For further details, please refer to Note (2). The other changes to the basis of consolidation in 2020 did not have any material impact on financial position or financial performance.

In the management report, euro amounts are generally rounded to the nearest million. Minor discrepancies may arise in totals or in the calculation of percentages in this report due to rounding.

Financial performance of the Group

	2020	2019	Change	
	in € m	in € m	in € m	in %
Net interest income	1,172	1,191	−18	−1.5
Loss allowances	−305	−86	−220	>−100.0
Net interest income after loss allowances and modifications	**867**	**1,105**	**−238**	**−21.6**
Net fee and commission income	435	395	40	10.2
Income / expenses from investment property	215	214	1	0.7
Gains or losses on measurement at fair value	4	128	−124	−97.1
Net trading income	35	80	−45	−55.9
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	−32	48	−79	>−100.0
Share of profit or loss of equity-accounted entities	4	24	−20	−83.6
Other net income / expense	166	172	−5	−3.0
General and administrative expenses, including depreciation and amortisation	−1,468	−1,521	52	3.4
Profit or loss before tax	**223**	**518**	**−295**	**−56.9**
Taxes on income	−46	−48	2	4.4
Consolidated net profit	**177**	**470**	**−293**	**−62.3**

Helaba generated profit before taxes of € 223 m in 2020, compared with a corresponding prior-year figure of € 518 m. The financial performance reflected stable operating business combined with the impact from the COVID-19 pandemic. Starting from a low base, loss allowances rose very sharply because of the economic slowdown brought about by the COVID-19 pandemic. There was an additional adverse impact from the very significant deterioration in gains and losses from remeasurement at fair value. In this regard, heightened market volatility triggered by the COVID-19 pandemic led to temporary measurement markdowns. On the other hand, 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), was increased by € 23 m. General and administrative expenses also saw a positive year-on-year change.

The trend towards steadily rising costs has been halted by the "Scope" programme. The changes in the individual items in the Group's financial performance were as described below.

Net interest income amounted to € 1,172 m and thus remained virtually unchanged compared with the previous year (2019: € 1,191 m). A greater average portfolio, a slightly higher margin and an improvement in the effect from negative interest rates led to a rise in net interest income in the operating lending business. This was offset by substantially lower income from early termination fees.

Loss allowances amounted to a net addition (i.e. expense) of € 305 m (2019: net addition of € 86 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 reversal of € 4 m; stage 2, net addition of € 258 m; stage 3, net addition of € 53 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 € 0 m. The very substantial rise in loss allowances was caused by the COVID-19 pandemic. In 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. The portfolio-based loss allowance at stage 2 of € 60 m recognised as at 31 December 2019 was increased by € 123 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 € 85 m. For further details, please refer to Note (37) of the consolidated financial statements.

After taking into account the loss allowances, the net interest income of € 1,105 m in the previous year fell to € 867 m in the reporting year.

Net fee and commission income rose by € 40 m to € 435 m. Net fee and commission income is mostly generated by Helaba, Frankfurter Sparkasse and Helaba Invest. 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 generated by the FBG Group also saw a very significant rise.

Most of the net income from investment property is generated by the GWH Group and amounted to € 215 m (2019: € 214 m). This figure comprises the balance of rental income, operating costs and the net gains or losses on disposals.

Net trading income declined from € 80 m in 2019 to € 35 m in 2020. Within this figure there were remeasurement losses in the first half of 2020 caused by the COVID-19 pandemic, but these losses were largely made up again over the rest of the year. The securities trading portfolio for the customer-driven capital markets business comprises public sector issuers, covered bonds, unsecured bank bonds and corporate bonds. The main factors behind the contraction in net trading income were measurement markdowns on derivatives. The widening of credit spreads in the first half of the year in respect of borrowers with good to investment-grade ratings (including also long-term transactions with the public sector), which led to high temporary remeasurement losses, reversed more or less in full in the second half of the year. The customer business performed well and within expectations.

Net income from hedge accounting and other financial instruments measured at fair value (not held for trading) amounted to a net expense of € 32 m (2019: net income of € 48 m). Whereas the gains and losses from the various hedge management strategies largely offset each other, a remeasurement loss of € 22 m (2019: gain of € 64 m) arose on fund investments, predominantly attributable to the widening of credit spreads.

Other net income / expense declined from net income of € 172 m to net income of € 166 m. Both fiscal years were materially affected by one-off items. In the reporting year, the deconsolidation of entities in the real estate sector resulted in derecognition gains of € 97 m (2019: € 3 m). The previous year included one-off items from the first-time consolidation of KOFIBA (income of € 125 m) and the recognition of a restructuring provision for the "Scope" efficiency programme (expense of € 71 m). Other net income / expense also included dividend income of € 16 m (2019: € 18 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 € 10 m (2019: € 8 m).

General and administrative expenses declined by € 52 m to € 1,468 m. These expenses comprised personnel expenses of € 686 m (2019: € 683 m), other administrative expenses of € 654 m (2019: € 711 m) as well as depreciation and amortisation charges of € 128 m (2019: € 127 m). Pay-scale increases in September 2019 and November 2020, together with the recruitment of additional employees in selected units within the Group in accordance with the strategy, led to a rise in personnel expenses. In contrast, the initial impact from the implementation of the “Scope” programme and lower additions to provisions for bonuses reduced the overall expenses. The Group employed an average of 6,238 people in the year under review (2019: 6,243). Other administrative expenses included the European bank levy in an amount of € 51 m (2019: € 42 m) and expenses for the association overhead allocation and the reserve funds in an amount of € 62 m (2019: € 65 m). IT and consultancy expenses included in other administrative expenses fell markedly compared with the previous year.

The profit before taxes amounted to € 223 m (2019: € 518 m).

The general and administrative expenses including depreciation and amortisation were covered by the total profit of € 1,997 m (2019: € 2,125 m), producing a cost-income ratio of 73.5 % compared with 71.6 % in 2019 (prior-year figure restated; see Note (1)). Return on equity before taxes fell from 6.1 % (prior-year figure restated; see Note (1)) to 2.6 %. The return on assets pursuant to article 90 of Capital Requirements Directive IV (CRD IV) was 0.1 % (2019: 0.3 %).

The income tax expense amounted to € 46 m (2019: € 48 m). It was mainly accounted for by a tax expense of € 17 m at Helaba in Germany (2019: tax expense of € 11 m), a tax expense of € 9 m at Frankfurter Sparkasse (2019: tax income of € 30 m), a tax expense of € 25 m at the branch in New York (2019: tax expense of € 25 m) and a tax expense of € 5 m at the London branch (2019: tax expense of € 8 m), plus tax income of € 10 m at GWH (2019: tax expense of € 27 m). Of the income tax expense, a tax expense of € 62 m was in respect of current taxes. Deferred tax income of € 16 m arose in relation to temporary differences. On account of prior-year tax refunds and tax-exempt income as well as a countervailing effect from non-deductible operating expenses, the tax rate amounted to 20.6 % (2019: 10.0 %).

The consolidated net profit, i.e. the profit after tax, declined by 62.3 % year on year to € 177 m. Of the consolidated net profit, a profit of € 1 m (2019: € 2 m) was attributable to non-controlling interests, with the result that the profit attributable to the shareholders of the parent company amounted to € 176 m (2019: € 468 m). An amount of € 90 from this profit has been earmarked for distribution to the shareholders and for servicing the capital contributions of the Federal State of Hesse that are reported under equity. The servicing of the AT1 bonds, which is also reported as an appropriation of profit, amounted to € 14 m (2019: € 14 m).

Comprehensive income for financial year 2020 declined from € 342 m to € 153 m. This figure includes other comprehensive income in addition to the consolidated net profit as reported in the consolidated income statement. Other comprehensive income amounted to a loss of € 24 m (2019: loss of € 128 m). The remeasurement of the net liability under defined benefit plans, caused in particular by the reduction in the discount rate, amounted to a loss of € 78 m before taxes, which equated to an improvement compared with the previous year (2019: loss of € 293 m). A discount rate of 1.00 % (31 December 2019: 1.25 %) was used to determine pension provisions for the main pension obligations in Germany. Debt instruments measured at fair value through other comprehensive income accounted for a net gain of € 35 m before taxes within comprehensive income (2019: net gain of € 62 m). Credit-risk-related changes in the fair value of financial liabilities designated voluntarily at fair value contributed a net gain of € 34 m before taxes (2019: net gain of € 64 m) to comprehensive income.

Statement of financial position

Assets

	31.12.2020	31.12.2019	Change	
	in € m	in € m	in € m	in %
Cash on hand and demand deposit balances with central banks and banks	**26,429**	**14,555**	**11,874**	**81.6**
Financial assets measured at amortised cost	**131,847**	**130,326**	**130,326**	**1.2**
Loans and advances to banks	17,922	16,649	16,649	7.6
Loans and advances to customers	113,925	113,677	113,677	0.2
Trading assets	**21,173**	**19,304**	**19,304**	**9.7**
Financial assets measured at fair value (not held for trading)	**34,438**	**37,301**	**37,301**	**–7.7**
Investment property	**2,702**	**2,509**	**2,509**	**7.7**
Income tax assets	**704**	**724**	**724**	**–2.8**
Other assets	**2,032**	**2,299**	**2,299**	**–11.6**
Total assets	**219,324**	**207,018**	**207,018**	**5.9**

Equity and liabilities

	31.12.2020	31.12.2019	Change	
	in € m	in € m	in € m	in %
Financial liabilities measured at amortised cost	**167,731**	**155,364**	**12,368**	**8.0**
Deposits and loans from banks	54,391	35,560	18,831	53.0
Deposits and loans from customers	63,062	59,609	3,453	5.8
Securitised liabilities	49,869	59,715	–9,846	–16.5
Other financial liabilities	409	480	–71	–14.8
Trading liabilities	**17,793**	**18,473**	**–680**	**–3.7**
Financial liabilities measured at fair value (not held for trading)	**21,864**	**21,465**	**399**	**1.9**
Provisions	**2,551**	**2,465**	**86**	**3.5**
Income tax liabilities	**144**	**153**	**–8**	**–5.5**
Other liabilities	**399**	**398**	**1**	**0.2**
Equity	**8,842**	**8,700**	**142**	**1.6**
Total equity and liabilities	**219,324**	**207,018**	**12,306**	**5.9**

Helaba's consolidated total assets grew by € 12.3 bn (5.9 %) to € 219.3 bn in financial year 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. Total business volume, which includes off-balance sheet liabilities in banking business and fiduciary activities as well as assets, increased by 4.8 % to € 257.5 bn (31 December 2019: € 245.7 bn).

Cash on hand and demand deposit balances with central banks and banks rose by 81.6 % to € 26.4 bn (31 December 2019: € 14.6 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.

The financial assets measured at amortised cost, which are reported at their net carrying amounts, rose by € 1.5 bn to € 131.8 bn. In particular, the loans and advances to banks included in this amount went up by € 1.3 bn to € 17.9 bn. Of this figure, € 5.7 bn (31 December 2019: € 5.3 bn) was accounted for by Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. Of the loans and advances to customers amounting to € 113.9 bn (31 December 2019: € 113.7 bn), which are financial assets measured at amortised cost, a figure of € 34.6 bn (31 December 2019: € 32.9 bn) was attributable to commercial real estate loans and € 29.0 bn (31 December 2019: € 28.7 bn) to infrastructure loans.

The cumulative loss allowances recognised in respect of financial assets measured at amortised cost amounted to € 553 m (31 December 2019: € 286 m).

Trading assets recognised at fair value amounted to € 21.2 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 € 3.4 bn to € 15.7 bn. In contrast, the portfolio of bonds and other fixed-income securities contracted to € 4.4 bn (31 December 2019: € 6.0 bn).

Of the financial assets measured at fair value (not held for trading) amounting to € 34.4 bn (31 December 2019: € 37.3 bn), assets of € 20.3 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 also increased by € 0.7 bn to € 7.7 bn, meaning that the positive fair values of all derivatives rose by € 4.1 bn overall to € 23.4 bn.

Financial liabilities measured at amortised cost amounted to € 167.7 bn (31 December 2019: € 155.4 bn). This increase resulted firstly from Helaba's participation in the ECB's TLTRO III programme and from additional funds raised to build liquidity, reflected in a sharp rise in deposits and loans from banks to € 54.4 bn (31 December 2019: € 35.6 bn). Of this figure, € 10.8 bn (31 December 2019: € 6.7 bn) was accounted for by liabilities to Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. 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 € 3.5 bn to € 63.1 bn. Securitised liabilities showed a downward trend, falling by € 9.8 bn to € 49.9 bn.

Trading liabilities recognised at fair value declined by € 0.7 bn to € 17.8 bn. Whereas deposits and loans decreased by € 2.5 bn to € 4.7 bn, the negative fair values of derivatives rose by € 2.3 bn to € 12.5 bn.

Financial liabilities measured at fair value (not held for trading) amounted to € 21.9 bn as at the reporting date (31 December 2019: € 21.5 bn). This figure included non-trading derivatives amounting to € 9.0 bn (31 December 2019: € 8.7 bn), meaning that the total negative fair values of all derivatives rose by € 2.7 bn to € 21.5 bn.

Equity

The Helaba Group's equity amounted to € 8.8 bn as at 31 December 2020 (31 December 2019: € 8.7 bn). The increase was mainly attributable to the comprehensive income of € 153 m (31 December 2019: € 342 m). Accumulated OCI for the Group amounted to a loss of € 511 m (31 December 2019: cumulative net loss of € 488 m). Within this figure, a cumulative loss of € 645 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 figure includes a cumulative loss of € 701 m (31 December 2019: cumulative loss of € 646 m) related to remeasurements in connection with pension obligations. The change was mainly attributable to a decrease in the discount rate to 1.00 % (31 December 2019: 1.25 %). The balance of the accumulated OCI amounting to cumulative net income of € 133 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. One of the factors contributing to the increase was the cumulative gains and losses on debt instruments measured at fair value through other comprehensive income amounting to a gain of € 163 m (31 December 2019: € 140 m). In contrast, equity was negatively impacted by a loss of € 37 m (31 December 2019: loss of € 32 m) arising from the cross currency basis spread in the measurement of derivatives, which must be recognised in accumulated OCI in accordance with IFRS 9. Exchange rate factors resulted in a decrease of € 13 m in the currency translation reserve for foreign operations to € 25 m. The original plan to distribute an amount of € 90 m from the consolidated net profit for 2019 to the owners based on their shareholdings and capital contributions was withdrawn in line with a pronouncement by the European Central Bank (ECB) because of the COVID-19 pandemic. The amount was instead treated as profit carried forward. An amount of € 14 m was paid in December 2020 to service the AT1 bonds. A dividend distribution of € 90 m is planned in relation to the 2020 financial year.

Please refer to Note (35) in the Notes for information on the regulatory capital ratios.

Financial performance by segment

The contributions of the individual segments to the profit before taxes of € 223 m in 2020 (2019: € 518 m) were as follows:

in € m

	2020	2019
Real estate	252	257
Corporates & Markets	5	71
Retail & Asset Management	202	195
WIBank	33	27
Other	–307	–56
Consolidation / reconciliation	40	25
Group	**223**	**518**

Real Estate segment

The Real Estate Lending business line is reported in the Real Estate segment. In this segment, products related to financing major commercial projects and existing properties are the Helaba Group's particular speciality.

In 2020, the volume of new medium- and long-term business in real estate lending decreased by 30 % year on year to € 6.9 bn. Margins on new business increased sharply compared with the previous year. The average volume of business was virtually unchanged in 2020.

Net interest income diminished slightly year on year, by around 3 %, to € 392 m. Loss allowances amounted to a net addition of € 4 m, down by € 17 m year on year. Net fee and commission income came to € 17 m and was thus lower than in the previous year (€ 19 m).

Other net income / expense amounted to a net expense of € 1 m, which was a very significant improvement on the equivalent prior-year figure of a net expense of € 26 m, the latter having included an impairment loss of € 25 m recognised in respect of a property held for sale.

At € 153 m, general and administrative expenses remained on a par with the prior-year figure.

Profit before taxes for the segment amounted to € 252 m, which equated to a decrease of approximately 2 % compared with the figure for 2019 (€ 257 m).

Corporates & Markets segment

The Corporates & Markets segment offers products aimed at companies, institutional clients, public sector and municipal clients.

The volume of new medium- and long-term business with corporate clients in the newly created Asset Finance division, which has emerged from the former Corporate Finance division, went down very significantly, by 41 %, to € 2.3 bn. In the likewise newly created Corporate Banking division (also previously within Corporate Finance), the volume of new business amounted to € 4.1 bn, which was down by around 5 % year on year. In the municipal lending business, new business volume amounted to € 0.7 bn, which more or less equated to the prior-year level. The Savings Banks & SME division generated a new business volume of € 1.9 bn, which was very much higher than the prior-year level, mainly driven by the development loans business.

Net interest income from lending business went up, primarily as a result of the higher average volume of business. The contribution from the payments business also improved compared with the previous year. Overall, the segment generated net interest income of € 395 m, around 12 % up on the previous year.

Loss allowances amounted to a net addition of € 63 m (2019: € 68 m), which was accounted for predominantly by additions to stages 2 and 3 under the staged impairment model specified by IFRS 9.

Net fee and commission income came to € 170 m and was thus slightly higher than in the previous year (€ 166 m). The increase in this figure can be traced essentially to the lending and capital markets businesses.

Gains and losses on remeasurement at fair value, i.e. net trading income and net income from hedge accounting and other financial instruments measured at fair value, amounted to a net gain of € 37 m, which was much lower than the corresponding prior-year figure of € 88 m, principally because of higher measurement markdowns.

Other net income/expense came to net income of € 1 m, lower than the corresponding net income of € 31 m in the previous year. This was attributable to a number of factors, notably an impairment loss on goodwill and the absence of a settlement payment received in 2019 that had helped to boost income.

The rise in general and administrative expenses of around 8 % resulted mainly from planned increases in internal cost allocations, for example in connection with essential requirements and IT project costs.

Profit before taxes in the segment, which amounted to € 5 m, was particularly adversely impacted by measurement markdowns in the trading portfolio and was therefore well below the equivalent figure in 2019 (€ 71 m).

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 Real Estate Management business and the real estate subsidiaries of the GWH Group and Helicon KG also form part of this segment.

Net interest income in the segment amounted to € 234 m, marginally below the previous year's figure. The contraction was largely attributable to the retail business at Frankfurter Sparkasse. The segment's loss allowances came to a net addition of € 29 m, which was much higher than the prior-year level (2019: net addition of € 3 m), again predominantly accounted for by Frankfurter Sparkasse.

The segment's net fee and commission income saw a notable year-on-year rise to € 239 m. FBG, Helaba Invest, LBS and Frankfurter Sparkasse all contributed to this increase.

Net income from investment property is generated mainly by GWH, primarily in the form of rental income from residential real estate. At € 216 m, this figure remained at the prior-year level.

Gains or losses on measurement at fair value of special funds, which are predominantly related to activities at Frankfurter Sparkasse, declined very substantially to a net gain of € 3 m in the reporting year (2019: € 22 m) as a consequence of the market dislocation triggered by the COVID-19 pandemic.

Other net income/expense of € 97 m was much higher than the prior-year level because of the disposals of real estate in 2020 (2019: € 73 m).

The rise of around 1 % in general and administrative expenses for the whole of the segment resulted primarily from business initiatives at GWH, Helaba Invest and FBG.

At € 202 m, profit before taxes in the segment was up slightly on the prior-year figure (€ 195 m).

WIBank segment

The WIBank segment mainly comprises the Wirtschafts- und Infrastrukturbank Hessen (WIBank) business line. In the reporting year, WIBank generated new business (lending and subsidy business) of around € 3.2 bn.

The sharp rise in new business was mainly attributable to the measures to mitigate the effects of the COVID-19 pandemic implemented on behalf of the State of Hesse. These measures consisted of support for hospitals in Hesse in the form of compensation payments amounting to a total of around € 770 m and financial support for some 7,600 business owners in Hesse amounting to approximately € 236 m.

Net interest income came to € 65 m, which was higher than the prior-year figure (€ 60 m), despite the low interest rates, because of streamlining measures and one-off items.

Net fee and commission income (€ 46 m) is derived mainly from the service business and increased significantly year on year, likewise by around € 6 m, as a result of the expansion in the development business.

General and administrative expenses came to € 79 m. The anticipated marked increase compared with the previous year (€ 74 m) arose primarily because of the capital spending on IT infrastructure and the rise in personnel expenses.

In 2020, the segment generated profit before taxes of € 33 m, which was € 6 m higher than the corresponding prior-year figure.

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.

Primarily because of the adverse effects from the investment of own funds in special funds and lower treasury contributions, the segment's net interest income decreased from € 130 m in 2019 to € 80 m in the reporting year.

The very significant uplift in loss allowances to € 210 m (2019: € 28 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 (not held for trading) was the impact of the COVID-19 pandemic, especially the widening of credit spreads. This item amounted to a net expense of € 36 m (2019: net income of € 18 m), which represented a very significant deterioration of € 54 m.

Other net income / expense in the segment fell to net income of € 101 m (2019: net income of € 118 m). The year-on-year change in other net income was due to the combination of the integration of KOFIBA, which made a positive contribution of € 119 m in the previous year, and the absence in 2020 of the expense of € 71 m recognised in 2019 in respect of restructuring provisions related to the "Scope" project. Furthermore, the other net operating income in this segment is mainly generated by the project business at the OFB subsidiary, the net income from which rose sharply in 2020 compared with the previous year.

In the reporting year, general and administrative expenses amounted to € 209 m (2019: € 286 m), mainly because of the continuing allocation of costs (primarily IT and project costs) to other segments. In addition, the costs for the bank levy rose by € 8 m to € 49 m.

The segment incurred a loss before taxes of € 307 m (2019: loss of € 56 m). The deterioration compared with the previous year was largely attributable to the very sharp rise in loss allowances.

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 reported under consolidation / reconciliation.

The profit before taxes under consolidation / reconciliation amounted to € 40 m (2019: € 25 m).

Comparison with prior-year forecasts

The following table shows a comparison between the actual values achieved in the year under review for the key performance indicators used by Helaba and the original forecasts:

	2019 forecast for 2020	2020 actual
Net interest income	Markedly below prior-year figure	−1.5 %
Loss allowances	Expense of € 151 m	Expense of € 305 m
Net fee and commission income	Significantly above prior-year figure	+10.2 %
Income/expenses from investment property	Slight increase	+0.7 %
Net trading income	Very significant increase	−55.9 %
Other net income/expense	Virtually unchanged	−3.0 %
General and administrative expenses (including depreciation and amortisation)	Moderate fall	−3.4 %
Profit or loss before tax	Markedly below prior-year figure	−56.9 %
Cost-income ratio	Approximately 70 %	73.5 %
Total assets	Slight increase	5.9 %
Return on equity	5.6 %	2.6 %
Common Equity Tier 1 (CET1) capital ratio	13.2 %	14.7 %
Leverage ratio	4.5 %	4.8 %
Liquidity coverage ratio (LCR)	Approximately 150 %	201.6 %
Net stable funding ratio (NSFR)	Approximately 100 %	117.0 %
Volume of new medium- and long-term business (excl. WIBank)	€ 19.6 bn	€ 17.6 bn

The main variances from Helaba's forecast business performance are described below.

The anticipated marked contraction in net interest income was offset by a trend towards wider margins and by the performance of the subsidiaries, which exceeded the budgets.

The rise in net fee and commission income almost entirely matched the forecast. The contribution from net income from investment property remained stable at the prior-year level.

Net trading income was very substantially below the forecast, mainly because of the rise in measurement markdowns as a consequence of the COVID-19 pandemic.

Other net income / expense declined moderately but was slightly higher than the forecast.

The moderate fall predicted for general and administrative expenses was slightly exceeded. Non-personnel operating expenses saw a greater decrease as a result of a lower level of project activities, third-party services and building expenses compared with the forecast. In addition, individual types of costs were well below budget as a result of the COVID-19 pandemic, for example because of the travel and contact restrictions.

The profit before taxes reflected the very significant rise in loss allowances compared with previous years as a consequence of the COVID-19 pandemic. The cost-income ratio (CIR) was 73.5 %.

The slight increase projected for total assets was exceeded, primarily because of the expansion in liquidity portfolios.

The volume of new medium- and long-term business remained well short of the forecast because of the uncertainty caused by the COVID-19 pandemic.

Risk Report

The Executive Board is responsible for all of the risks to which the Helaba Regulatory 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 Regulatory Group. The risk strategy covers all of the main business units in the Helaba Regulatory 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 Regulatory Group are integrally linked to the business strategy and risk strategy of Sparkassen-Finanzgruppe Hessen-Thüringen.

The principal objectives of the Helaba Regulatory 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.

The risk management process has been refined over the years to create a range of sophisticated tools for and an environment conducive to risk containment. The methods employed to identify, quantify, contain and monitor risks and the systems required to implement them have undergone continuous development, as have organisational provisions such as process and system documentation and guidelines detailing responsibilities.

Principles

Responsibility of executive management

The Executive Board is responsible – regardless of the distribution of business responsibilities – for all of the risks to which the Helaba Regulatory Group is exposed and for implementing the risk strategy policy throughout the regulatory consolidation group. It defines the risk strategy with reference to the risk-bearing capacity of the Helaba Group (economic perspective) and the Helaba Regulatory Group (regulatory perspective) as determined in an analysis of the initial business policy position and an assessment of the associated primary risks defined in the risk inventory process, and is responsible for ensuring compliance with the risk strategy defined by means of the establishment of an efficient risk management process. All Regulatory Group companies are included, alongside Helaba (with LBS and WIBank), in the procedures and processes for identifying, assessing, containing, monitoring and communicating risks. Effective risk management throughout the Group is thus assured.

Protection of assets

Risks may be assumed only as permitted under the general risk strategy and the specific risk strategies and only in pursuit of the strategic objectives of the Helaba Regulatory Group on the basis of the risk appetite framework (RAF), in particular in order to maintain the Helaba Regulatory Group's long-term earnings power while protecting its assets as effectively as possible and accomplishing its mission.

Protection of the Bank's reputation

Effective risk management and the avoidance of legal or regulatory breaches that could damage its reputation are absolutely vital for the Bank if it is to preserve its positive image and achieve the best possible rating. A corresponding control process to assess reputation risks in new business has been implemented.

Segregation of functions

The independence of risk controlling and risk containment must be assured in order to maintain objectivity and transparency. Independent control processes are implemented wherever the type and degree of risk so require. The responsibilities of the organisational units for risk identification and containment, risk quantification, risk monitoring and risk reporting follow a "three lines of defence" (3-LoD) policy. Please refer to the "Principal risk monitoring areas" section for details of this concept.

Transparency

The comprehensive and objective reporting and disclosure of risks is another important component of the Helaba Regulatory Group's risk strategy and is indispensable for the proper notification, by the Executive Board, of the corporate bodies, the banking regulator and the public at large.

Cost efficiency

The cost efficiency of the individual lines of defence (3-LoD) and, in particular, of the systems they use also has to be considered. The expenditure incurred in connection with risk monitoring (and also risk containment) is reasonable given the pertinent regulatory requirements and the risks under consideration in each case.

Risk Appetite Framework

The Helaba Regulatory Group defines the RAF as a holistic approach to risk containment. Factors known as RAF indicators are identified and then used to produce a complete description of the risk profile in material terms. The RAF indicators comprise indicators that apply across all risk types and others that are specific to particular risk types; they focus on regulatory and economic capital adequacy, the appropriateness of liquidity coverage and on the sustainability of earnings power. For each RAF indicator, the Executive Board specifies threshold values for risk appetite, risk tolerance and – where relevant – risk capacity; these values are used to convert the main risk strategy objectives into operational details as part of the planning. Risk appetite refers to the level of risk that the Helaba Regulatory Group is prepared to assume to attain its strategic objectives. Risk tolerance indicates the level of variance from the risk appetite that Helaba is still prepared to tolerate in an unfavourable environment to reach its strategic objectives. On the basis of regulatory limits (where available), risk capacity specifies the maximum level of risk that the Helaba Regulatory Group can take on.

Risk-bearing capacity / ICAAP

The procedures for quantifying and containing risks ensure that the primary risks always fall within the risk-taking potential and that risk-bearing capacity is thus assured. Risk-bearing capacity is one of the factors considered in defining the risk strategy.

Compliance with regulatory standards

The implementation of regulatory requirements, which proceeds in close consultation with the banking regulator, also has a decisive influence on the risk strategy. The Helaba Regulatory Group's regulatory capital backing and the determination of the regulatory capital are based on the provisions of the CRR and take account of the stipulations of the Supervisory Review and Evaluation Process (SREP).

Risk culture

The risk culture at the Helaba Regulatory Group consists of the attitudes and conduct of Helaba's employees in relation to risk awareness, risk appetite and risk management. The risk culture at the Helaba Regulatory Group fosters an environment in which risks are identified and consciously handled to ensure that decision-making processes lead to results that comply with the approved risk strategy requirements and reflect Helaba's risk appetite. The Helaba Regulatory Group's risk culture therefore extends beyond the governance framework and the established controls. The refinement of the risk culture is an ongoing task for all employees and managers at the Helaba Regulatory Group. The Helaba Regulatory Group's risk culture has the following components:

- A set of corporate values adopted by the Executive Board that set out the Helaba Regulatory Group's basic values and guiding principles.
- Responsibilities: every employee knows, understands and complies with Helaba's corporate values, with the risk appetite and risk tolerance relevant to their organisational unit and with the system set down in writing.
- Communication and critical dialogue: Helaba's working environment is characterised by respect, tolerance and trust. Everyone has the right to mutual respect, free from any kind of discrimination. The Helaba Regulatory Group seeks to promote an open working climate.
- Incentives: the remuneration system reflects the Helaba Regulatory Group's business priorities and aims to ensure that employees are properly rewarded for their efforts and achievements without being encouraged to take inappropriate risks in any way.

Auditing

The Internal Audit function audits all of Helaba's activities and processes in line with their risk content. This helps to safeguard transactions and financial assets. Assessments of the efficacy and adequacy of the internal control system facilitate the ongoing development and improvement of the risk management processes.

Risk Classification

Risk types

The primary risk types for the purposes of containment in the Helaba Regulatory 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 Regulatory Group's financial position (including capital resources), financial performance or liquidity position to a material degree. The following primary risk types have been identified.

- The default risk or credit risk is defined as the potential economic loss that can arise as a result of non-payment by or a deterioration in the creditworthiness of borrowers, issuers, counterparties or equity investments and as a result of restrictions on cross-border payment transactions or performance (country risk).
  - The potential economic loss is determined using internal or external credit assessments and risk parameters assessed by Helaba itself or set out in regulatory specifications.
  - The default risk does not include credit standing risks, which are mapped in the market risk under the residual risk and the incremental risk.
  - The equity risk – the potential economic loss as a result of non-payment by or a deterioration in the creditworthiness of an equity investment – that is not managed at the level of the individual risk types also forms part of the default risk. Such developments can lead to a decline in the value of the holding, to the reduction or cancellation of dividend payments, to loss transfers and to contribution, margin call and liability obligations.

- The market risk is the potential economic loss as a result of disadvantageous movements in the market value of exposures due to changes in interest rates, exchange rates, share prices and commodity prices and their volatility. In this context changes in interest rate levels in one market segment lead to general interest rate risks, specific interest rate changes (for example on the part of an issuer) lead to residual risks and changes in the price of securities subject to a credit rating as a result of rating changes (including default) lead to incremental risks.

- The liquidity and funding risk is broken down into three categories. The short-term liquidity risk is the risk of not being able to meet payment obligations as they fall due. Structural liquidity risks result from imbalances in the medium- and long-term liquidity structure and a negative change in the organisation's own funding curve. Market liquidity risks result from the insufficient liquidity of assets, with the consequence that positions can be closed out only, if at all, at a disproportionately high cost. The liquidity risks associated with transactions not included in the statement of financial position lead to short-term and/or structural liquidity risks depending on their precise nature.

- The term "non-financial risk" (NFR) has been introduced in the regulatory framework and in German/European supervisory law as a structure attribute separate and distinct from financial risk (such as market risk and default risk) but a final, binding definition has yet to be forthcoming. It is up to the banks to shape its meaning according to their risk profile.

  Non-financial risk at the Helaba Regulatory Group includes reputation risk as well as operational risk. Operational risk comprises the NFR sub-risk categories of operational risk in the narrow sense (includes aspects of reputation risk and matters relating to compliance, business continuity management, human resources and taxes), legal risk, conduct risk, model risk, information risk, third-party risk and project risk.

  Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

  Operational risk also includes the following NFRs:
  - Legal risk is defined as the risk of loss for the Helaba Regulatory Group resulting from infringements of legal provisions that have the potential to result in (i) legal proceedings or (ii) internal actions to avert such losses. Breaches of contract relating to matters of creditworthiness (for example in the case of loan contracts) do not fall within this definition.
  - Conduct risk is defined as the current or potential risk of loss for an institution as a result of an inappropriate offer of financial (banking) services, including cases of intentional or negligent misconduct.
  - There are two distinct aspects to model risk:
    I. One involves the risk of underestimating the regulatory or economic capital requirement as a result of using models to quantify risks. This is in part a reflection of the fact that a model can never entirely capture reality. This aspect of model risk is taken into account at the Helaba Regulatory Group
       a) as part of determining the own capital requirement for internal Pillar I models using the model premiums/safety margins demanded by regulatory requirements and
       b) in economic risk management via a risk potential premium for the primary risk types.

II. The other aspect of model risk involves the risk of losses associated with the development, implementation or inappropriate use of models by the Helaba Regulatory Group for the purposes of decision-making. This aspect is factored into operational risk. The analysis of operational risk does not include the models covered under I. a) and model risks already covered by the risk potential premiums in accordance with I. b).

- Information risk, which is a component of operational risk, comprises the risk of losses resulting from a failure to provide the specified protection, in terms of availability, integrity, confidentiality and (as part of integrity) authenticity, for the Helaba Regulatory Group's information values at a technical, procedural, organisational or human resources level, both internally and externally (including cyber risks), irrespective of form (digital, physical or verbal).
  I. IT risks are information risks resulting from the use of the IT systems and associated processes (own processes and those operated by third parties) for which the bank is responsible that threaten to compromise the protection of information.
  II. Cyber risks are information risks resulting from attacks on IT systems from outside the IT systems (own systems and those operated by third parties) for which the bank is not responsible that threaten to compromise the protection of information.
  III. Non-IT risks are information risks other than IT or cyber risks. These arise in connection with paper-based documents or the spoken word and threaten the protection of information.
- Third-party risk entails matters related to non-financial risk in outsourcing and other external procurement activities. Outsourcing risk and the risk from other outsourcing transactions are defined as the risk of loss / damage to the Helaba Regulatory Group due to defective performance or loss of performance by the service provider. Risks in relation to the service provider may in principle arise from
  I. underlying conditions at the service provider (creditworthiness, foreign legal risk, political stability),
  II. performance (personnel, equipment and IT resources, reputation) and
  III. dependence and concentration (concentration risk, market position).

  Risks in relation to the service provider may in principle arise from
  a) unsatisfactory quality / incomplete performance
  b) untimely fulfilment
  c) other contractual obligations not being satisfactorily performed or performed at all (e.g. violation of legal or contractual regulations that may limit in particular the usefulness of the service provided or increase the complexity of management and control).
- Project risk involves the risk of an event occurring that could give rise to negative consequences for project objectives or imposes scheduling, financial, human resources and other constraints.

- Business risk is the potential economic loss attributable to possible changes in customer behaviour, in competitive conditions in the market, in general economic conditions or in the regulatory environment. Damage to the Helaba Regulatory Group's reputation could also trigger a change in customer behaviour.

- Reputation risk involves the possibility of a deterioration in the Helaba Regulatory Group's public image (its reputation for competence, integrity and trustworthiness) in the form of the perceptions of the individuals having a business or other relationship with the Helaba Regulatory Group. Most of the material impact of reputation risk finds expression in the business and liquidity risk. Reputation risk is consequently assigned to these risk types in the risk type system. Reputation risks include original reputation losses as well as those that arise as a result of an operational loss event. The reputation risk profile is mapped entirely under operational risk.

- Regulatory risk is the potential economic loss resulting from business constraints caused by new, unexpected (bank-specific) regulations, amendments to existing regulations or the unclear interpretation of regulations. The material consequences of regulatory risk impact on business risk and regulatory risk is consequently assigned to business risk in the breakdown of risk types.

- Real estate risk comprises the real estate portfolio risk – the potential economic loss from fluctuations in the value of an entity's own real estate – and the real estate project management risk associated with project development business. Risks associated with the provision of equity and loan capital for a project are excluded from this risk type, as are risks associated with real estate finance.

Risk Concentrations

Risk concentrations can occur both within a single risk type and across different risk types. The areas responsible for risk monitoring are charged with managing – that is to say identifying, quantifying, containing and monitoring – risk concentrations and reporting on identified risk concentrations in line with their respective accountability for major risk types, risk-bearing capacity and stress tests.

Both concentrations within a risk type (intraconcentrations) and concentrations across risk types (interconcentrations) are analysed and integrated into the risk management reporting and decision-making processes. No risk-mitigating diversification effects between the risk types are applied in the risk-bearing capacity calculation. The design of the extreme market dislocation stress scenarios across all risk types, moreover, implicitly takes account of the main risk concentrations between risk types of significance.

Risk Management Process

Risk management at the Helaba Regulatory Group comprises four elements that are best understood as consecutive phases in a single continuous process.

1. Risk identification

Risks affecting the Helaba Regulatory Group are identified continuously as an integral part of daily operations. Once identified, each risk is assigned to the relevant risk type. Comprehensive identification and incorporation into existing risk measurement systems and the associated risk monitoring processes are particularly important in connection with the introduction of new products and complex transactions. The central monitoring units are involved in the authorisation of new products as part of the New Product Process for lending business and trading business. The risk inventory process to be completed for the Helaba Regulatory Group annually and on an ad-hoc basis also helps to identify previously unknown risks and ensure that any of material significance are incorporated into the risk management process.

2. Risk assessment

Effective mapping of individual transactions and risk parameters in the risk measuring systems enables qualitatively and quantitatively robust risk measurement and assessment for the various risk types. A variety of models, methods and processes are used for this purpose. The Helaba Regulatory Group applies corresponding premiums and discounts to cover the model risk that results from the use of models and is confirmed in the course of independent validations.

3. Risk containment

The information obtained in the risk identification and quantification phases provides the basis for risk containment by the local management units. Risk containment encompasses all of the measures aimed at incurring, reducing, limiting, avoiding or transferring risks within the Executive Board's defined limits and RAF thresholds plus additional management variables for default risk.

4. Risk monitoring and reporting

The Risk Controlling unit provides independent central risk monitoring of the following risk types: default risk (including equity risk), market risk, liquidity risk, non-financial risk, real estate risk and business risk. The responsibilities of the Risk Controlling unit in this regard include the specification of appropriate methods, their implementation and the operation of the associated models. An integral component of these monitoring activities is the submission of reports to the relevant authority holders and committees covering the main risk types, risk-bearing capacity, the status of the RAF indicators and the status of the relevant indicators from the recovery plan (MaSan). The internal models used in Risk Controlling to assess risk in accordance with Pillars I and II are in addition recorded in a model inventory and validated regularly. The Risk Controlling unit (Independent Model Validation Group) is responsible for model governance, including maintaining the model inventory and ensuring that independent validation is carried out.

Risk Management Structure

Entities involved

The Executive Board has established a Risk Committee in accordance with the applicable banking regulatory requirements to implement and monitor the Helaba Regulatory Group's risk strategy, first and foremost, and to aggregate all of the risks – that is to say the default risks, market, liquidity and funding risk, non-financial risks (including operational risks), business risks and real estate risks – assumed across the Helaba Regulatory Group and evaluate their combined implications. The Risk Committee is charged with identifying risks at the Helaba Regulatory Group at the earliest possible stage, designing and monitoring the RAF and the calculation of risk-bearing capacity and determining measures aimed at avoiding risk and generating containment mechanisms for risk management. It also approves the containment and quantification methods employed by the various units and assesses the appropriateness of the tools applied in light of the extent of the risk.

The Executive Board has set up the Asset/Liability Management Committee and the Credit Committee of the Executive Board (VS-KA) to complement the Risk Committee. The main task of the Asset/Liability Management Committee is to manage the strategic market risk portfolio with independent responsibility and in support of the Executive Board. The Credit Committee of the Executive Board is responsible for individual lending decisions in accordance with the authority framework established by the Rules of Procedure for the Executive Board. The Risk Committee, on the other hand, is charged with containing the default risk of the entire portfolio and coordinating syndication business.

Appointments to the committees and the committees' duties, jurisdiction and responsibilities are governed in separate rules of procedure approved by the Executive Board.

The organisational guidelines specify that the approval of the entire Executive Board or of the Supervisory Board or one of its committees must be obtained for decisions on matters of particular significance such as acquiring, changing or disposing of equity investments, granting loans above a certain threshold and defining the cumulative limit for market risks. Helaba's Charter, moreover, requires that any decision to take on or make changes to strategic equity investments involving a stake in excess of 25 % also be approved by the Board of Public Owners.

Risk management at Regulatory Group companies

Companies belonging to the Regulatory Group are incorporated into risk management activities at Regulatory Group level by taking account of the risks established in the course of the annual or, where applicable, an ad-hoc risk inventory. The starting point for determining inclusion is all direct equity investments of Helaba Bank under commercial law plus special purpose entities, special funds and all of Helaba's front office units. The regular risk inventory covers the companies belonging to the Regulatory Group for which there exists a material legal or economic reason for inclusion. The list of companies to be included is drawn up with reference to a catalogue of criteria. Companies belonging to the Regulatory Group that are not included in the risk inventory are considered through the mechanism of the equity risk.

One outcome of the risk inventory process is to determine which Regulatory Group companies are included in risk management at Group level with which risk types and which Regulatory Group companies are considered only through the mechanism of the equity risk. Companies belonging to the Regulatory Group are included in risk management at the level of individual risks in line with their primary risk types.

These companies must in addition establish an appropriate risk management process for any of their own risks that are assigned to the risk type at Regulatory Group level. The officers responsible for the relevant risk types and methods stipulate precisely how risks are to be included. The mode of inclusion in the methods used in the risk management process varies from risk type to risk type.

Principal risk monitoring areas ("three lines of defence", 3-LoD)

The responsibilities of the organisational units follow a "three lines of defence" (3-LoD) policy. This governance policy sets out roles and responsibilities to ensure there is independent monitoring and internal auditing of the effectiveness of the risk containment and monitoring functions that have been implemented. At Helaba (including LBS and WIBank) and in the major Regulatory Group companies, the containment of risks in the first line of defence is separated in terms of disciplinary and organisational reporting lines from the independent monitoring of risks in the second line of defence. The three lines of defence policy is implemented at Helaba (including LBS and WIBank) as follows:

First line of defence (LoD 1)

The first line of defence assumes risks in the course of its (business) activities, bears these risks and has responsibility for the results. In particular, it is responsible for controlling its risks and designing controls, with due regard for the methods specified by LoD 2.

Second line of defence (LoD 2)

A second line of defence (specifically including the Risk Controlling, Credit Risk Management, Restructuring / Workout, Compliance, and Group Steering units) to provide independent monitoring of LoD 1 has been established for all primary risk types. The main task is a holistic global assessment of all risks on an individual basis and at portfolio level – both at Helaba (including LBS and WIBank) and in the major Regulatory Group companies.

Third line of defence (LoD 3)

Internal Audit conducts risk-based audits, in particular of the appropriateness and effectiveness of the activities of the first two lines of defence.

To enable the aforementioned organisational units at the Helaba Regulatory Group to carry out their assigned responsibilities, the other organisational units must offer appropriate support by providing the necessary information and assistance.

Risk types	Risk containing units (LoD 1)	Risk monitoring units (LoD 2)	Reviewing unit (LoD 3)
Default risk including equity risk	Product units (Lending units, Capital Markets, Treasury: Municipal Loans)	Risk Controlling (portfolio level) Group Steering (equity risk) Credit Risk Management, Restructuring / Workout (individual exposure level and individual portfolio level)	Internal Audit
Market risk	Capital Markets, Treasury	Risk Controlling	
Liquidity and funding risk	Capital Markets (OTC / Money Market Trading), Treasury	Risk Controlling	
Non-financial risk (NFR)	All units	Risk Controlling, together with specialist functions[1] in the following units: Group Steering, Compliance including Information Security Management, Human Resources and Legal Services, Accounting and Taxes and Organisation	
Business risk	Product units	Risk Controlling	
Real estate risk	Portfolio and Real Estate Management	Risk Controlling	
Tasks across all risk types	–	Risk Controlling (including, among others, calculation of risk-bearing capacity, including potential risk exposures, capital planning, model governance)	

[1] The specialist functions in the case of non-financial risk are responsible alongside the Risk Controlling unit for relevant NFR / NFR sub-risk categories (as set out in the risk type breakdown) that are described in detail in the sub-risk strategy for non-financial risk.

The independent management of risk (risk containment, risk monitoring) within the major Regulatory Group companies is generally structured in the same way as at the Helaba Regulatory Group in terms of the three lines of defence principle. There may, however, be specific arrangements in place as well.

LBS and WIBank are integrated into the Helaba Regulatory Group's risk management and have supplementary requirements for their own risk management where necessary.

Internal Audit

The Internal Audit function, which reports to and is directly subordinate to the Executive Board, performs its tasks independently and without external direction. It examines and assesses all of Helaba's activities and processes, including activities and processes that have been outsourced, on the basis of risk considerations. It conducts audits at subsidiaries both in its role as the internal auditor and when specifically asked to do so. The annual audit plan drawn up in accordance with the risk-oriented multi-year plan and approved by the Executive Board forms the basis of all auditing activities.

Internal Audit focuses in particular on assessing the efficacy and adequacy of the Internal Control System and of risk management, thereby helping to safeguard financial assets. Internal Audit also supports major projects.

The scope and findings of audits are documented in accordance with uniform standards. Written audit reports are supplied promptly to the Executive Board and the people responsible for the units audited. The timely resolution of deficiencies identified is monitored and matters are escalated if necessary. Internal Audit reports significant audit findings, the actions adopted and the implementation status of these actions to the Executive Board and Supervisory Board every quarter. The Executive Board, Supervisory Board and Audit Committee are also presented with a summary annual report on auditing activities.

Compliance

The Compliance function reports to and is directly subordinate to the Executive Board (in accordance with the German Minimum Requirements for Risk Management (AT 4.4.2 MaRisk)). The institution has appointed a Head of Compliance, who is registered with the supervisory authorities as performing the functions of the Group Anti-Money Laundering Officer, the MaRisk Compliance Officer and the WpHG Compliance Officer.

There are three departments within the Compliance division: Corporate Compliance, Information Security Management (ISM), which includes data protection, and Compliance Money Laundering and Fraud Prevention/TF. The Chief Information Security Officer (CISO) representative function and the Data Protection Officer are based in the ISM department.

The MaRisk Compliance function, which forms part of the Corporate Compliance department, promotes the adoption of effective procedures to implement and ensure compliance with the principal legal rules and stipulations identified in the context of risk and conducts related checks. It also conducts regular analyses in this connection of the adequacy and efficacy of the business processes and practices associated with the implementation of and compliance with the principal legal rules and stipulations in Helaba.

The tasks of the capital market compliance function at Helaba are the responsibility of the Corporate Compliance I unit. Corporate Compliance I advises the operational divisions, and monitors and assesses principles, processes and procedures in terms of the relevant legal provisions and any inherent capital market compliance risk (advisory/review/controlling). The unit also performs regular risk-oriented monitoring activities based on a prior risk analysis, paying particular attention in this regard to the rules prohibiting insider dealing and market manipulation, and identifies and regulates potential conflicts of interest.

The Compliance Money Laundering and Fraud Prevention/TF department, acting in its capacity as the central authority for the purposes of Section 25h KWG, develops internal principles and adequate transaction- and customer-related safeguards and checks to prevent money laundering, the funding of terrorism and criminal acts. The precautionary organisational measures to be implemented are based in part on the Group risk analysis (money laundering, terrorism financing and fraud prevention) and also in part on the Group Policy. This Group Policy sets out the Group's general ground rules, which reflect the relevant legal and regulatory requirements. Monitoring software keeps business relationships under constant surveillance. The Compliance Money Laundering and Fraud Prevention/TF department is also responsible for the implementation of the legal requirements created by the Agreement between the United States of America and the Federal Republic of Germany to Improve International Tax Compliance (FATCA) and the international Automatic Exchange of Information (AEOI) process.

Information Security Management

The Information Security Management function is responsible for ensuring the proper control, coordination and development of information security management in line with the business strategy, risk strategy and IT strategy.

It also determines and defines necessary security requirements arising in connection with relevant best practices, laws and regulations, supports the regular analysis of information protection classifications and coordinates appropriate technical and organisational measures to ensure that an adequate level of security is maintained.

Implementation of existing requirements is monitored and deviations which could have repercussions for the Helaba Regulatory Group are fed into the information risk process. Measures and checks for sustainable risk reduction and risk monitoring are continuously refined.

The Data Protection Officer reports to and advises the Executive Board and all organisational units and employees with regard to data protection requirements. The function involves responsibility for monitoring the implementation of and compliance with the requirements of data protection law and for relevant employee training and measures to raise awareness of data protection issues among employees. Helaba maintains a record of processing activities (Art. 30 GDPR) covering procedures that involve the processing of personal data. This record provides the basis for ensuring that the processing of personal data complies with the data protection regulations. Helaba has developed an information security management system (ISMS) aligned with the ISO 27001 standard to ensure the availability, confidentiality and integrity of data (Art. 5 and Art. 32 GDPR) and to assess the resilience (maintenance of operability) of data-processing systems.

These functions report directly to the Executive Board.

Risk-Bearing Capacity / ICAAP

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

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

Risk-bearing capacity is determined on the basis of a time frame of one year in the economic internal 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 economic internal 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 Group 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 2020 once again exceeded the quantified risk exposures by a substantial margin, underlining the conservative risk profile. Helaba had a capital buffer of € 4.0 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. The scenarios considered include 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).

To complement the economic internal perspective as the lead approach for ensuring risk-bearing capacity in Pillar II, an analysis using the regulatory internal perspective is conducted quarterly. The regulatory internal perspective examines how the primary Pillar II risks affect the regulatory ratios in accounting terms and the Helaba Regulatory Group's internal objectives for capital ratios in the context of the RAF over a multi-year period. 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.

A number of reverse stress tests are also conducted to investigate what kind of idiosyncratic or market-wide events could jeopardise the continued existence of the Helaba Group or Helaba Regulatory Group as a going concern. The analyses focus on the regulatory minimum capital requirements, the available liquidity reserves and economic risk-bearing capacity in the economic internal perspective. There is currently no indication of any of these scenarios 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 € 17.2 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 (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 € 622 m at the end of 2020 (31 December 2019: € 606 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.

Default risk

Lending business is one of Helaba's core activities and the acceptance, control and containment of default risks accordingly constitutes one of its core competencies. Events in the market and developments in the regulatory environment for banks are together generating a continuous stream of new challenges for internal default risk management, making rigorous examination of the existing procedures absolutely essential.

Guiding these steps is a comprehensive and universal risk strategy derived from the business strategy. The specific risk strategy for default risks defines the risk propensity, differentiated by product, customer segment and risk type, for every business segment. It is reviewed annually.

Basel III / CRR

Helaba applies the IRBA. The corresponding regulatory requirements as set out in Basel III / CCR are implemented in Helaba's procedures and systems with the internal rating methods (default rating) for the lending portfolio, the Collateral Management System, the credit loss database, which is used to record and analyse the default portfolio and the specific loan loss allowances, and a regulatory calculation module.

Risk monitoring using the global limit system

Helaba employs a global limit system that records counterparty-specific default risks promptly in a structured and transparent manner. The system uses counterparty limits based on a combination of the creditworthiness (rating) of counterparties and Helaba's risk-bearing capacity.

Cumulative limits for each borrower are recorded in the global limit system at Group level to help monitor, limit and contain default risks. All types of loans in accordance with Articles 389 et seq. of the CRR made to borrowers in both trading and banking book activities are counted against these cumulative limits. Advance payment and settlement risks attributable to foreign currency and securities transactions, current account intraday risks, creditor risks associated with direct debits and what are referred to as "additional risks from constructs" are approved as commercial risks and counted against separate limits.

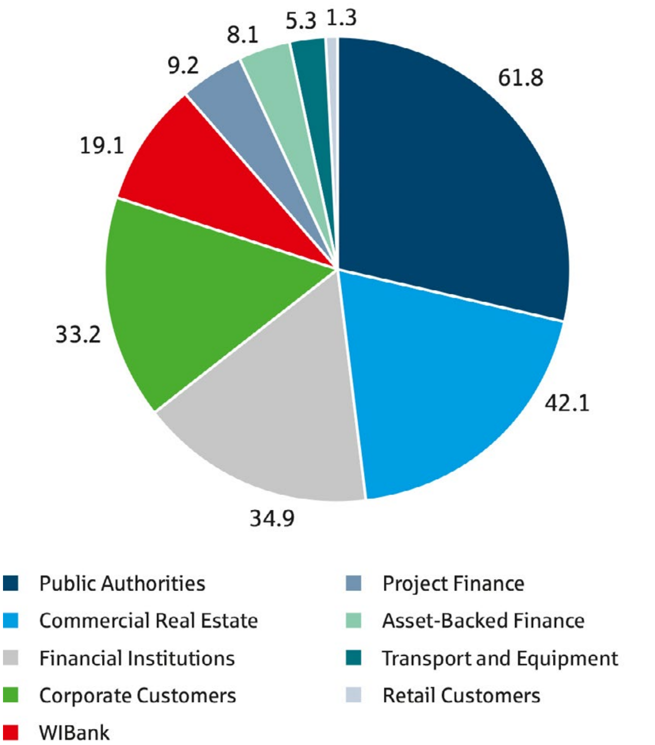
The approved total limits are allocated to individual borrowers, product categories and the operating divisions concerned in accordance with the application for approval. The utilisation of the individual limits is monitored on a daily basis and appropriate measures are initiated immediately if any limit is exceeded.

Swaps, forward transactions and options are counted towards the total limit at their credit equivalent amounts based on an internal add-on method. The Risk Controlling unit validates and, where appropriate, adjusts the add-ons once a year or on an ad hoc basis (for example in the event of market turmoil). All other trading book positions (for example money market trading and securities) are valued at market prices.

Creditor risks associated with direct debits and secondary risks resulting from leasing commitments (lessees) or guarantees received are also recorded as commercial risks for the relevant risk-bearing entity.

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 € 215.2 bn as at 31 December 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.

Total volume of lending by portfolio (narrow Group companies)
Chart 1 in € bn



The lending activities in the narrow Group companies as at 31 December 2020 focused on the following portfolios: public sector, commercial real estate and financial institutions (especially in the banking sector).

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.

Region | in € bn

	31.12.2020	31.12.2019
Germany	142.5	132.5
Rest of Europe	50.7	51.2
North America	20.3	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 € 6.4 bn (31 December 2019: € 8.6 bn).

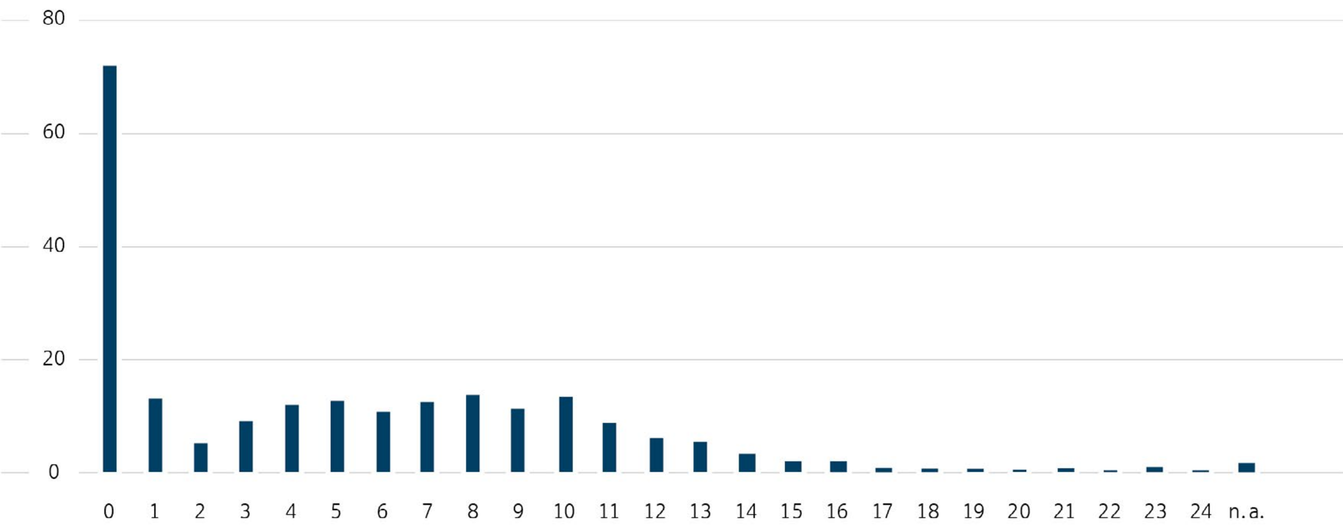
Creditworthiness / risk appraisal

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 € 215.2 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



Collateral

Like the creditworthiness of borrowers or counterparties, the collateral arrangements (or general credit risk reduction techniques) available are of major importance when determining the extent of default risks. Collateral is measured in accordance with Helaba's lending principles. The measurement is adjusted as part of the regular or ad hoc monitoring process if there are any changes in factors relevant for measurement purposes.

Helaba's Collateral Management System meets the necessary conditions to allow full advantage to be taken of the comprehensive opportunities for recognising credit risk reduction techniques that enhance shareholders' equity in accordance with the CRR. It provides the data resources required to verify and distribute the assets eligible as collateral to the risk exposures secured.

Country risks

Helaba's definition of country risk encompasses the risk of sovereign default as well as transfer and conversion risk, which means that country risk exposure also includes individual transactions entered into by a Helaba location with a borrower in the same country in local currency (local transactions).

Helaba has a uniform methodology for the internal measurement and allocation of country risks based on the entity bearing the economic risk. The risk initially assigned to the borrower's country of domicile in accordance with the strict domicile principle is accordingly transferred, subject to certain conditions, to the country of domicile of the parent company of the Group, the lessee or, in the case of cash flow structures and when collateral is involved, to the country of the entity bearing the economic risk.

The country risk system is the central tool for the comprehensive, timely and transparent risk-oriented recording, monitoring and containment of country risks. All of Helaba's lending and trading units, including subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG and Helaba Asset Services, are involved in country risk containment. The total country risk, excluding the countries of the euro zone, may not exceed six times the liable capital of the Helaba Group of institutions. As of 31 December 2020, utilisation was less than four times the liable capital.

The Credit Committee of the Executive Board defines country limits for all countries apart from Germany. The overall limit assigned to a country is subdivided into a lending limit and a trading limit. The country risks for long-term transactions are also subject to additional sub-limits.

The internal rating method for country and transfer risks provides 25 different country rating categories based on the uniform master scale used throughout the Bank. All classifications are established at least annually by the Economics and Research department and ultimately defined by the Credit Risk Management unit. The Capital Markets unit, which performs the central coordination function for country limit requests, presents a country limit proposal on this basis factoring in bank-specific considerations and relevant factors relating to business policy and risk methodology and the Credit Committee of the Executive Board then sets the limits for the individual countries based on this proposal.

Helaba has no defined country limits for countries falling into the weakest rating categories (22 – 24).

Country risk (transfer, conversion and sovereign default risks) from Helaba loans issued by the narrow Group companies to borrowers based outside Germany amounted to € 66.0 bn (31 December 2019: € 70.1 bn), most of which was accounted for by borrowers in Europe (69.5 %) and North America (28.9 %). As at 31 December 2020, 81.4 % (31 December 2019: 79.6 %) of these risks were assigned to country rating classes 0 and 1 and a further 18.5 % (31 December 2019: 20.3 %) came from rating categories 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 € 5.9 bn as at 31 December 2020 (31 December 2019: € 8.2 bn). This decrease stems primarily from reduced exposures in the financial Institutions portfolio.

Following the adoption of the EU-UK Trade and Cooperation Agreement negotiated between the United Kingdom and the European Union, Helaba maintains the view that its portfolio of loans to UK borrowers will not suffer any substantial impairment in the short term.

Credit risk processes and organisation

The MaRisk contain differentiated rules in respect of the organisation of lending business, of lending processes and of the design of the methods used to identify, quantify, contain and monitor risks in lending business.

The Executive Board has defined the main requirements of business policy regarding structural and procedural organisation in lending business in separate organisational guidelines for lending business.

Approval procedure

The approval procedure followed by Helaba ensures that no credit risks are entered into without prior approval. The rules of procedure for the Executive Board state that loans above a certain value require the approval of the Supervisory Board Risk and Credit Committee. Commitments in amounts below this value are approved at different authorising levels (Executive Board, Credit Committee of the Executive Board, individual members of the Executive Board, staff members) depending on the amounts involved. Loans are approved on the basis of detailed risk assessments. In accordance with the MaRisk, the loan documents in what is designated risk-relevant business always comprise two independent opinions, one from the relevant front office unit and one from the relevant back office unit. The representative of the relevant back office unit also always has a right of veto in this connection as part of an escalation process. The ultimate decision rests with the entire Executive Board.

The procedure also takes account of the concentration limits derived from the Helaba Group's risk-bearing capacity, which place an additional limit on exposures in line with the default rating category of the economic group of connected clients. All loans also have to be reviewed at least once every twelve months. Mechanisms for ensuring on a daily basis that limits are not exceeded include the use of the global limit system, which aggregates all loans (credit lines and utilisations) extended by the narrow Group companies for each group of connected clients.

Quantifying default risks

For regulatory purposes, expected and unexpected default risks are quantified using the regulatory calculation module. Expected default risks are treated for calculation purposes on a transaction-by-transaction basis in the form of the expected loss. The calculation for regulatory purposes is carried out using the internal rating methods and regulatory loss given default (LGDs). The equity to be held available in accordance with the CRR to cover unexpected losses is also calculated on a transaction-by-transaction basis and is used for containment purposes for both the specific transaction and the risk capital.

Default risks are determined for the purposes of internal containment using a value-at-risk approach. Risks are quantified using a Credit Metrics-based credit risk model (Monte Carlo simulation) developed in house taking account of risk concentrations and additional migration and stochastic LGD risks. The value-at-risk (VaR) calculated from the simulated probability distribution provides a measure – with a probability (confidence level) of 99.9 % (economic internal perspective) – of the upper limit of the potential loss of a portfolio within a period of one year.

The risk parameters applied additionally include migration matrices and LGD parameters estimated internally and empirically measured correlation values as well as the internal rating methods. The overall risk assumes a simultaneous, correlated onset of losses (systematic risk).

The quantification of default risk is additionally assessed against various scenarios to determine the impact of corresponding stress situations. The risk parameters are modelled scenario by scenario for this purpose.

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 Regulatory Group from default risk, calculated on the basis of the VaR, was € 1,558 m (31 December 2019: € 1,636 m). The economic risk exposure has reduced primarily as a result of the shrinking of the HI funds, almost all of the assets of which had been sold as at the reporting date. There has also been a moderate fall in the risk associated with Frankfurter Sparkasse. Other customary rating and exposure changes remained in balance over the course of the year, with no overall changes in risk.

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 € 20.3 bn as at 31 December 2020.

Helaba has since the middle of March been maintaining an overview, based on the portfolios classified as critical, of all customers and transactions that display evidence of heightened credit risk as a result of the effects of the COVID-19 pandemic and have a corresponding early warning indicator. This COVID-19 watchlist was maintained separately from the existing watchlist, with all intensively monitored, recovering and non-performing loans, until 30 September 2020 and then transferred over to the standard watchlist monitoring process. All of the exposures on the COVID-19 watchlist were individually reviewed on the basis of a current risk assessment prior to transfer to determine whether they qualified as an exposure subject to workout. This involved investigating the extent to which, given the situation at the company concerned and within its specific sector, the pandemic-related lockdown and knock-on effects were not just temporary in nature and a sustained deterioration in financial position is consequently to be expected. All other exposures from the COVID-19 watchlist were transferred to the normal customer relationship management channel. Reporting on the sub-portfolios and companies classified as critical was integrated into regular risk reporting at the same time.

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 watchlist, broken down by the portfolios commercial real estate, corporate customers and transport and equipment as at the reporting date:

Portfolio	Critical sectors	Watchlist
Commercial Real Estate	€ 7.4 bn	€ 0.8 bn
Corporate Customers	€ 10.1 bn	€ 1.7 bn
Transport and Equipment	€ 2.8 bn	€ 0.7 bn

Overall, the lending portfolio for the narrow Group companies proved to be stable for the most part in 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 2021.

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.

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. Equity risks do not have to be considered for an equity investment if all risk types of relevance for the equity investment concerned are integrated into Group-wide risk management (at the level of individual risks) in line with their relative significance and the relevant legal options. Financial instruments classified under the CRR as equity exposures are also reported as equity risks alongside the equity investments under commercial law.

The risk content of each individual equity investment is classified with regard to value using a two-phase catalogue of criteria (traffic-signal method). In addition, the risk assessment is based on the appraisal and development of the rating of the company concerned within the framework of the Bank's internal rating method. Equity risks are reported quarterly to the Risk Committee of the Executive Board and the Risk and Credit Committee of the Supervisory Board.

The composition of the equity investments portfolio is virtually unchanged from 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 € 107 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

Risk containment

Helaba manages market risks for the trading book and the banking book as part of its overall bank management. Clearly defined responsibilities and business processes create the necessary conditions for effective limitation and containment of market risks. The subsidiaries are integrated into the containment process as part of Group-wide risk management according to a graduated system based on the risk inventory process in line with the specific business activities involved. Attention in this area focuses principally on subsidiaries Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG. Market risks are quantified using Helaba's own methods.

Trading activities focus for strategic purposes on customer-driven business, which is supported by a demand-led product range. Responsibility for containing trading book exposures rests with the Capital Markets unit, while the Treasury unit has responsibility for funding and for the management of the interest rate and liquidity risks in the banking book. The own issues repurchase portfolio belonging to the trading book also falls under the jurisdiction of the Treasury unit.

Limitation of market risks

Helaba employs a uniform limit structure to limit market risks. The process through which limits are allocated involves Helaba's internal corporate bodies and, in the context of limit definition for the risk-bearing capacity, the Risk and Credit Committee of the Supervisory Board.

Acting on the recommendation of the Asset/Liability Management Committee, the Risk Committee allocates limits to the risk-incurring business units and the various types of market risk within the scope of the defined cumulative limit for market risks. In addition separate limits are defined for the trading book and the banking book. Responsibility for the onward allocation of limits to Helaba's subordinate organisational units and its various sites rests with the divisions to which a limit has been assigned. Stop-loss limits and volume limits are also used independently in the trading units to limit market risks.

Compliance with the cumulative market risk limit was maintained at all times in the year under review.

Risk monitoring

The Risk Controlling unit is responsible for identifying, quantifying and monitoring market risks. This responsibility includes checking transactions for market conformity and determining the economic profit or loss as well as risk quantification. In addition, the reconciliation statement with external Accounting is prepared.

Continuous functional and technical development of the methods and systems used and intensive data entry play a key role in ensuring that Helaba's market risks are recorded properly. A special process owned by the New Products Committee has to be completed whenever a new product is introduced. New products must be incorporated correctly into the required systems for position recording, processing, profit or loss determination, risk quantification, accounting and reporting before they can gain authorisation.

A comprehensive reporting regime ensures that the relevant members of the Executive Board and the position-keeping units are notified daily of the risk figures calculated and the economic profit and loss generated on the basis of current market prices. Information about the current risk and earnings situation is in addition provided weekly to the entire Executive Board and the Asset/Liability Management Committee and monthly to the Risk Committee. Any breach of a defined limit triggers the escalation process to limit and reduce the associated risks.

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 the end of 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 in the banking book 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 87 % (31 December 2019: 83 %) of the linear interest rate risk for the overall portfolio of the narrow Group companies, US dollar positions 10 % (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 € 28 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 € 120 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 € 950 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Trading book	29	22	25	20	3	–	1	2
Banking book	93	59	88	53	1	1	4	5
Total	**118**	**75**	**111**	**68**	**3**	**1**	**4**	**6**

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 CRR

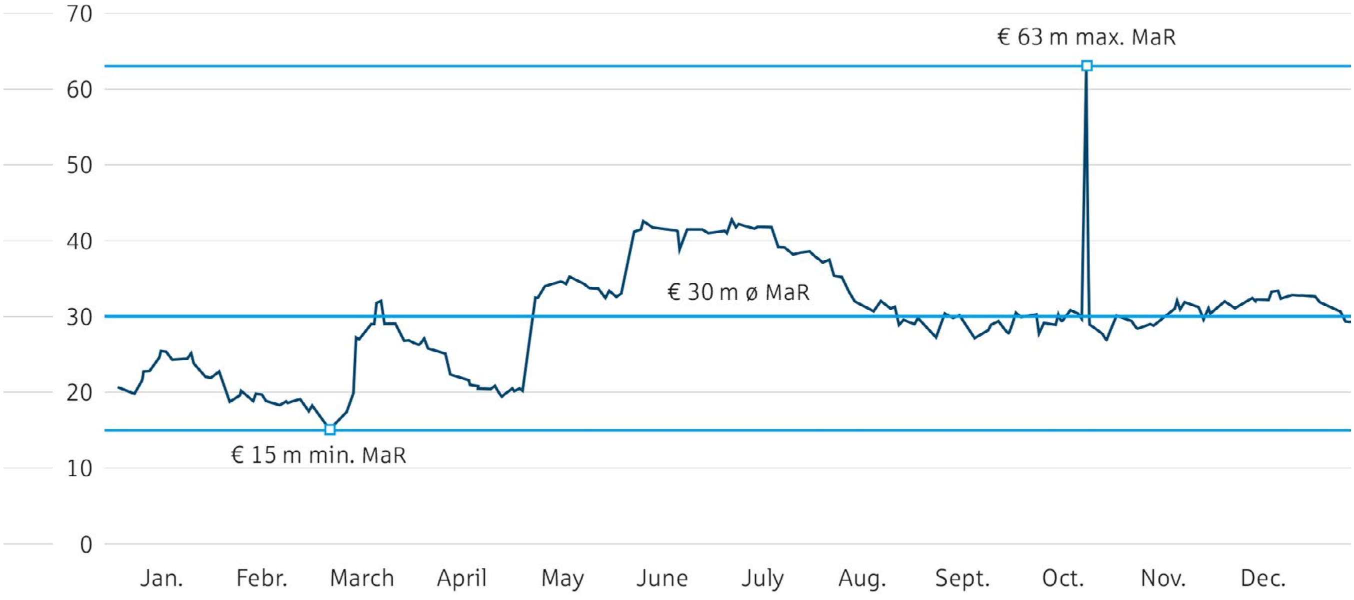
Helaba calculates the regulatory capital required for the general interest rate risk using an internal model in accordance with the CRR. This model, which consists of the risk measurement systems MaRC² (linear interest rate risk) and ELLI (interest rate option risk), has been approved by the banking regulator. The MaR in the internal model at year-end amounted to € 26 m.

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 uses the parameters prescribed by the regulatory authorities – a 99 % confidence level, a holding period of ten trading days and a historical observation period of one year – for internal risk management as well. Chart 3 shows the MaR for the trading book (Helaba) for the 2020 financial year. The average MaR for 2020 as a whole was € 30 m (2019 as a whole: € 21 m), the maximum MaR was € 63 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 2020 financial year 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. The maximum MaR was reached in connection with a fixing date and associated hedging activities.

Daily MaR of the trading book in financial year 2020
Chart 3

in € m



Helaba's international branch offices plus Frankfurter Bankgesellschaft (Schweiz) AG and Frankfurter Sparkasse make the most recent business data from their position-keeping systems available to Group headquarters in a bottom-up process so that consolidated MaR figures can be calculated for the Group. The market parameters, in contrast, are made available in a standard form right across the Group in a top-down process. This arrangement means that risk quantification can be performed not just centrally at headquarters, but also locally at the sites.

The summary below shows the average daily MaR amounts for the trading book.

Average MaR for the trading book in financial year 2020

Ø MaR in € m

	Q1		Q2		Q3		Q4		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest rate risk	21	21	31	19	31	14	27	23	27	19
Currency risk	–	–	1	–	1	1	3	–	1	–
Equities risk	1	1	1	1	1	1	1	1	1	1
Total risk	**22**	**23**	**32**	**20**	**33**	**16**	**31**	**24**	**30**	**21**

Number of trading days: 253 (2019: 250)

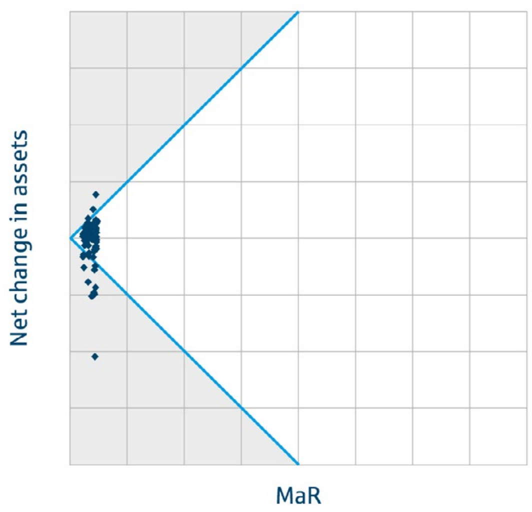
The annual average MaR for the trading book for Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG remains unchanged at € 0 m in each case.

Back-testing

Helaba carries out clean mark-to-market back-testing daily for all market risk types to check the forecasting quality of the risk models. This involves determining the MaR figure for a holding period of one trading day with a one-tailed confidence level of 99 % and a historical observation period of one year. The forecast risk figure is then compared with the hypothetical change in the net value of the trading book, which represents the change in the value of the portfolio over one trading day for an unchanged position and on the basis of new market prices. Any case in which the decrease in the net value of the trading book exceeds the potential risk figure constitutes a back-testing outlier.

Chart 4 shows the back-testing results of the Helaba risk models for the trading book across all types of market risk in financial year 2020.

Back-testing for the trading book in financial year 2020
Chart 4



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 in the internal model for the general interest rate risk. 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. The internal model for the general interest rate risk additionally produced three negative outliers in clean back-testing and five negative outliers in dirty back-testing in 2020 in regulatory mark-to-market back-testing (2019: no negative outliers).

Stress test programme

A proper analysis of the effects of extraordinary but not unrealistic market situations requires the use of stress tests in addition to the daily risk quantification routine. Various portfolios are remeasured regularly under the assumption of extreme market scenarios. Portfolios are selected for stress testing on the basis of the level of exposure (significance) and the presence or absence of risk concentrations unless specific banking regulatory provisions apply. Stress tests are carried out daily on Helaba's options book. The results of the stress tests are included in market risk reporting to the Executive Board and are taken into consideration in the limit allocation process.

Methods available for use in stress testing include historical simulation, Monte Carlo simulation, a modified variance-covariance approach and a variety of scenario calculations – including those based on the main components of the correlation matrix. Helaba also performs stress tests to simulate extreme spread changes. The stress tests for market risks are supplemented by reverse stress tests and stress tests across risk types conducted in the course of Helaba's calculation of risk-bearing capacity.

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

Helaba 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 of the end of 2020, such an interest rate shock would, in the unfavourable scenario, have resulted in a negative change of € 7 m in the value of the Helaba Group banking book (31 December 2019: € 180 m). Of this figure, € –1 m (31 December 2019: € 182 m) would have been attributable to local currency and € 8 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. 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 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 Regulatory Group companies are additionally included in the LCR determination and monitored in accordance with the CRR.

Helaba draws a distinction in liquidity risk management between short-term and structural liquidity management. Overall responsibility for short-term solvency and for structural liquidity management with regard to the funding of new lending business (maintaining the balanced medium- and long-term liquidity structure) rests with the Treasury unit. The same unit is also tasked with the central management of the liquidity buffer for both regulatory purposes (to maintain the LCR) and for collateral management.

The Risk Controlling unit reports daily on the short-term liquidity situation to the relevant managers and reports monthly in the Risk Committee on the overall liquidity risks assumed. Reporting also includes various stress scenarios such as increased drawings on liquidity lines, no availability of interbank liquidity in the financial markets and the possible impact on Helaba of a significant rating downgrade. The stress scenarios encompass both factors specific to the bank and broader market influences. Reverse stress tests are also conducted. Additional ad hoc reporting and decision-making processes for extreme market situations are in place and have demonstrated their value once again in the COVID-19 pandemic.

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 the reporting date (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 2020 was 4 % (2019: 3 %), similar to the prior-year level and 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 Regulatory 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 stood at 202 % on 31 December 2020 (31 December 2019: 225 %).

Money market staff borrow/invest in the money market (interbank and customer business, commercial paper and certificates of deposit) 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.

A total of € 2.1 bn in liquidity commitments had been drawn down for the securitisation platform initiated by Helaba as of the reporting date. This represents an increase of € 0.3 bn as compared with the previous year. No liquidity had been drawn down from stand-by lines in US public finance business as of the reporting date (as was the case at the end of 2019).

Credit agreements, in particular those of consolidated property companies, may include credit clauses that can result in distribution restrictions or even in the agreements being terminated. The Group faces no significant liquidity risk even if such a termination should threaten in individual cases.

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 to be introduced by the regulator through CRR II on 30 June 2021 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 31 December 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 Regulatory Group identifies, assesses, monitors, controls and reports non-financial risk using an integrated management approach in accordance with the regulatory requirements. This approach encompasses Helaba and the major Regulatory Group companies according to the risk inventory.

The containment and monitoring of non-financial risk are segregated at disciplinary and organisational level at the Helaba Regulatory 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. This means that these risks are taken into account appropriately 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.

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, 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 the end of 2020 for Helaba, Frankfurter Sparkasse, Helaba Invest and the other companies of the Helaba Regulatory Group that are included in risk management at the level of individual risks.

Operational risks – risk profile

Economic risk exposure — in € m

	Reporting date 31.12.2020	Reporting date 31.12.2019
	VaR 99.9%	VaR 99.9%
Helaba Bank	188	217
Frankfurter Sparkasse, Helaba Invest and other companies included in risk management at the level of individual risks	90	88
Total	**278**	**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 € 278 m (31 December 2019: € 305 m) for the Helaba Regulatory Group from operational risk. The fall in this figure can be traced essentially to the updating of the risk scenarios.

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.

Documentation system

The documentation system lays down details of the internal control procedures and the due and proper organisation of business. The defined framework for action is marked out in the documentation system in the form of regulations governing activities and processes.

Clear responsibilities have been defined within Helaba for the creation and continuous updating of the various components of the documentation system. The Efficiency/Process Management department assists the specialist units responsible for the activities and processes to create and publish the regulations.

Legal risk

The Human Resources and Legal Services unit is responsible for monitoring legal risks. It is represented on Helaba's Risk Committee with an advisory vote and reports on the legal risks that have become quantifiable as ongoing or imminent court proceedings involving Helaba or its subsidiaries.

The legal aspects of major undertakings are coordinated with the Human Resources and Legal Services unit. Legal Services provides specimen texts and explanations for contracts and other declarations with particular legal relevance where expedient as a contribution to preventive risk management. The lawyers of the Human Resources and Legal Services unit have to be involved in the event of any deviations or new rulings. If the services of external legal experts are sought either in Germany or elsewhere, their involvement in principle proceeds under the management of Human Resources and Legal Services.

The Human Resources and Legal Services unit drafts agreements, general business conditions and other relevant legal declarations as part of its legal counselling support services in co-operation with the other units of the Bank. The Human Resources and Legal Services unit is involved in the examination and negotiation of any legal texts submitted by third parties.

If any mistakes or unexpected developments detrimental to Helaba are encountered, the lawyers help to identify and remedy the problems and avoid any recurrence in future. They assume responsibility for examining and evaluating events for factors of particular legal significance and conduct any proceedings launched. This applies in particular in respect of countering any claims asserted against Helaba.

The Human Resources and Legal Services unit monitors current developments in case law for the Bank and analyses potential impacts on Helaba.

Human Resources and Legal Services reports on legal risks by making submissions to the Executive Board, documenting ongoing and imminent court proceedings and coordinating on a formalised basis with other units.

Third-party risk – outsourcing and other external procurement

The Organisation division (Purchases) is responsible in the specialist 2nd LoD for monitoring third-party risk in outsourcing arrangements and other external procurement activities.

Outsourcing Governance defines the framework for the monitoring and containment of Helaba's outsourcing arrangements, including the associated roles and responsibilities. The actual monitoring and containment of outsourcing arrangements is performed directly by the relevant Local Sourcing Management (LSM) function. Central Sourcing Management within Purchases defines the framework for the operational implementation of containment and monitoring. This includes developing and regularly updating methodologies and tools. Central Sourcing Management monitors the local implementation and application of the methods and procedures for local sourcing management as the central supervisory authority. Central Sourcing Management additionally provides executive management with a regular consolidated report on outsourcing arrangements in place. The overarching objectives, scope and guiding principles applicable within the scope are set out in Helaba's outsourcing strategy.

Other external procurement activities in the services category are considered separately from outsourcing. Purchases manages and monitors other external procurement activities in accordance with the written procurement process.

Information risk

Helaba's defined information security requirements provide the foundation for an appropriate level of security and for the secure utilisation of information processing. The level of information security maintained and the extent to which it is appropriate given the applicable circumstances are monitored, reviewed and refined continuously through the information security management system (ISMS).

The identification and reporting of information risks can be triggered by various processes. These processes are intended to ensure that discrepancies in relation to the requirements are identified (allowing risks to be detected at an early stage) and that appropriate actions to reduce these risks are defined and implemented. Associated documents are updated and refined on a regular basis.

Helaba also actively manages information risk (IT, non-IT and cyber risk). Information risk and the associated security measures and checks are reviewed, periodically and on an ad hoc basis, monitored, and contained to this end. The Helaba Regulatory Group thus takes proper account of all three protection imperatives of information security – availability, integrity (which includes authenticity) and confidentiality – in order to avoid any detrimental impact on its ability to operate.

COVID-19 pandemic

The Information Security Management function has been actively involved in the reviewing of existing security measures and the implementation of new business continuity management (BCM) measures in connection with the COVID-19 pandemic. Addressing the information security issues associated with expanding remote working capabilities was a particular priority. The safety measures implemented ensured there was no significant increase in security incidents as more employees moved to remote working.

Business continuity management

Helaba adopts an end-to-end approach to processes for the purposes of business continuity management. Business continuity plans to be followed in an emergency have been drawn up for the processes classed as critical. These business continuity plans are subject to tests and exercises to verify their effectiveness and are updated and enhanced on a regular basis to ensure that emergency operation and the restoration of normal operation both proceed properly.

Where IT services are outsourced to or procured from external service providers, the related contractual documents contain provisions relating to preventive measures and measures to limit risks. Specialist units of Helaba work together with IT service providers to conduct regular tests of the documented procedures for safeguarding operation and the technical restoration of data processing.

Accounting process

The objective of Helaba's internal control and risk management system in relation to the accounting process is to ensure proper and reliable financial reporting. The Helaba Group's accounting process involves individual reporting units that maintain self-contained posting groups and prepare local (partial) financial statements in accordance with HGB and IFRS. Helaba's reporting units comprise the Bank (Germany), the branch offices outside Germany, LBS, WIBank, all consolidated companies and sub-groups and all companies and sub-groups accounted for using the equity method.

Helaba's Accounting and Taxes unit consolidates the partial financial statements from the reporting units to produce both the single entity financial statements under HGB and the consolidated accounts under IFRS. Accounting and Taxes also analyses and prepares the closing data and communicates it to the Executive Board.

The components of the internal control and risk management system for the purposes of the accounting process are as follows:

- Control environment
- Risk assessment
- Controls and reconciliations
- Monitoring of the controls and reconciliations
- Process documentation
- Communication of results

The components of Helaba's control environment for the accounting process include appropriate staffing of the units involved, in particular Accounting and Taxes, with properly qualified personnel. Regular communication ensures that the individual employees receive all of the information they need for their work promptly. Any failures that occur despite all of the checks in place are addressed and remedied in a defined process. The IT system landscape used in the accounting process is subject to IT security strategies and rules that ensure compliance with the German generally accepted accounting principles (GoB)/German principles for the proper maintenance and archiving of books, records and documents in electronic form and for data access (GoBD).

Helaba focuses primarily on the probability of occurrence and the extent of any potential error when assessing risks in the accounting process. The impact on the closing statements (completeness, accuracy, presentation, etc.) should the risk eventuate is also assessed.

The accounting process includes numerous controls and reconciliations in order to minimise its risk content. Extensive IT-based controls and reconciliations are used in addition to the control measures (including the double verification principle) applied to ensure the accuracy of manual operations such as data entry and calculations. These IT-based controls include mechanisms for subsidiary ledger/general ledger reconciliation checks and HGB/IFRS consistency checks. The controlling and reconciliation processes are themselves monitored by means of statistical evaluations for the reconciliations and reviews of individual validation measures. Internal Audit is involved in the controlling process and carries out regular audits of accounting.

The procedure to be followed in accounting is set out in a number of different complementary forms of documentation. Accounting policies for HGB and IFRS define stipulations for the accounting methods to be used and also contain provisions on group accounting. The latter relate in particular to the parent company of the Group and the sub-groups included. Rules concerning organisational factors and the preparation process are included in addition to the stipulations on approach, measurement, reporting and disclosure requirements that apply throughout the Group. The individual reporting units have direct responsibility for incorporating stipulations in varying degrees of detail concerning the procedure to be applied in the various processes and subprocesses followed in the preparation of the financial statements. Accounting policies and procedures are accessible to employees at all times via the Helaba Group's intranet.

Accounting and Taxes performs analytical audit steps on the results of financial reporting (the closing figures determined). This entails plausibility checking the development of the figures over the course of the year. The closing figures are also cross-checked against planning outputs, expectations and extrapolations based on business progress. Finally, the figures are checked for consistency with analyses prepared independently elsewhere within Helaba. Primary and deputy responsibilities are assigned for this purpose at Group level for each reporting unit and each entry in the Notes. The figures are discussed regularly with the Executive Board following this preliminary analysis and validation.

Helaba was required to convert the annual financial statements and the management report into a standard electronic reporting format, the European Single Electronic Format (ESEF), for the first time in the reporting year. The preparation of the ESEF documents forms part of the accounting process. The documents must comply with the stipulations of section 328 (1) of the HGB concerning the electronic reporting format. Helaba has instituted the internal controls required for this purpose.

Operational risk in the narrow sense of taxes

Errors in operating procedures and processes that impact on legally required financial accounting and reporting can also have a bearing on tax matters in certain circumstances. The general requirements for the design of risk-related operational processes at Helaba and the special requirements from the internal control and risk management system for the accounting process apply in respect of activities involving procedures and processes with particular risk potential and to reduce the risk of errors. Banking business can also give rise to operational risk in the narrow sense of taxes if the applicable tax laws are not properly observed in proprietary and customer business. Helaba additionally operates a tax compliance management system (TCMS) to ensure that it always complies properly with its tax obligations and that reputation risks are avoided as far as possible in this connection. The TCMS, which has been designed to take into account legal and business management principles, focuses on compliance with tax regulations and the avoidance of tax-related operational risk. Based on a 3-LoD model, the identification, containment and monitoring of operational risk in the narrow sense of taxes are a cornerstone of the TCMS (see Risk Management Structure section above). Risk-focused tasks, procedures and control requirements form an integral part of Helaba's operating business processes along with continuous monitoring. The TCMS also extends to the foreign branches.

The overarching objectives and principles are set out in Helaba's tax strategy, which forms an integral part of the business strategy.

The 'Taxes' department is responsible for the system of tax-related instructions (process cluster tax processes), which also regulates the over-arching tax-related control requirements. Specialised monitoring in the TCMS as part of Helaba's risk management structure is performed by the 'Taxes' department in conjunction with tax compliance coordinators in the individual departments.

A reporting system covering the regular submission of information has been established as part of the TCMS.

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 business risks for the purposes of calculating risk-bearing capacity and analyses any changes.

The analysis as at the 31 December 2020 reporting date under the economic internal perspective for the calculation of risk-bearing capacity indicates that business risks reduced slightly to € 156 m in the year compared with 31 December 2019 (31 December 2019: € 160 m).

Real estate risk

The Portfolio and Real Estate Management department in cooperation with the Regulatory 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 € 174 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 Regulatory 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.

Summary

The controlled acceptance of risks plays a central role at Helaba in the management of the company. We accept and manage risks on the basis of our comprehensive risk identification, quantification, containment and monitoring system. Although they are already very highly evolved and satisfy all statutory and supervisory requirements, we refine our methods and systems continuously. Our fundamental organisational principles put in place the structures necessary to ensure successful implementation of the risk strategy defined. Helaba, in conclusion, has at its disposal a stock of proven and effective methods and systems with which to master the risks it chooses to accept.

Non-Financial Statement

Under section 340i (5) of the German Commercial Code (Handelsgesetzbuch – HGB), Helaba is under an obligation to prepare a non-financial statement in which it describes the main effects of its business activities in certain non-financial areas (environmental, social and employee concerns, respect for human rights and the prevention and combating of bribery and corruption).

In a structured analysis process, the subjects credit finance, asset finance, provision of financial services, residential management, anti-corruption, corporate culture and employee development were identified as being material to Helaba's business activity. The concepts described here generally apply to the Group. If there is any variation from basic principle, this is indicated separately in the text.

In preparing the non-financial statement, Helaba used the German Sustainability Code (DNK) as orientation, and also put together a "DNK Declaration of Conformity" featuring the Global Reporting Initiative (GRI) indicators used in the code. Helaba provides comprehensive reports online on its sustainability activities (nachhaltigkeit.helaba.de). The declaration of conformity in accordance with the DNK can also be accessed on this website.

In the year under review and on the date of the report, no material risks have been identifiable that have had or are very likely to have a serious negative impact on the areas specified above.

The statements in the non-financial statement have been subject to a voluntary external business management audit in accordance with ISAE 3000 (Revised) in which limited assurance is provided by an independent auditor. References to details outside the management report represent additional information and do not form an integral part of the non-financial statement or the management report.

Business Model and Sustainable Business Orientation

Helaba is a public-law credit institution with a mandate to operate in the public interest and has always embraced environmental and social responsibility, in addition to financial considerations, as part of its fundamental identity. The business model enjoys strong regional roots and has a long-term focus. Helaba operates mainly in Germany, but also has a presence in selected international markets. Key features of Helaba's strategy are a conservative risk profile, close interconnection with the real economy and integration into the S-Group. Helaba's business model is described in detail in the section "Basic Information About the Group".

With a view to minimising negative effects on the environment and society and preventing reputational risk, 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's corporate values under the tagline "Values with impact" underline its aspirations to make a positive contribution to society and to strengthen Germany as a business location over the long term.

Helaba made sustainability and diversity core elements of its tripartite strategic agenda in 2020. The HelabaSustained programme launched in 2020 aims to advance Helaba's sustainability profile in all environment, social and governance (ESG) fields and to help ensure the entire Helaba Group stands out clearly – both internally and externally – in the future as a sustainable organisation. Helaba intends to integrate the sustainability objectives under development as part of the programme into the management of the company. New products for lending and deposit business with an ESG aspect are also to be developed and sustainability-related advisory services for customers (both corporate customers and customers of the Sparkassen) expanded. Requirements of ESG relevance that are laid down in legislation or by the supervisory authorities are addressed and implemented on an institution-wide basis. The aim is to continue developing the organisational and commercial profile across the board to help Helaba master the looming sustainable transformation of society successfully and live up to the expectations of its various stakeholders.

Helaba introduced a new organisational structure with leaner management levels in March 2020 as part of the "Scope – Growth through Efficiency" project. The basis for the success of this transformation is the refinement of the corporate culture, key features of which are mutual trust and more individual responsibility. Employee concerns and human resources development are being presented in greater detail with this in mind.

Helaba, Frankfurter Sparkasse and Frankfurter Bankgesellschaft signed the "Commitment by German Savings Banks to climate-friendly and sustainable business practices" in 2020 as part of an initiative driven by the German Savings Banks Association (DSGV). The objectives of this voluntary commitment are that institutions make their business operations carbon-neutral by 2035, that their financing and own investments be geared to climate change targets and that they support and facilitate their customers' transformation to climate-friendly models.

Helaba has also signed up to the Ten Principles of the UN Global Compact. With this step, the Bank recognises international standards for environmental protection, human and labour rights, and anti-corruption measures. At both national and international levels, Helaba applies the Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO) as overarching principles for all its business activities.

Responsible Business Practices and Social Value Proposition

There is an impact on environmental, social and human rights issues from Helaba's business activities as a bank, from the management of the assets of institutional investors at the Helaba Invest subsidiary, from the housing portfolios of the GWH subsidiary in the real estate business, and from the private customer business operated by the subsidiary Frankfurter Sparkasse.

Helaba does not believe it has any material impact on the environment from its business operations in office buildings. Nevertheless, Helaba is committed to reducing this ecological footprint on a continuous basis. For example, Helaba's main office building (MAIN TOWER) is officially designated as a sustainable and energy-efficient building, having received platinum certification – the highest category available – in accordance with Leadership in Energy and Environmental Design (LEED) standards. Helaba relies on electricity generated from renewable sources for over 90 % of its electricity needs in office buildings. Helaba regularly monitors environmental key performance indicators in relation to its operations and publishes the results transparently on its website.

It also uses a risk-based approach when outsourcing activities and processes. In Helaba's opinion, its supply chain has no material impact on human rights. In a further measure to ensure this is actually the case, Helaba requires all of its suppliers to accept its code of conduct as part of which it is mandatory for suppliers to document that they respect human rights.

Credit finance

Lending business is Helaba's core activity. There is a risk that businesses or projects financed by Helaba could have negative effects on the environment or society. In 2017, Helaba therefore developed sustainability and exclusion criteria for lending. These criteria have been integrated into the existing risk process and risk containment activities and apply throughout the Group.

The aim of the stipulations is to minimise any negative effects of financing arrangements on the environment and society, including the transition risks and physical risks caused by climate change. Under the criteria, financing for activities with a severe adverse effect is to be avoided. Accordingly, it is set out in the specific risk strategy for default risk that it is prohibited to consciously finance projects that could have a serious detrimental environmental or social impact. This includes, but is not limited to, violations of human rights, the destruction of cultural assets, infringements of employee rights, and environmental damage such as the destruction of the natural habitats of threatened species. Consideration of the OECD recommendations on environmental and social due diligence (the OECD Common Approaches) is mandatory for all export finance, for example.

Helaba supports customers with the transformation process necessary to establish a more sustainable business model and intends to continue building up its range of services in this area accordingly. It is already actively involved in a number of transactions using sustainability-linked financing options (ESG-linked loans). Examples include the first sustainable guarantee facility, an arrangement that makes it possible to provide guarantees linked to the sustainability of the customer's activities, which Helaba completed in 2020. Helaba played a leading role in a number of transactions in the market for sustainable promissory notes ("ESG-linked SSD") in 2020 too and intends to continue building up its market position here in 2021.

The overarching principles are complemented by sector-specific requirements applicable to sectors exposed to heightened ESG risk. Specific criteria have been adopted for the following sectors: energy, coal-fired power plants, dams and hydroelectric power plants, nuclear power plants, mining, oil and gas, agriculture and forestry, paper and pulp, and armaments. This ensures that the funding of activities with heightened ESG risk, such as fracking or the extraction of oil from tar sands, is ruled out. The sustainability criteria for lending are published on Helaba's website and are therefore also visible to market players. Helaba reviews its risk strategies annually and will adjust or expand sustainability criteria as required.

The containment of default risk is integrated into the risk management system used throughout the Group. The basis is a comprehensive and universal risk strategy derived from the business strategy. This risk strategy was drawn up on a binding basis in accordance with the German Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk). ESG objectives were incorporated into the general risk strategy in 2020 to provide an overarching framework for the handling of ESG matters in risk management. Helaba defines ESG factors in the general risk strategy in addition to the ESG objectives. ESG factors are environmental, social or governance factors that have an effect on the ESG objectives established with an eye towards risk management and the occurrence of which might negatively impact Helaba's net assets (including capital resources), results of operations or liquidity position. ESG factors may occur in all risk types and are therefore taken into account within the risk management processes of the identified risk types.

The Executive Board is responsible for all of the risks to which Helaba is exposed as well as for ensuring compliance with the risk strategy and execution of risk management throughout the Group.

Institutional asset management

Full service manager Helaba Invest supports customers along the whole of the professional asset management value chain. It manages sustainability-linked portfolios and offers customised solutions for investors. Helaba Invest believes it has an overriding duty to ensure that its business activities are sustainable and regards the sustainability of its operations as a key aspect of its socially responsible approach.

Its avowed mission is to promote a sustainable and prosperous society through investment. Helaba Invest's commitment to sustainability is further underlined by its status as a signatory of the United Nations' Principles for Responsible Investment (UN PRI) and the Carbon Disclosure Project (CDP). It has also bound itself to observe the code of conduct of the German Investment Funds Association (BVI), including the guidelines on socially responsible investment and the guidelines on sustainable real estate portfolio management. Helaba Invest intends to encourage regular discussion within the sector as a member of the BVI's "Responsible Investment" and "Sustainability in Real Estate Funds" working groups and actively to drive the ongoing development of sector-wide standards.

Helaba Invest has embedded its defined sustainability strategy in its business and risk strategy. Helaba Invest published its first declaration of compliance with the German Sustainability Code (DNK) for the 2019 reporting year. The materiality analysis it completed as part of this process identified five areas for action that represent the priorities for its sustainability strategy: good governance, sustainable products and innovations, customer satisfaction, being an attractive employer and demonstrating responsibility for society and the natural environment. Key issues were identified in these action areas and management approaches incorporating strategic targets and indicators to measure target attainment were developed. Helaba Invest adopted an ESG risk strategy based on the recommendations of the German Federal Financial Supervisory Authority (BaFin) in 2020 in recognition of the ever-greater significance of sustainability risks.

Sustainability governance was expanded in 2020 too with the introduction of an overarching ESG Panel and ESG committees in the product units and the establishment of the Sustainability Officer role. The Sustainability Officer develops the sustainability strategy and the comprehensive, company-wide sustainability policy in close consultation with the ESG experts from the relevant product and specialist units.

As at 31 December 2020, Helaba Invest had assets under management of € 134.5 bn in special funds for institutional investors and retail funds (31 December 2019: € 124.6 bn). This figure includes assets of € 57.1 bn specifically relating to sustainability (31 December 2019: € 11.3 bn), equating to a ratio of 42.5 % (31 December 2019: 9.1 %). The increase stems in part from more granular data collection and also from the strategic expansion of the ESG proposition and the resulting increase in customer demand. Helaba Invest has been carrying out ESG screening of all investment securities for its retail equity funds to determine the extent to which they comply with international sustainability standards and conventions, such as the principles of the UN Global Compact, since 2019. It adds sustainable funds to its product portfolio continuously: in 2020, for example, a green bonds fund, an emerging markets corporate bonds fund and a global multi-factor equities fund were designed for the first time. Helaba Invest offers customers sustainability reporting as well, with detailed reports covering indicators such as ESG score, ESG carbon and ESG rating plus analyses of controversial companies and business areas for the relevant customer portfolios.

Helaba Invest developed an ESG investment policy in 2020. The policy, which provides a binding foundation for addressing sustainability factors in the form of ethical standards, risk management and issues relating to climate change for all of the investment processes involved in portfolio management at Helaba Invest, will be published in March 2021.

Helaba Invest is continuously expanding its commitment to sustainability at corporate level too. It promotes an open and tolerant corporate culture and signed up to the Diversity Charter in 2020, making clear its resolve in this area both internally and externally. Helaba Invest aims to minimise its impact on natural resources and the environment. It began offsetting unavoidable CO_2 emissions with climate protection certificates from German non-profit atmosfair in 2020, at the same time taking steps to ensure that its operations were carbon-neutral.

Provision of financial services

Within the Helaba Group, private customer business is primarily conducted by Frankfurter Sparkasse. Frankfurter Sparkasse's Charter specifies that its mission is to promote saving and other forms of wealth accumulation and to satisfy the demand for credit at local level. As the market leader in private customer business with the biggest branch network in Frankfurt am Main, Frankfurter Sparkasse has significant influence over the provision of financial services in its territory. It discharges its responsibility for the provision of access to financial services and meets its mandate to operate in the public interest by ensuring it has a broadly based presence in the territory, comprising 73 branches and advice centres, around 20 self-service banking centres and more than 200 automated teller machines (ATMs).

Frankfurter Sparkasse recognises financial inclusion as a key component of its mandate to operate in the public interest. To ensure that access to banking services is available to all sectors of the population, particularly economically and socially disadvantaged customers, Frankfurter Sparkasse offers various types of basic account. As at 31 December 2020, customers held 1,417 basic accounts (31 December 2019: 1,461). Frankfurter Sparkasse makes it easier for the blind and visually impaired to access its services by ensuring that each of its physical branches has at least one ATM with a headphone socket. The online branch of the Frankfurter Sparkasse offers completely barrier-free access to its media operations, too.

Frankfurter Sparkasse pursues a business policy that is consistently focused on customer needs. Regular sales staff training sessions are held, covering the sales philosophy of the Sparkassen-Finanzgruppe and the implementation of guidelines and laws with a consumer focus. Frankfurter Sparkasse believes that it is of fundamental importance to ensure that the advice provided for customers is of high quality. For this reason, for example, quality targets are used as the basis for up to 40 % of the measurement of customer advisor performance; these targets include customer satisfaction requirements. In the case of both retail and corporate customers, regular surveys and annual meetings are used to measure customer satisfaction; the results are used to specify targets. In addition, within the framework of the S-Group Concept in Hesse and Thuringia, reports on customer satisfaction are submitted to the S-Group bodies and the S-Group strategy is used to determine action plans and targets.

Frankfurter Sparkasse considers sustainability strategically in the round, based on the DSGV Commitment and HelabaSustained. The steps taken in this area including appointing a Sustainability Officer to work on issues such as helping Frankfurter Sparkasse become more sustainable in the future and expanding its range of sustainable products.

Residential management

GWH Immobilien Holding GmbH leases out and / or manages some 50,000 homes in its real estate business and therefore holds significant influence over environmental and social issues. The objectives it pursues are to provide high-quality, affordable homes for broad sections of the population and to reduce the detrimental effects of real estate on the environment. GWH is investing on a targeted basis in its existing housing stock and new construction projects to meet the rising demand for housing, particularly in urban centres such as the Rhine-Main and Rhine-Neckar regions. For example, 303 homes for rent were completed in 2020 (2019: 279). GWH also provides local help and advice offices to maintain a trusting relationship with its tenants. Caretakers live on site, consequently becoming part of the local community,

From an environmental perspective, GWH has established processes aimed at continuously optimising the energy and carbon footprint of its residential buildings. Modernisation projects are managed to be sustainable, with GWH taking care to use long-lasting natural materials. For example, it invests on an ongoing basis in improved insulation and more energy-efficient windows in its housing portfolio and uses its own energy service provider (Systeno GmbH) to ensure that more than one third of its homes are supplied with heating energy from energy-efficient combined heat and power (CHP) generation and renewable energy sources.

It regularly checks that these activities have been successful by measuring the savings achieved in CO_2 emissions. According to the latest evaluations, the total energy consumption in 2019 of 418,951 MWh was reduced by approximately 1.60 % as a result of heat insulation improvements and the modernisation of heating systems, saving 1,343 tonnes of CO_2 (2018: 1,008 tonnes of CO_2). Work to optimise heating control equipment accounted for most of the year-on-year improvement in CO_2 savings. Between 2017 and 2019, around 90 % of the residential units received new energy certificates. At 122 kWh / m² / a (2018 : 123), the average energy consumption of GWH's residential properties is well below the German average of around 169 kWh / m² / a (last available value for 2015) as published by the nation's energy agency. Around 28 % of living space falls under energy efficiency classes A+ to C, 60 % under classes D to E and approximately 13 % under classes F to H.

In addition to environmental effects, social issues are also of significance for tenants. Among other things, GWH is involved in major housing schemes with wide-ranging sociocultural profiles. Around 20 % of the homes provided by GWH are rent-controlled (subsidised); around 40 % of the homes are located in areas subject to special neighbourhood management from a social perspective. The objective of the neighbourhood management scheme is to implement a range of measures aimed at improving the residents' quality of life and quality of living, as well as bringing about a degree of social equality. GWH draws up individual profiles for 20 large neighbourhoods with around 59 charitable partner organisations and uses them as a basis for the creation of multi-year neighbourhood plans. The process involves analysing strengths and weaknesses and describing development possibilities and opportunities for upgrades. Residents are able to play an active role in the related decision-making processes. The result is that approximately 20 % of maintenance spending goes into continuous neighbourhood improvements such as playgrounds, new lighting systems and attractive communal spaces. In addition, GWH makes premises available for social outreach purposes, including youth support schemes and community centres, and takes part in social projects. It supports housing development residents by setting up help and advice offices, finding local caretakers, and employing welfare officers as points of contact.

A central office to assist tenants encountering payment difficulties began operating in March 2020 as part of the COVID-19 crisis management response and a special "Instruction concerning support for tenants and tradespeople / business partners for the duration of the COVID-19 crisis", which included measures such as the suspension of rent adjustments and collection activities, a notice freeze and the conclusion of deferment or payment-by-instalment agreements with tenants even in cases with no clear link to COVID-19, was issued.

Combating Bribery and Corruption

It is a fundamental principle at Helaba that the Group will comply at all times with laws and regulations at local, national and international levels. The risk that legal provisions could be breached is considered legal risk and is managed as part of operational risk (see Risk Report).

In view of the nature of banking business, the prevention of criminal economic activity through a compliance management system with a preventive focus is of key importance at Helaba in this context. One of the measures taken by Helaba is to set up the independent functions of the Money Laundering and Fraud Prevention Compliance Office, which acts as the central authority within the meaning of section 25h KWG; these functions are being constantly updated with the involvement of the branches and the relevant subsidiaries. The tasks of this office include the development and implementation of internal principles and adequate transaction- and customer-related safeguards and checks to prevent money laundering, the funding of terrorism, and other criminal acts such as fraud and bribery.

Any kind of active or passive corruption is prohibited at Helaba. This is laid down in the code of conduct, which serves as an overarching set of guidelines and framework of principles for all employees. Procedures and the company regulations set out binding rules and regulations and offer support for a wide variety of activities, including the handling of inducements and action to be taken if criminal economic activity is suspected, to ensure that business decisions are taken objectively and transparently on the basis of a clear fact-based rationale. As part of the regulatory requirements, Helaba holds regular training sessions, and it is mandatory for employees to attend these events every three years at least.

A whistleblowing system (WhistProtect®) is in place, enabling any employee to report potentially unlawful transactions. Any employee in the Group can contact an external ombudsperson via a range of communications channels (web portal, postal mail, telephone), either anonymously or safe in the knowledge that their identities will not be disclosed.

As part of the preventive approach, an annual Group risk analysis report is prepared and submitted to the Board member responsible for these activities, the Executive Board as a whole and the Supervisory Board. In addition, Internal Audit conducts an independent assessment of risk management and the controls in the course of its auditing activities and reports on this to the Executive Board. In 2020, as in previous years, no corruption proceedings were notified to Helaba.

Appreciative Corporate Culture and Sustainable HR Activities

The knowledge and experience of employees is key to the long-term successful performance of Helaba as a provider of specialised financial services in a dynamic and complex market environment. Employees help Helaba to build its successful long-term customer relationships through their achievements, their commitment and their ideas. Helaba aims to foster a corporate culture founded on mutual trust and confidence to enable this flexible, agile and innovative collaborative ethos to flourish and grow.

Attractive employer and employee professional development

Helaba endeavours to attract, develop and retain highly-qualified and motivated specialists, managers and high-potential trainees so that it can continue to address the ongoing regulatory changes, the advances in digitalisation in the financial sector and the issues presented by demographic change. It promotes regular dialogue between employee and line manager in addition to formal job descriptions to help ensure the required employee skills are always available. This dialogue process considers the performance, motivation and qualifications of each employee, creates transparency regarding work requirements and individual targets and provides a forum for discussing development opportunities and agreeing appropriate actions.

Helaba provides a range of in-house services aimed at training and professional development to ensure that employee skills and qualifications are maintained and expanded. For example, it invested € 3.1 m in 2020 in employee skills development (2019: € 4.8 m) to ensure all employees have access to a needs-based range of internal seminars covering professional, personal, social and methodological development. Employees can also make use of external training services; sponsored opportunities in the form of work and study programmes or courses leading to professional qualifications are also available.

Helaba focuses particularly on the recruitment and development of young talent. It offers training courses and trainee programmes, thereby fulfilling its socially responsible role of enabling school-leavers and university graduates to start their careers. Helaba provides training at the Frankfurt/Offenbach and Kassel sites. 22 women and 18 men began a traineeship or combined work/study programme at Frankfurter Sparkasse in 2020. Frankfurter Sparkasse is therefore once again the largest provider of training places in the banking sector in the Rhine-Main region. After a few years of vocational experience, high-potential individuals have the opportunity to undertake professional development at Helaba based on their strengths and areas of learning, either by following a structured personal plan or through a defined programme for high-potential employees.

Occupational health management at Helaba is designed to maintain the physical and mental well-being of employees by focusing on preventive measures, to nurture an awareness of the need for a healthy lifestyle and to improve quality of life. These objectives have been more relevant than ever for employees and their families since the onset of the COVID-19 pandemic and staff were accordingly switched from the office to working from home quickly in the spring of 2020. Events, presentations and seminars provide regular information for employees on health issues such as healthy eating, physical activity in day-to-day office work and avoiding workplace stress. A comprehensive company sports programme is provided to help employees maintain their physical fitness. Content covering working from home and the associated stresses was swiftly added in 2020. An employee assistance programme including a qualified counselling service is available for employees facing challenging personal or professional circumstances. Employees can make use of this service if they have professional, family, health or other personal issues, for example in connection with help at home or care for relatives requiring support and assistance.

Corporate culture and new work

Helaba launched the "Helaba in Bewegung" transformation process to help smooth the path of ongoing organisational development. The process aims to embed a corporate culture focused on building trust, sharing responsibility and honouring commitments made. Helaba accordingly challenges all line managers to push the three core principles: trust, responsibility and commitment in the relevant divisions.

The emergence of the COVID-19 pandemic in spring 2020 underlined the pronounced impact of this approach, with Helaba quickly enabling employees to work from home wherever possible. The foundation provided by the three core principles trust, responsibility and commitment enabled employees to interact and work together on issues successfully virtually as well as face-to-face.

The Bank-wide introduction of mobile technology since November 2020 and the related internal agreements allow employees to collaborate effectively at all times whether physically present in the office or working from home. Helaba is supporting the ongoing experiments with new forms of collaboration and helping employees with the associated greater emphasis on personal responsibility and self-organisation with collaboration tools and suitable team formats. Having successfully relocated to the Helaba Campus in the summer of 2020, Helaba now has an ideal location for the development of modern, agile working methods: the many different options opened up by the flexibility of the premises make it possible to facilitate different modes of collaboration effectively and keep communication pathways short.

Diversity and equal opportunities

Helaba has signed both the Diversity Charter and the UN Global Compact and established key principles in its code of conduct, underlining its commitment to a working environment without discrimination in which the diverse skills and capabilities of employees are properly valued.

Helaba aims at a practical level both to promote diversity and to bring a greater diversity of perspectives into teams and joint working. The pursuit of true equality of opportunity is another priority: Helaba wants to engage the potential and capabilities of all its people irrespective of age, gender and disability. It also strives to create harmony as far as possible between the personal situation of its employees and the requirements of the institution.

The Bank's internal life-stage model, which offers possibilities based on equality of opportunity and takes full account of different career stages, is intentionally designed to capitalise on the diversity of Helaba's workforce. The model's long-term focus supports a sustainable approach to HR activities. Establishing additional career paths alongside the management track opens up scope to design development pathways for specialist, project and sales careers in the future.

Also provided in support of these objectives are a mentoring programme and a development programme for high-potential junior staff, the aims of which include developing the potential of female employees for positions of responsibility. These various opportunities are augmented by diversity workshops, seminars to support career development for female employees, childcare options, comprehensive part-time working models and other similar provisions. Helaba intends that particular attention should be paid to women when identifying people with high potential and carrying out succession planning and has voluntarily undertaken to try to raise the percentage of women in management positions above 30 % overall.

Diversity in the Helaba workforce, key figures

	31.12.2020	31.12.2019	31.12.2018
Proportion of women	47.0 %	47.8 %	48.1 %
Proportion of female managers	22.8 %	21.8 %	22.0 %
Proportion of women on the Executive Board (Helaba Bank)	0.0 %	0.0 %	0.0 %
Proportion of women on the Supervisory Board (Helaba Bank)	28.3 %	29.4 %	23.3 %
Proportion aged > 50	48.6 %	48.4 %	44.9 %
Proportion aged 30 – 50	42.5 %	45.7 %	46.9 %
Proportion aged < 30	8.8 %	8.0 %	8.2 %
Proportion of employees with disabilities	5.9 %	6.1 %	6.0 %

Basic principles under employment law and remuneration policy

Around 95 % of employees work in Germany (2019: around 95 %). Relevant employment law and health & safety provisions are a fixed integral component of the internal rules, regulations and processes. Some 95 % of employees have a permanent employment contract (2019: around 95 %). As provided for in the Hessian Act concerning Personnel Representation (HPVG), the Human Resources Council (HRC) represents the interests of the employees and monitors compliance with the regulations intended to protect these interests. As the representative body, the Human Resources Council is the first point of contact for senior management in all matters concerning employees. The General Human Resources Council at Helaba is supported by personnel representative bodies at individual sites and at Frankfurter Sparkasse and by the body representing young trainees and the severely disabled. The Human Resources Council takes part in activities at Helaba on the basis of co-determination, involvement and consultation, primarily in relation to organisational, personnel and social matters.

Helaba's remuneration strategy and remuneration principles set out the relationship between business strategy, risk strategy and remuneration. The remuneration for around 56 % of employees is collectively agreed (2019: around 60 %), with the pay for more than 80 % of this proportion being set under the collective agreement for public-sector banks (2019: more than 80 %). Remuneration for the remaining 40 % or so is not subject to a collective salary agreement (2019: around 40 %). The remuneration systems for the employees and the Executive Board of Helaba and Frankfurter Sparkasse satisfy the requirements specified in the German Regulation on the Supervisory Requirements for Institutions' Remuneration Systems (IVV) and are published annually in the form of a separate report (remuneration report pursuant to section 16 IVV in conjunction with Article 450 CRR) on Helaba's website (www.helaba.com).

Overall, a low employee turnover rate of 3.1 % (departure initiated by the employee; 2019: 3.6 %), an average period of service of 14.8 years (2019: 14.9 years) and a low absenteeism rate of 3.7 % (absence caused by illness as evidenced by a doctor's certificate; 2019: 4.6 %) are testimony to a high degree of satisfaction and significant employee commitment.

Outlook and Opportunities

Economic conditions

The global economy will return to a more normal footing over the course of the year as the proportion of the population to have been vaccinated grows. Like the contraction in 2020, however, the scale of the revival will vary from region to region. China has a head start here, an advantage that will probably only increase in 2021. The pandemic is still subduing economic activity in the USA, but the new government is likely to introduce additional stimulus measures that will boost the recovery. The US economy is expected to reach annual average growth of around 4 % once more in 2021.

In key countries of the euro zone, such as France, Italy and Spain, the lockdown measures in spring 2020 were tighter and lasted longer than in Germany. This had a major adverse economic impact. Overall, the euro zone contracted by 6.8 % in 2020. Countries such as Spain and Italy are being particularly badly affected by the situation in the tourism industry. Reduced working hours and an elevated unemployment rate are slowing consumer spending. Capital spending on equipment will only recover gradually. On the other hand, the extremely expansionary fiscal and monetary policy is providing some stimulus. Economic growth in the euro zone is projected to reach around 5 % in 2021.

The ECB has stepped up its expansionary monetary policy during the crisis. The pandemic emergency purchase programme (PEPP), which has now swelled to 1.85 billion euros, is due to continue until at least March 2022. The situation in financial markets appears to be under control thanks to the massive injections of liquidity. Risk premiums for corporate and government bonds have dropped back noticeably. Despite a return to higher inflation rates in the euro zone in 2021 as a consequence of the economic recovery, there will be no fundamental changes to the ultra-loose monetary policy. This is indicated by the generally sharp increase in indebtedness. Even the US Federal Reserve (Fed) responded to the crisis with interest rate cuts and comprehensive liquidity measures. There is no end in sight to this expansionary path.

Opportunities

Helaba defines as opportunities the business potential that it is able to leverage in its operating segments as a result of its business model, market position or special expertise. By pursuing targeted strategic growth initiatives in its lines of business, Helaba has positioned itself to best exploit the potential opportunities arising from each market environment. The economic uncertainty caused by the COVID-19 crisis means that it is not yet possible to make a final assessment of the impact on the implementation of the strategic growth initiatives.

Helaba has long had a stable and viable strategic business model in place. Over the last few years, it has therefore been able not only to consolidate its market position in its core areas of business but also – on the basis of the good operating results achieved – service all subordinated liabilities, profit participation rights and silent participations in full at all times. Helaba's dividends for 2019 and 2020 lie within the bounds specified by the regulatory authorities.

The key factors behind Helaba's success remain its conservative risk profile, backed up by effective risk management, and the strategic business model for the Group as a whole based on the concept of a full-service bank with its own retail business, a strong base in the region, a very close relationship with the Sparkassen and robust capital and liquidity adequacy. Helaba is valued by its customers as a reliable partner because of its sound business model. This is reflected particularly in long-term financing operations in real estate lending business and corporate lending business, in which Helaba is one of the leading banks in Germany. The diversified strategic business model has also stood the test of the COVID-19 crisis, as evidenced by the stability of the operating business in the pandemic.

Helaba continues to pursue the "Scope" project, which was launched to counter the trend of rising costs over recent years, with vigour. In this project, the organisational structure has been slimmed down markedly. Helaba is at the same time working to diversify its successful business model even further to establish a presence in new market segments and continue reducing the scale of potential risks. The intention here is to drive growth mainly in business areas that do not tie up too much capital. Ever keen to exploit new possibilities in the market, Helaba views sustainability as both an absolute imperative for an institution committed to being a force for good in society and as an opportunity to make further inroads into a growth area with excellent future prospects.

Helaba was one of the original signatories of the DSGV's "Commitment by German Savings Banks to climate-friendly and sustainable business practices" along with more than 170 Sparkassen and three other Landesbanken. Signatory institutions pledge to work proactively to protect the climate and adopt a consistently sustainable approach to their business. The Commitment thus necessarily forms a part of Helaba's existing sustainability strategy. Formally committing itself in this way underlines Helaba's determination to help the German Sparkassen-Finanzgruppe, which it serves as one of the central S-Group companies, to overcome the pressing challenges facing society as a whole.

The HelabaSustained programme launched in 2020 aims to advance Helaba's sustainability profile at various levels in all environment, social and governance (ESG) fields and to help ensure the entire Helaba Group stands out clearly – both internally and externally – in the future as a sustainable organisation. Helaba intends to integrate the ambitious sustainability objectives adopted under the programme into the management of the company. New possibilities in respect of products for lending and deposit business with an ESG aspect are being sounded out too and sustainability-related advisory services for customers (both corporate customers and customers of the Sparkassen) expanded. Requirements of ESG relevance that are laid down in legislation or by the supervisory authorities are addressed and implemented on an institution-wide basis.

The aim is to continue developing the organisational and commercial profile across the board to help Helaba master the looming sustainable transformation of society successfully and live up to the expectations of its various stakeholders.

Helaba sees particular opportunities for growth in sustainable finance, a segment in which it has already enjoyed significant success syndicating green, social and ESG-linked finance and promissory notes as well as structuring projects in the renewable energy and digital infrastructure fields. The steadily expanding range of the Sustainable Finance Advisory function, through which Helaba provides customer-focused, cross-product information and advisory services to assist with the realisation of financing solutions involving sustainability elements, is creating further potential for growth in the sustainability segment.

The digital transformation is marching on and will continue to bring huge changes to the banking industry as well as attract other competitors to the market. Helaba itself also plans to continue pressing ahead with digitalisation using a systematic approach. At the beginning of 2020, responsibilities for drawing up the digitalisation strategy and the business strategy were brought together in a single organisational unit so that trends in digitalisation can now be analysed and assessed on an ongoing basis and strategically relevant initiatives instigated and coordinated. Helaba has to this end also established a high-level committee covering a wide range of senior management competencies from the front office and corporate centre units to ensure it maintains a comprehensive overview of the opportunities opened up by the digital transformation. Helaba pursues collaborative partnerships with fintechs, or makes equity investments in such entities, through its equity investment company Helaba Digital. Continued expansion of the equity Investment portfolio is planned. Digitalisation initiatives include applications at the customer interface and improvements to internal processes. Further opportunities for enhancing efficiency at Helaba are also presenting themselves in the form of blockchain applications and artificial intelligence technologies. One specific initiative is the "Marco Polo" blockchain platform to develop new foreign trade financing processes. The ongoing development of payment transactions in the direction of programmable money could also present new opportunities for Helaba, which is a major player in payment transaction business. Mindful of the importance of recognising such opportunities at an early stage, Helaba assumed a proactive role in Deutsche Bundesbank's "Programmable money" working group in 2020 and intends to continue actively shaping developments in this area in 2021.

Technological progress is opening up new possibilities for data analysis and use too, prompting Helaba to become a partner in the Financial Big Data Cluster (FBDC) initiative. The initiative and its members aim to build up an extensive resource of data relevant to the financial sector and to develop applications drawing on artificial intelligence for use in analysing this data. Helaba is particularly interested in the sustainable finance element of the initiative: digitalisation and sustainability are cornerstones of Helaba's strategic agenda and this project combines them in a very attractive manner. Helaba intends to continue expanding and modernising its IT infrastructure so that it can respond flexibly to future challenges and carry on improving its processes day by day.

Long-term customer relationships combined with a sustainable business policy in the carefully selected domestic and international target markets have formed the basis for the growth in new business in the Real Estate segment over the last few years. Even during periods of increasing competition and downward pressure on margins, Helaba believes that there are good opportunities for the Bank to assert and continue to consolidate its market position in real estate lending based on its product expertise and on its well-established presence in the markets over many years. Helaba has identified particular opportunities in real estate lending business in areas including the digitalisation of customer-facing processes and interfaces and the enhancement of its regional presence.

The Corporates & Markets segment encompasses the customer-driven wholesale business. Helaba is broadening its activities in corporate finance business with targeted product initiatives that include the development and expansion of sustainable products and the strengthening of development loan structuring activities. Another key component of Helaba's activities is the provision of finance for infrastructure and infrastructure-related services in the form of project and transport finance.

The continuing integration of Helaba products into the Sparkasse sales and production processes in Sparkasse lending business is boosting efficiency and creating new business potential.

Export-oriented corporate customers expect their partner bank to offer a range of products that will help them with their international activities. Its institutional roots in the Sparkassen-Finanzgruppe and its extended customer base are enabling Helaba to establish itself within the Sparkassen-Finanzgruppe as a service and solution provider for international business.

In the payments business, Helaba continues to be one of Germany's leading payment transaction clearing houses and a leading Landesbank in a market shaped by persistently high competitive pressure and regulatory requirements. The associated opportunities are being systematically exploited with the aim of generating fees and commissions to counter the ongoing significant downward pressure on margins in a world still shaped by negative interest rates.

Helaba recognised the underlying change processes in the payment transactions market at an early stage and has already developed a number of different initiatives over the last few years in response to the new technical possibilities and evolving customer requirements typical of the digital age. Helaba has assumed a leading role in the Sparkassen-Finanzgruppe in connection with the introduction of instant payments. The ongoing expansion of near-field communication (NFC) contactless technology is just one of the steps being taken in response to the digital structural change in cash management business. The addition of the debit MasterCard and Visa debit card to the product range combines the payment options at the point of sale with the internet capability of the card. Helaba is also working to safeguard its leading role in payment transaction processing in the future by ensuring that it is well-positioned in the current XPay initiative and the European Payments Initiative (EPI) for the provision of a secure, demand-based and efficient payments process in Germany and, optionally, in Europe. It continues to pursue alliances and co-operative arrangements with selected fintechs consistently.

A sustainability-led regional universal bank and market leader in private customer business, Frankfurter Sparkasse enjoys particular opportunities in the Retail & Asset Management segment thanks to its strong local roots. The network of local branches forms the heart of sales activities, although customers also have the option of other user-friendly access channels (online, mobile, chat, telephone) if they prefer. Frankfurter Sparkasse is stepping up work to develop these additional channels to help it compete effectively as a genuine multi-channel provider. The targeted transformation of Frankfurter Sparkasse, shifting its focus more onto lending and fee and commission business, will open up new opportunities for the institution. Frankfurter Sparkasse's digital sales platform, 1822direkt, received multiple awards in 2020 for its range of home finance products, highlighting the appeal of its offering, and also won the "Premium Bank of the Year" title awarded by the German Institute for Service Quality (DISQ).

Further business potential can be leveraged with the subsidiary Helaba Invest through the even tighter integration within the Helaba Regulatory Group. Helaba Invest's strategic focus on its three main pillars – Liquid, Illiquid and Administration (master investment company) – presents opportunities for it to build on its position as the largest provider of special funds for institutional investors in the Sparkassen-Finanzgruppe, covering both liquid and illiquid asset classes. Its particularly good performance in the 2020 TELOS satisfaction survey of institutional investors, in which Helaba Invest again ranked among the front runners in many categories, confirms the high quality of its services. Helaba Invest's position continues to strengthen as the development of its sustainability agenda at company level and its holistic sustainability approach in own asset management (including ESG reporting for customers and the adoption of defined ESG minimum standards across the entire product range) gathers pace.

Helaba believes that there is further growth potential for the Group from the business with high-net-worth customers via the FBG subsidiary. FBG is the private bank in the Sparkassen-Finanzgruppe and collaborates with the Sparkassen. Its strategic holding in IMAP M&A Consultants AG (Deutschland) extends FBG's range of services to include corporate transactions, thus opening up another opportunity to strengthen and expand its position.

Potential exists for the GWH Group to continue growing its portfolio of managed residential units through the new real estate funds business line and also by buying and building new housing portfolios. Progress in this area is being supported by expanding (on a modest scale) residential real estate project development, increasing depth in the portfolio value chain and optimising the existing portfolio.

There are opportunities apparent in the development business segment associated with the addition of further development programmes and the digitalisation of the application and processing operations for development measures.

Rating agencies Moody's Investors Service (Moody's), Fitch Ratings (Fitch) and Standard & Poor's (S&P) have awarded Helaba issuer ratings of Aa3, A+ and A. The ratings for short-term liabilities are P–1, F1+ and A–1.

The ratings from Fitch and S&P are based on a joint S-Group rating for the Sparkassen-Finanzgruppe Hessen-Thüringen. The strategically significant funding instruments “public Pfandbriefe” and “mortgage Pfandbriefe” both have AAA ratings. Thanks to its excellent standing among institutional and private investors and its diversified product range, Helaba has consistently enjoyed direct access to the funding markets over the last few years. Helaba's status as part of a strong association of financial institutions also underpins its ongoing ability to access funding in the money and capital markets.

Helaba is firmly and permanently established as part of the German Sparkassen-Finanzgruppe by virtue of its ownership structure (88 % of its shares are held by members of the Sparkassen organisation) and its central bank function for around 40 % of Sparkassen in Germany. Further enhancing its position as a leading S-Group bank for the German Sparkassen and permanently integrating with the Sparkassen are among Helaba's strategic objectives. Possible springboards include the joint lending operations with Sparkassen for larger mid-sized clients, the international business, or high-end private banking through Frankfurter Bankgesellschaft.

Because of the challenging nature of the prevailing economic conditions, the banking sector finds itself in a continuous process of adjustment, with increasing pressure to consolidate. Going forward, Helaba will remain open to partnerships and possible mergers in order to facilitate sustainable growth and exploit new market opportunities.

The Board of Public Owners and the Supervisory Board have instructed the Executive Board of Helaba to hold discussions with representatives of DekaBank Deutsche Girozentrale about how the strengths of the two banks can be combined into a highly efficient central institution for the Sparkassen-Finanzgruppe with an integrated business model. These discussions have been deferred for the time being because of the COVID-19 crisis.

Overall, Helaba finds itself well placed to meet the challenges of the future over the long term with its established strategic business model. The fundamental business strategy is sound and the broad diversification of the business model has acted as a stabilising factor, particularly in the current crisis. Helaba has identified additional development opportunities involving broader diversification and the ongoing expansion of business areas in non-interest income business. Sustainable finance is also a priority as it strives to assist customers proactively with sustainable financial products to support the carbon-neutral transition. The Helaba Group's objective in its profitability strategy is to stabilise its sustainable earnings power to strengthen its capital base while observing risk strategy requirements and taking account of changes in the regulatory environment.

Probable development of the Group

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a credit institution organised under public law; its business model is based on a strong regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkasse organisation and therefore provides an excellent foundation for the development of the business in 2021. Economic forecasters expect a recovery in 2021 on the heels of the global downturn in 2020 triggered by COVID-19, although the scale of this recovery will be very much dependent on the evolution of the pandemic. The economic turmoil unleashed by COVID-19 is likely to result in higher charges against the loss allowance once again in 2021. Interest rates are expected to remain low, which, in combination with the many ongoing projects (a large proportion of them launched in response to regulatory measures), will impact negatively on lending business. These various factors, which will tend to restrict earnings growth overall in 2021, represent the primary constraints for Helaba's 2021 forecast:

Total new medium- and long-term lending business (including Frankfurter Sparkasse but excluding WIBank's development business, which does not form part of the competitive market) is budgeted to be far below the previous year's level in 2021. New business has been planned on a conservative basis due to the uncertainty associated with COVID-19 and the possibility of higher capital backing requirements as a result of rating migrations. Loans and advances to customers are budgeted at the same level as the prior year overall, with total assets similarly expected to be essentially unchanged.

Interest income from lending business is expected to rise slightly in 2021, despite the reduction in planned new business, due to higher average margins and improved funding conditions. A further rise in net interest income is anticipated over the medium term.

Despite the forecast economic growth, the Helaba Group expects credit risks to deteriorate owing to the COVID-19 pandemic. Although loss allowances were increased markedly in 2020 compared with previous years, they are expected to rise further for 2021.

Net fee and commission income is budgeted well in excess of the prior-year level because of the systematic expansion of the customer business.

A modest year-on-year increase is expected in net income from investment property.

It is anticipated that gains and losses on measurement at fair value will return to normal levels in 2021 and thus rise very significantly compared with the previous year, which reflected measurement markdowns.

Other comprehensive income was significantly affected by a one-off item relating to the conclusion of a real estate project in 2020 and is therefore likely to be significantly lower in 2021.

General and administrative expenses are expected to be affected by a very substantial increase in externally induced costs including the bank levy and assessments in 2021. One-off items with a positive impact are budgeted to be smaller in 2020. Extensive project activities, including work to modernise the IT infrastructure, and collectively agreed pay rises are expected to push up costs. The "Scope" project initiated by the Bank in 2019 to combat rising costs will help to keep general and administrative expenses down in 2021 just as it did in 2020. Total administrative expenses are expected to increase noticeably in 2021 as a result of the cumulative effect of these factors plus a business-driven rise in general and administrative expenses at the subsidiaries and in development business.

Group net profit before taxes for 2021 is budgeted to be largely unchanged from the prior year, with income from operations stable and loss allowances increasing again.

Return on equity and the cost-income ratio are expected to be essentially unchanged based on the budgeted income from operations, taking account of the implications of the COVID-19 pandemic. The Common Equity Tier 1 capital ratio for the Helaba Regulatory Group is budgeted to decrease significantly. The risk appetite for the leverage ratio remains the same as in the prior year.

Regulatory authorities stipulate that a liquidity coverage ratio (LCR) of at least 100 % must be maintained (capacity). In terms of the LCR, Helaba has specified risk appetite and risk tolerance threshold values for 2021 of 125 % and 120 % respectively, which are in excess of the regulatory minimum requirements. The Helaba Group is forecasting a significantly lower LCR for 2021.

The net stable funding ratio (NSFR) – a medium- and long-term liquidity ratio – will be introduced on a mandatory basis from June 2021 after the CRR II comes into force. The Helaba Group expects the NSFR to be noticeably lower in 2021.

The wide-ranging implications of the COVID-19 pandemic represent the main risk factor for the Helaba Group's performance, especially given that the orderly conclusion of the Brexit process has taken much of the sting out of what has been one of the key areas of uncertainty in recent years. From the perspective of the macroeconomic assumptions, there is a risk that the economic parameters could vary significantly from Helaba's assumptions, principally because of COVID-19.

Expected development of the segments

The effects of the COVID-19 pandemic are reflected as appropriate in the individual segments.

A moderate increase in income from domestic and international real estate lending business is expected in the Real Estate segment despite the COVID-19 pandemic thanks to Helaba's consistently strong market position. The volume of business here is expected to be unchanged. The volume of new medium- and long-term real estate lending business in 2021 is budgeted to be markedly below the prior-year level. Loss allowances in the Real Estate segment are expected to be much higher than the low level seen in the previous year. With a slight increase in general and administrative expenses, the segment's profit before taxes in 2021 is therefore anticipated to be substantially below the prior-year level.

Income in the Corporates & Markets segment from business with Sparkassen and SME customers and in municipal lending is expected to increase slightly year on year in 2021. Business with corporate customers is expected to yield essentially stable income in Asset Finance but noticeably lower income in Corporate Banking. This income will be offset by a sharply increased charge from the expected loss allowance, only a small fraction of which relates to actual default events. A very large increase is anticipated in capital market business by the end of 2021, not least as a result of effects due to valuation changes. Profit before taxes is forecast to be significantly higher than the prior-year figure overall, despite the expected loss allowance, as a result of this development.

In the Retail & Asset Management segment, Frankfurter Sparkasse will once again in 2021 contribute to positive earnings over the long term in its position as regional market leader. However, earnings performance is forecast to be well below the prior-year figure on account of the ongoing adverse impact of low interest rates and the effect of COVID-19 on the loss allowance. GWH is anticipating marginally lower contributions to earnings in 2021 compared with the previous year. On the other hand, significantly higher earnings are anticipated in 2021 for Helaba Invest and Frankfurter Bankgesellschaft. The aggregate effect of these various developments is that the overall profit before taxes in the segment as a whole is likely to decline significantly.

A moderate decline in the volume of business in the WIBank segment is expected in 2021. Income should rise slightly compared with the prior year but not by enough to offset the rise in general and administrative expenses. Profit before taxes is therefore anticipated to be significantly below the prior-year level.

In the Other segment, income derived from investing own funds and contributions to earnings from treasury activities are likely to be significantly below the level of the previous year. OFB is projecting that income in 2021 will be substantially down on the prior-year figure. RWA management measures that will impact negatively on income are also planned.

Overall assessment

Profit before taxes at Helaba fell well short of the prior-year and budget figures in 2020 at € 223 m (2019: € 518 m). The very pronounced positive trend in the second half of the year underlines the stability of the broadly diversified business model even in the current crisis.

Income from the operating business remained steady, thanks in no small part to the marked increase in net fee and commission income, despite the turmoil triggered by the COVID-19 pandemic. Helaba managed to keep net interest income virtually unchanged. Results also proved encouraging in the area of administrative expenses, which were significantly lower than both the budgeted and prior-year figures. The cost-fighting measures implemented under the “Scope” transformation project were prominent among the factors that helped to counter the persistent upwards pressure on costs.

The loss allowance, which started the year at quite a low level, was increased significantly in 2020 on a precautionary basis as a result of the difficult general economic environment created by COVID-19. The portfolio-based loss allowance accounts for most of the loss allowance. Less than one third of this portfolio-based loss allowance relates to specific default events.

Despite the increasing competitive pressure and the multitude of regulatory requirements, Helaba is well placed to meet the challenges of the future over the long term with its strategic business model focused on the needs of the real economy and the Sparkassen-Finanzgruppe. The net profit generated in financial year 2020 allows Helaba to service all subordinated debt, profit participation rights and silent participations, and make appropriations to reserves. Helaba’s dividend policy respects the bounds specified by the ECB.

Frankfurt am Main / Erfurt, 2 March 2021

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Consolidated Financial Statements

Consolidated Income Statement

for the period 1 January to 31 December 2020

	Notes	2020 in € m	2019[1)] in € m	Change in %
Net interest income	(4)	1,172	1,191	–1.6
Interest income		3,340	3,951	–15.5
thereof: Calculated using the effective interest method		2,085	2,421	–13.9
Interest expenses		–2,168	–2,760	21.5
Loss allowances	(5)	–305	–86	>-100.0
Gains or losses from non-substantial modification of contractual cash flows	(6)	–	0	–100.0
Net interest income after loss allowances and modifications		**867**	**1,105**	**–21.6**
Dividend income	(7)	16	18	–12.3
Net fee and commission income	(8)	435	395	10.2
Fee and commission income		555	514	8.0
Fee and commission expenses		–119	–119	–0.6
Net trading income	(9)	35	80	–55.9
Gains or losses on other financial instruments mandatorily measured at fair value through profit or loss	(10)	29	194	–84.9
Gains or losses on financial instruments designated voluntarily at fair value	(11)	–59	–161	63.3
Net income from hedge accounting	(12)	–2	15	>-100.0
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	(13)	10	8	32.8
thereof: From financial assets measured at amortised cost		2	1	13.4
Share of profit or loss of equity-accounted entities	(14)	4	24	–83.6
Other net operating income	(15)	356	361	–1.4
General and administrative expenses	(16)	–1,340	–1,394	3.8
Depreciation and amortisation	(17)	–128	–127	–1.1
Profit or loss before tax		**223**	**518**	**–56.9**
Taxes on income	(18)	–46	–48	4.4
Consolidated net profit		**177**	**470**	**–62.3**
thereof: Attributable to non-controlling interests		1	2	–49.1
thereof: Attributable to shareholders of the parent		176	468	–62.5

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

Consolidated Statement of Comprehensive Income

for the period 1 January to 31 December 2020

	2020	2019[1]	Change
	in € m	in € m	in %
Consolidated net profit according to the consolidated income statement	**177**	**470**	**–62**
Items that will not be reclassified to the consolidated income statement:	**–28**	**–173**	**84**
Remeasurement of net defined benefit liability	–78	–293	73
Change in fair value of equity instruments measured at fair value through other comprehensive income	4	–9	>100.0
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	33	64	–48
Taxes on income on items that will not be reclassified to the consolidated income statement	13	65	–80
Items that will be subsequently reclassified to the consolidated income statement:	**5**	**45**	**–89**
Share of profit or loss of equity-accounted entities	–0	–0	>-100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	–0	–0	–
Gains (–) / losses (+) reclassified to the consolidated income statement in the reporting period	0	–	–
Change in fair value of debt instruments measured at fair value through other comprehensive income	35	62	–44
Unrealised gains (+)/losses (–) recognised in the reporting period	42	61	–31
Gains (–) / losses (+) reclassified to the consolidated income statement in the reporting period	–7	1	>-100.0
Gains or losses from currency translation of foreign operations	–13	2	>-100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	–13	2	>-100.0
Gains or losses from fair value hedges of currency risk	–7	–4	–69
Unrealised gains (+)/losses (–) recognised in the reporting period	–7	–4	–69
Taxes on income on items that will be subsequently reclassified to the consolidated income statement	–9	–15	41
Other comprehensive income after taxes	**–23**	**–128**	**82**
Comprehensive income for the reporting period	**154**	**342**	**–55**
thereof: Attributable to non-controlling interests	1	2	–49
thereof: Attributable to shareholders of the parent	153	340	–55

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

Consolidated Statement of Financial Position

as at 31 December 2020

Assets

	Notes	31.12.2020 in € m	31.12.2019[1)] in € m	Change in %
Cash on hand, demand deposits and overnight money balances with central banks and banks	(20), (37)	26,429	14,555	81.6
Financial assets measured at amortised cost	(21), (37)	131,847	130,326	1.2
Trading assets	(22)	21,173	19,304	9.7
Other financial assets mandatorily measured at fair value through profit or loss	(23)	8,206	8,433	−2.7
Financial assets designated voluntarily at fair value	(24)	3,955	3,963	−0.2
Negative fair values of hedging derivatives under hedge accounting	(25)	1,258	1,102	14.2
Financial assets measured at fair value through other comprehensive income	(26), (37)	21,018	23,803	−11.7
Shares in equity-accounted entities	(27)	49	48	3.8
Investment property	(28)	2,702	2,509	7.7
Property and equipment	(29)	682	653	4.5
Intangible assets	(30)	134	101	31.9
Income tax assets	(31)	704	724	−2.8
Current income tax assets		126	161	−21.7
Deferred income tax assets		578	563	2.6
Non-current assets and disposal groups classified as held for sale	(32)	–	81	−100.0
Other assets	(33)	1,166	1,416	−17.6
Total assets		**219,324**	**207,018**	**5.9**

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

Equity and liabilities

	Notes	31.12.2020 in € m	31.12.2019[1)] in € m	Change in %
Financial liabilities measured at amortised cost	(21), (37)	167,731	155,364	8.0
Trading liabilities	(22)	17,793	18,473	−3.7
Negative fair values of non-trading derivatives	(23)	7,322	6,759	8.3
Financial liabilities designated voluntarily at fair value	(24)	12,872	12,799	0.6
Negative fair values of hedging derivatives under hedge accounting	(25)	1,671	1,907	−12.4
Provisions	(34)	2,551	2,465	3.5
Income tax liabilities	(31)	144	153	−5.5
Current income tax liabilities		136	144	−5.1
Deferred income tax liabilities		8	9	−11.9
Other liabilities	(33)	399	398	0.2
Equity	(35)	8,842	8,700	1.6
Subscribed capital		2,509	2,509	–
Capital reserves		1,546	1,546	–
Additional Tier 1 capital instruments		354	354	–
Retained earnings		4,942	4,778	3.4
Accumulated other comprehensive income (OCI)		−511	−488	−4.9
Non-controlling interests		2	1	>100.0
Total equity and liabilities		**219,324**	**207,018**	**5.9**

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

Consolidated Statement of Changes in Equity

for the period 1 January to 31 December 2020

in € m

	Sub-scribed capital	Capital reserves	Additional Tier 1 capital instruments	Retained earnings	Accumu-lated other compre-hensive income	Equity attribut-able to share-holders of the parent company	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				–104		–104		–104
Comprehensive income for the reporting period				478	–128	350	2	352
thereof: Consolidated net profit				478		478	2	480
thereof: Other comprehensive income after taxes					–128	–128	–	–128
As at 31.12.2019	**2,509**	**1,546**	**354**	**4,788**	**–488**	**8,709**	**1**	**8,710**
Adjustments due to IAS 8	–	–	–	–10	–	–10	–	–10
As at 1.1.2020	**2,509**	**1,546**	**354**	**4,778**	**–488**	**8,699**	**1**	**8,700**
Changes in the basis of consolidation	–	–	–	–	–	–	1	1
Dividend payment				–14		–14	–1	–15
Comprehensive income for the reporting period				176	–23	153	1	154
thereof: Consolidated net profit				176		176	1	177
thereof: Other comprehensive income after taxes					–23	–23	–	–23
Reclassifications within equity				1	–1	–		–
As at 31.12.2020	**2,509**	**1,546**	**354**	**4,942**	**–511**	**8,839**	**2**	**8,842**

The original plan to distribute an amount of € 90 m from the consolidated net profit for 2019 to the owners based on their shareholdings and capital contributions was withdrawn in line with a pronouncement by the European Central Bank (ECB) because of the COVID-19 pandemic. The amount was instead treated as profit carried forward. An amount of € 14 m was paid in December 2020 to service the AT1 bonds. A dividend distribution of € 90 m is planned in relation to the 2020 financial year.

Consolidated Cash Flow Statement

for the period 1 January to 31 December 2020

in € m

	2020	2019
Consolidated net profit[2)]	**177**	**470**
Non-cash items in consolidated net profit and reconciliation to cash flow from operating activities:		
Loss allowances and modifications in respect of financial assets; depreciation, amortisation, impairment losses and reversals of impairment losses in respect of non-financial assets	459	237
Additions to and reversals of provisions outside the scope of application of IFRS 9	–13	71
Other non-cash expense/income	–121	–111
Gains or losses from the derecognition of non-financial assets and financial instruments	–71	–67
Other adjustments	–1,126	–1,234
Subtotal[2)]	**–695**	**–634**
Changes in assets and liabilities from operating activities after adjustment for non-cash items:		
Loans and receivables measured at amortised cost	–1,838	–23,456
Trading assets/liabilities	–3,017	5,574
Other loans and receivables mandatorily measured at fair value through profit or loss	26	–247
Loans and receivables designated voluntarily at fair value[2)]	229	–3,391
Loans and receivables measured at fair value through other comprehensive income	–38	–156
Other assets / liabilities from operating activities[2),3)]	322	430
Financial liabilities measured at amortised cost	12,321	30,053
Financial liabilities designated voluntarily at fair value	–168	1,090
Interest received	3,421	3,550
Interest paid	–2,065	–2,348
Dividends and profit distributions received	16	18
Income tax payments	–62	6
Cash flow from operating activities[3)]	**8,453**	**10,489**

in € m

	2020	2019
Proceeds from the disposal of:		
Financial assets measured at amortised cost excluding loans and receivables	–	4
Other financial assets mandatorily measured at fair value through profit or loss excluding loans and receivables	1,426	1,347
Financial assets designated voluntarily at fair value excluding loans and receivables	4	–
Financial assets measured at fair value through other comprehensive income excluding loans and receivables	9,190	7,642
Investment property	41	106
Property and equipment	31	30
Intangible assets	–0	–
Payments for the acquisition of:		
Other financial assets mandatorily measured at fair value through profit or loss excluding loans and receivables	–668	–1,704
Financial assets designated voluntarily at fair value excluding loans and receivables	–	–7
Financial assets measured at fair value through other comprehensive income excluding loans and receivables	–6,341	–8,742
Investment property	–353	–162
Property and equipment	–100	–103
Intangible assets	–59	–44
Effect of changes in basis of consolidation:		
Proceeds from the disposal of subsidiaries and other operations	229	5
Payments made for the acquisition of subsidiaries and other operations[3)]	–	–1,520
Cash flow from investing activities[3)]	**3,398**	**–3,148**
Dividend payments	–14	–104
Change in cash and cash equivalents from other financing activities (subordinated liabilities)	–2	–15
Cash flow from financing activities	**–16**	**–119**

in € m

	2020	2019
Cash and cash equivalents as at 1.1.	**14,555**	**7,342**
Cash flow from operating activities[3]	8,453	10,489
Cash flow from investing activities[3]	3,398	–3,148
Cash flow from financing activities[1]	–16	–119
Effect of exchange rate changes, measurement changes and changes in basis of consolidation	39	–9
Cash and cash equivalents as at 31.12.	**26,429**	**14,555**
thereof: Cash on hand	71	85
thereof: Demand deposits and overnight money balances at central banks and banks	26,358	14,470

[1] Non-cash changes in subordinated liabilities amounted to an increase of € –1 m (31 December 2019: increase of € 1 m) and were attributable to accrued interest and measurement effects.
[2] Prior-year figures restated. See Note (1).
[3] Prior-year figures restated: The figure disclosed in the previous year for payments made for the acquisition of subsidiaries and other operations was too high and has been corrected by € 700 m. As a consequence of this correction, the cash flow from operating activities relating to other assets/liabilities has been reduced by € 700 m.

The consolidated cash flow statement is prepared using the indirect method and shows the composition of and changes to cash and cash equivalents in the financial year. The changes in cash and cash equivalents are attributable to operating activities, investing activities and financing activities.

The cash flow from operating activities comprises proceeds from and payments for loans and receivables, financial liabilities, trading assets/liabilities and other assets or liabilities. The interest and dividend payments resulting from operating activities (including leasing interest expenses) are shown separately. Other adjustments relate to net interest income, dividend income and taxes on income excluding deferred taxes.

The cash flow from investing activities comprises proceeds and payments relating to bonds and other fixed-income securities, equity shares and other variable-income securities, shareholdings, investment property, property and equipment, intangible assets as well as proceeds and payments in connection with the sale or acquisition of subsidiaries and other operations. Further disclosures concerning the consolidated companies purchased or sold are set out in Note (2).

The cash flow from financing activities comprises proceeds and repayments related to subordinated liabilities as well as proceeds from capital contributions and repayments from equity. The dividends paid out in the financial year are also recognised under this cash flow category.

Cash and cash equivalents correspond to the cash reserve, which comprises cash on hand and demand deposit balances with central banks as well as demand deposits and overnight money balances with banks.

The cash and cash equivalents as at 31 December 2020 included € 1 m relating to entities consolidated for the first time (31 December 2019: € 856 m). Deconsolidations in the reporting period did not lead to the derecognition of cash and cash equivalents (2019: € 1 m).

The volume of assets and liabilities increased in the reporting period as a result of the acquisition of subsidiaries; carrying amounts on the date of initial recognition are presented in Note (2).

The informative value of the consolidated cash flow statement is generally limited in the case of banks. This statement is therefore considered of minor importance for the Helaba Group and is not used to manage the Group's liquidity levels or structure the consolidated statement of financial position.

Notes

183 Disclosures on Financial Instruments and Off-Balance Sheet Transactions

254 Other Disclosures

Notes

Accounting Policies

(1) Basis of Presentation

Basis of accounting

The consolidated financial statements of Landesbank Hessen-Thüringen Girozentrale (Helaba), entered in the commercial register at the Frankfurt am Main local court under number HRA 29821 and at the Jena local court under number HRA 102181, for the year ended 31 December 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). Helaba is an institution under public law whose addresses are Neue Mainzer Strasse 52 – 58, 60311 Frankfurt am Main, Germany, and Bonifaciusstrasse 16, 99084 Erfurt, Germany.

The consolidated financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes. The segment reporting is included within the notes. The group management report in accordance with section 315 HGB includes a separate report on the opportunities and risks of future development (opportunity and risk report) in which the risk management system is also explained.

The reporting currency of the consolidated financial statements is the euro (€). Euro amounts are generally rounded to the nearest million. Minor discrepancies may arise in totals or in the calculation of percentages in this report due to rounding.

The IFRSs and International Financial Reporting Standards Interpretations (IFRICs) that were in force as at 31 December 2020 have been applied in full. The relevant requirements of German commercial law as specified in section 315e HGB have also been observed.

These consolidated financial statements have been prepared by the Executive Board as at 02 March 2021 and will be submitted for approval by the Board of Public Owners on 31 March 2021.

The necessary assumptions, estimates and assessments in connection with recognition and measurement are applied in accordance with the relevant standard, are continuously reviewed and are based on past experience and other factors, such as planning, expectations and forecasts of future events. Estimation uncertainty arises in particular from judgements in connection with:

- credit risk, especially when determining the impairment of financial assets, loan commitments and guarantees using the expected credit loss method (see Note (37))
- the calculation of the fair values of certain financial assets and liabilities (see Note (40))
- provisions and other obligations (see Note (34)).
- impairment of assets, including goodwill, other intangible assets and right-of-use assets under leases (see Notes (17) and (30))
- the recognition of deferred tax assets (see Note (31))

These assumptions, estimates and assessments affect the assets and liabilities reported as at the reporting date and the income and expenses reported for the year.

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-based loss allowance. For further details, please refer to Note (37).

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, and also further risks arising in connection with financial instruments, 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 the Helaba Group. The adoption of the new or amended standards and interpretations had little or no impact on the consolidated financial statements.

- 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. Helaba applies hedge accounting, in particular, to manage interest rate risks arising from fixed interest rate exposures, mainly by using interest rate swaps. The resulting variable interest rate exposures are affected by the IBOR reform. As at 31 December 2020, the notional amounts of these interest rate swaps designated as hedges with a variable component affected by the IBOR reform amounted to € 69.4 bn on an unnetted basis (31 December 2019: € 72.4 bn). The bulk of this overall notional amount is linked to the Euro Interbank Offered Rate (EURIBOR). 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 EONIA (Euro OverNight Index Average), EURIBOR and LIBOR (London Interbank Offered Rate). The implementation of the reforms, only some of which have been finalised at the moment, will require extensive modifications to contracts and IT systems. At the Bank alone, this affected the following as at 31 December 2020: assets with a total carrying amount of € 53.6 bn, liabilities with a carrying amount of € 13.0 bn and portfolios of derivatives with a notional amount (non-netted) of € 501.2 bn. In terms of the Bank's existing contracts, the following benchmark interest rates are particularly relevant to a review of whether any modifications are required: EONIA (switch to euro short-term rate (€STR)) and LIBOR (switch to risk-free rates, i.e. Secured Overnight Financing Rate, (SOFR), Sterling Overnight Index Average (SONIA) or Swiss Average Rate Overnight (SARON)). Of these amounts, assets of € 18.9 bn and portfolios of derivatives with a notional amount of € 16.0 bn related to the EONIA benchmark interest rate, which will be replaced by the €STR. Assets of € 16.9 bn, liabilities of € 1.1 bn and portfolios of derivatives with a notional amount of € 77.8 bn related to the LIBOR benchmark interest rate.

The central clearing counterparties used by the Bank changed over their discount curves at the end of July 2020 and applied appropriate compensation payments in connection with the adjustment of interest agreements for collateral in line with €STR requirements. Accordingly, for its internal purposes, the Bank is also using measurement parameters that have been adapted for the €STR and SOFR benchmarks. 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. In the vast majority of cases, it will only be possible to carry out or complete these changeovers and negotiations about contract modifications in 2021 or subsequent years.

More recent agreements in the customer and derivatives businesses have already incorporated new or modified contractual arrangements or frameworks that either include the new benchmark interest rates (€STR, SOFR) or specify a fallback if the existing basis of calculations can no longer be applied. The entire financial implications from potential contractual adjustments and changes in other market parameters used in measurements cannot yet be quantified but, overall, are not expected to be in an amount that is material to the financial circumstances of the Bank.

- Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions

  In view of the rent concessions (deferrals, waivers, etc.) being granted in many countries, IFRS 16 was amended to allow lessees an exemption from the requirement to assess whether a rent concession related to the COVID-19 pandemic should be classified as a lease modification or not. This exemption applies to payments that would originally have become due on or before 30 June 2021. If this optional exemption is applied, such rent concessions can be treated as if they were not a lease modification. There are a number of advantages of the exemption for a reporting entity, notably that the entity does not need to review any of its leases or rental agreements, carry out a legal analysis of a relevant rent concession taking into account each contract structure, or determine new discount rates, where applicable. The amount recognised in the consolidated income statement as a result of applying the exemption must be disclosed. The amendments had to be applied no later than 1 June 2020 for financial years beginning on or after 1 January 2020. Earlier application was permitted.

  The amendments to IFRS 16 had to be applied retrospectively in accordance with IAS 8, although there was no obligation to adjust prior-year figures. There were no instances in which Helaba, acting as lessee, applied these amendments in the reporting year.

- Revised Conceptual Framework and Adjustments of Links 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.

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 1 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- 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 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9
- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts

- Amendments to various standards in connection with phase 2 of the IBOR reform. The following standards are affected by these amendments:
  - IAS 39 Financial Instruments: Recognition and Measurement
  - IFRS 4 Insurance Contracts
  - IFRS 7 Financial Instruments: Disclosures
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases

  The amendments in connection with phase 2 of the IBOR reform address accounting issues related to the switch to alternative benchmark interest rates and facilitate the accounting treatment of contractual modifications or changes to cash flows in existing contractual relationships that are required as a direct consequence of the IBOR reform. They also concern the continuation of existing hedge accounting relationships despite necessary adjustments to hedged items or hedging transactions in line with the benchmark interest rate reform. It is mandatory for these amendments to be applied from the 2021 financial year. Helaba did not apply these amendments in the reporting year, although early application was permitted. In particular, the practical expedients for the accounting treatment of modifications of the large number of existing contractual relationships will be relevant for Helaba. These practical expedients allow entities to account for the necessary modifications by updating the variable interest rate. The general rules of IFRS 9 relating to the review and recognition of modifications only need to be applied to other modifications that are not directly required as a consequence of the IBOR reform. Overall, no material financial impact is anticipated in subsequent years from the application of this second phase of the IFRS amendments.

- Annual Improvements to IFRSs – 2018–2020 Cycle

  The annual improvements include changes to IFRSs with an impact on recognition, measurement and reporting 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, adjustment of prior-year figures

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 an adjustment of the cost-income ratio for the previous year from 71.1 % to 71.6 % and of the return on equity from 6.3 % to 6.1 %. This has had the following effect on relevant line items in the statement of financial position and income statement for the previous year.

Consolidated Income Statement — in € m

	Notes	2019 as reported	Correction to previous year	2019 after correction
Gains or losses on financial instruments designated voluntarily at fair value	(11)	–146	–15	–161
Profit before taxes		**533**	**–15**	**518**
Taxes on income	(18)	–53	5	–48
Consolidated net profit		**480**	**–10**	**470**
thereof: Attributable to shareholders of the parent		478	–10	468

Consolidated Statement of Comprehensive Income in € m

	2019 as reported	Correction to previous year	2019 after correction
Consolidated net profit according to the consolidated income statement	**480**	**–10**	**470**
Comprehensive income for the reporting period	**352**	**–10**	**342**
thereof: Attributable to shareholders of the parent	350	–10	340

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	(24), (40)	3,978	–15	3,963
Income tax assets	(31)	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	(35)	8,710	–10	8,700
Retained earnings		4,788	–10	4,778
Total equity and liabilities		**207,028**	**–10**	**207,018**

Consolidated Cash Flow Statement in € m

	2019 as reported	Correction to previous year	2019 after correction
Consolidated net profit	**480**	**–10**	**470**
Non-cash items in consolidated net profit and reconciliation to cash flow from operating activities:			
Comprehensive income for the reporting period	**–624**	**–10**	**–634**
Changes in assets and liabilities from operating activities after adjustment for non-cash items:			
Loans and receivables designated voluntarily at fair value	–3,406	15	–3,391
Other assets/liabilities from operating activities	1,135	–5	1,130
Cash flow from operating activities	**11,189**	**–**	**11,189**

In the fourth quarter of 2020, the parameters used in the measurement model for determining credit value adjustments (CVAs) were switched to an updated procedure for obtaining credit spreads. The refinement of the calculation procedure led to an increase of € 39 m in the CVA markdown on the date of the changeover. Likewise in the fourth quarter of 2020, physical collateral from the project financing business was included in the measurement model for CVAs for the first time and led to a decrease of € 10 m in the CVA markdown. These modifications of the measurement model constituted a change in accounting estimates in accordance with IAS 8.32 et seq. Both effects were reported under net trading income in the income statement.

In the cash flow statement, the amount in the item "Payments made for the acquisition of subsidiaries and other operations" has been increased by € 700 m because of an error in the previous year. In a corresponding correction, the cash flow under "Other assets/liabilities" has been reduced by € 700 m.

In Notes (4), (8), (18), (19), (21), (34), (37), (40), (44) and (46), adjustments have also been made to the prior-year figures within the disclosures. Details of the changes are included in the relevant notes.

From financial year 2020, the column showing the change in millions of euros has been omitted from the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of financial position due to technical requirements for the preparation of documents using the European Single Electronic Format (ESEF).

(2) Consolidation of Entities

Principles of consolidation

Under the provisions specified in IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All present facts and circumstances must be used as the basis for establishing whether control exists. An investor must continuously monitor the situation and reassess whether it controls an investee if facts and circumstances change.

With regard to establishing whether an entity qualifies as a subsidiary, the Helaba Group will, if there are material circumstances indicating such a likelihood, review whether Helaba can directly or indirectly exercise power of control over the relevant activities of the entity concerned. In such a review, Helaba will

- determine the purpose and design of the entity concerned,
- identify the relevant activities,
- determine whether Helaba, on the basis of its rights, has the opportunity to direct the relevant activities,
- assess the extent of the risk from the entity or the extent of its participation in the returns generated by the entity, and
- assess whether Helaba has the ability to exploit its power of control to influence the level of its participation in the returns.

The review includes an evaluation of voting rights and also an analysis of other rights and circumstances that in substance could lead to an opportunity for control. The review also considers indicators as to whether there is a de facto agency relationship in accordance with IFRS 10.

If an entity meets the criteria for cellular structures (silos), each step in the review is carried out for each one of these identified structures. Such a structure is deemed to be in existence if, within a legal entity, an asset or group of assets is segregated such that it is considered, in substance and for the purposes of IFRS 10, as a self-contained asset and there is little or no interconnected risk between the asset concerned and other assets or groups of assets in the legal entity in question.

If the outcome of the process for determining the purpose and design of the entity, and for identifying the relevant activities, is that the voting rights are a critical factor in the assessment of the opportunity for control, the Helaba Group generally has control over the entity where the Group, directly or indirectly, has or can control more than half of the voting rights in the entity. Notwithstanding the above, the Helaba Group does not have any opportunity for control if another investor has the ability in practice to direct the relevant activities because this investor can control the majority of the voting rights for the key activities or because the Helaba Group is only acting as a (de facto) agent on behalf of another investor within the meaning of IFRS 10. A review is also conducted to establish whether there are joint management arrangements and, as a result, the opportunity for control is limited.

In the same way, Helaba carries out an assessment in cases in which the Helaba Group does not hold a majority of the voting rights but in which it has the opportunity in practice to unilaterally direct the relevant activities or in which another investor is only acting as a (de facto) agent within the meaning of IFRS 10 on behalf of the Helaba Group. In circumstances other than one in which Helaba holds a general majority of the voting rights, this ability to control may arise, for example, in cases in which contractual agreements give the Helaba Group the opportunity to direct the relevant activities of the entity or potential control over voting rights.

If there are options or similar rights relating to voting rights, these are taken into account in the assessment of whether any party is able to exercise control through voting rights, provided that such options or similar rights are considered substantive. Such assessment takes into account any conditions or exercise periods and also evaluates the extent to which the exercise of such options or similar rights would be economically advantageous.

The test as to whether, regardless of any legal basis, there is an opportunity to exercise control in substance involves the check to establish whether a formal holder of voting rights or the holder of a right that could lead to control over an entity is acting as a (de facto) agent within the meaning of IFRS 10. In this case, in an analysis of the substance of the arrangement, the (de facto) agent is deemed to be acting on behalf of another investor if the agent does not have any material business interests of its own in the entity concerned. This scenario may also arise if this other investor does not have any direct rights to issue instructions but the circumstances are so geared to the requirements of the investor in practice that the investor is exposed to most of the variability of returns from the entity.

A threshold value for participation in the expected variability of returns is used as an initial indicator for the existence of a (de facto) agent within the meaning of IFRS 10. If, from a legal perspective, the Helaba Group has the opportunity to direct the relevant activities of an entity, a threshold value is used as the basis for assessing whether there is any indicator that an interest should be assigned to third parties; the Helaba Group's consolidation duties in accordance with IFRS 10 are also determined on this basis. Such an assignment of the opportunity to exercise control applies, for instance, to the securities investment funds managed by Helaba Invest on behalf of third parties.

If it is unclear whether the Helaba Group has the opportunity to direct the relevant activities of an entity and the Helaba Group is exposed to approximately 90 % or more of the variability of returns, an individual in-depth review is carried out to establish whether the Helaba Group has the opportunity to exercise control over the entity.

The checks described above are carried out periodically for all cases exceeding a materiality threshold. A new assessment is carried out if there are any material changes in the basis of the assessment or if the materiality threshold is exceeded. A multi-stage process is used in which an initial assessment is carried out on the basis of checklists by the local units with customer or business responsibility. This initial procedure consists of an analysis of the opportunities to exercise influence based on legal structures and an assessment of indicators of the exposure to the variability of returns from the entity concerned. Variability of returns takes into account all expected positive and negative contributions from the entity that in substance are dependent on the performance of the entity and subject to fluctuation as a result.

IFRS 11 Joint Arrangements sets out the rules for the accounting treatment of joint ventures or joint operations if two or more parties exercise joint control over an entity. To establish whether there is joint control, the first step is to determine who exercises power of control over the relevant activities, a procedure that is similar to that used in the case of subsidiaries. If this control is exercised collectively by two or more parties on a contractual basis, a joint arrangement is deemed to be in existence. To date, the review of the cases involving joint arrangements has regularly led to a classification of these arrangements as joint ventures. The review takes into account separate agreements on joint decision-making or on the exercise of voting rights, the minimum number of votes necessary for decisions, the number of shareholders and associated proportions of voting rights, possible (de facto) agent relationships and, on a case-by-case basis, consent requirements under other contractual relationships.

In an existing shareholding, there is generally a significant influence if at least 20 % of the voting rights are held. Other parameters and circumstances are taken into account in addition to the extent of the voting rights to assess whether the Helaba Group can exercise a significant influence in practice over entities in other scenarios. These parameters and circumstances include, for example, employee representation on the management or supervisory bodies of the entity or, where applicable, the existence of consent requirements for key decisions to be made by the entity concerned. If such factors are identified during the course of the review, the Helaba Group may be deemed to have a significant influence in such cases even though its equity investment is equivalent to less than 20 % of voting rights. An in-depth analysis is carried out covering all opportunities for the exercise of influence and the relationships between the shareholders.

The review of the existence of joint control or associate relationships is regularly carried out as part of the process for identifying subsidiaries subject to consolidation.

All material subsidiaries and other entities directly or indirectly controlled by the Helaba Group are fully consolidated in the consolidated financial statements. Material joint ventures and investments in associates are recognised and measured using the equity method as specified in IAS 28. In individual cases where the entity concerned is only of minor significance in the context of the economic circumstances of the Group from both individual and overall perspectives, the entity concerned has not been consolidated or been recognised and measured using the equity method. Materiality is reviewed and decided upon by comparing the volume of total assets (assessed as being long term) and level of profit for the entity concerned against threshold values. The threshold values are determined on the basis of the average total assets and levels of profit for the Group over the last five years.

Entities are consolidated for the first time on the date of acquisition, or on the date an opportunity for control arises as defined in IFRS 10, using the acquisition method. The assets and liabilities are measured at the fair value on the date of this first-time consolidation. Any positive differences arising from this initial acquisition accounting process are recognised as goodwill under intangible assets on the face of the statement of financial position. This goodwill is subject to an impairment test at least once a year (see Note (30)). If any negative goodwill arises from this initial consolidation, the fair values are first reviewed before the resulting amount is recognised immediately in profit or loss.

Any shares in subsidiaries not attributable to the parent company are reported as a share of equity attributable to non-controlling interests within the consolidated equity; the equivalent net profit and comprehensive income is reported respectively as net profit attributable to non-controlling interests on the face of the consolidated income statement and comprehensive income attributable to non-controlling interests on the face of the consolidated statement of comprehensive income. Non-controlling interests are determined at the time of initial recognition on the basis of the fair values of the assets and liabilities attributable to these non-controlling interests and then updated.

In the case of a business combination achieved in stages (step acquisition), the entity is consolidated from the date on which control is obtained. Any investments acquired prior to the date on which control is obtained are remeasured at fair value on the date of acquisition and used as the basis for acquisition accounting. The difference between the carrying amounts of these previously recognised investments and the fair value is recognised in profit or loss after recycling any components of the carrying amounts hitherto recognised in other comprehensive income (resulting from remeasurement using the equity method or because the assets are designated as financial assets measured at fair value through other comprehensive income).

If entities that have previously been consolidated or accounted for using the equity method no longer have to be included in the consolidation, they are deconsolidated with recognition in profit or loss, or no longer accounted for using the equity method, on the date on which the consolidation requirement no longer applies. The remaining investments are recognised in accordance with IFRS 9 either at fair value through other comprehensive income for strategic investments or at fair value through profit or loss for non-strategic investments, or in accordance with IAS 28 for investments measured using the equity method.

If investments in subsidiaries, joint ventures or associates are intended for disposal in the short term, and the other relevant criteria are satisfied, these investments are measured in accordance with IFRS 5 and the assets, liabilities and share of net profit/loss reported under a separate item on the face of the consolidated statement of financial position and consolidated income statement.

Any intercompany balances between consolidated entities and any income and expenses arising between such entities are eliminated. Intercompany profits and losses arising on transactions between consolidated entities are also eliminated.

Investments in associates and joint ventures are recognised in the statement of financial position at their acquisition cost from the date on which significant influence is obtained or the date on which joint control is established. The carrying amount is remeasured in subsequent years taking into account pro rata changes in equity and the amortisation of identified hidden reserves and charges. The pro rata net profit or loss for the year from such investments, any impairment losses and other loss allowances are reported under share of profit or loss of equity-accounted entities on the face of the consolidated income statement. The share of other comprehensive income of equity-accounted entities is reported as a separate line item in the consolidated statement of comprehensive income.

If the recoverable amount of an investment accounted for using the equity method is less than the current carrying amount, an impairment loss is recognised. If the reasons for a previously recognised impairment loss no longer exist, the impairment loss is reversed, but only up to a maximum of the pro rata carrying amount that would have been recognised, including any amortisation, if the impairment loss had not been applied.

In addition to the parent company Helaba, a total of 115 entities are consolidated in the Helaba Group, as was the case as at 31 December 2019. Of this total, 85 (31 December 2019: 88) entities are fully consolidated and 30 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 27 subsidiaries, 17 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	Established and consolidated for the first time in March 2020
IMAP M&A Consultants AG, Mannheim	Added and consolidated for the first time in March 2020
MKB PARTNERS, LLC	Added and 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.

Entities removed

BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt FBM Freizeitbad Mühlhausen KG, Frankfurt am Main	Deconsolidated in November 2020 because the entity was no longer material following the sale of the real estate held by the entity
FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020
FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020
FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020
FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020
GWH WohnWertInvest Deutschland II, Hamburg	Deconsolidated in November 2020 because of the sale of units in the securities investment fund
Hafenbogen GmbH & Co. KG, Frankfurt am Main	Shares sold in September 2020
HI-A-FSP-Fonds, Frankfurt am Main	Securities investment fund wound up in December 2020
HI-FBP-Fonds, Frankfurt am Main	Securities investment fund wound up in December 2020
Projekt Hirschgarten MK8 GmbH & Co. KG, Frankfurt am Main	Shares sold in October 2020

None of the FHP entities previously fully consolidated and now included by using the equity method constitute a business as defined by IFRS 3. The gain from the deconsolidation of the FHP entities amounted to a total of € 3 m. The deconsolidation of Hafenbogen GmbH & Co. KG generated a gain of € 17 m. The deconsolidation of Projekt Hirschgarten MK8 GmbH & Co. KG resulted in a gain of € 77 m. The net gains from the deconsolidation of the last two entities included provision expenses in connection with the sold assets amounting to a total of € 5 m.

The net gains on deconsolidation are reported within other net operating income. The remeasurement gains or losses in respect of the remaining shares in BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt FBM Freizeitbad Mühlhausen KG amounting to a net gain of approximately € 2 m and in Hafenbogen GmbH & Co. KG amounting to a net gain of less than € 1 m were included in the calculation of the net gain on deconsolidation.

Changes in the group of equity-accounted entities

Entities added

FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020
FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020
FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020
FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	Switched from fully consolidated entity to equity-accounted entity following disposal of shares in November 2020

Entities removed	
OFB & Procom Rüdesheim GmbH & Co. KG, Frankfurt am Main	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.

(3) Financial Instruments

In the Helaba Group, financial instruments are recognised and measured in accordance with the provisions of IFRS 9 Financial Instruments. In the case of cash transactions, non-derivative financial instruments are recognised for the first time in the statement of financial position on the settlement date, and derivatives on the trade date. The recognition of amounts in the consolidated statement of financial position and consolidated income statement is based on the measurement categories and classes of financial instruments described below.

Categories of financial instruments

On initial recognition, financial assets are allocated to a measurement category, which then serves as a basis for subsequent measurement. The categorisation of debt instruments is based on the allocation to a business model (business model criterion) and by an assessment as to whether the asset satisfies the SPPI (solely payments of principal and interest) criterion. Financial liabilities are generally measured at amortised cost unless they are intended for trading, they are derivatives or the fair value option is exercised.

To determine the underlying business model for financial assets, an assessment must be carried out at portfolio level to establish whether the cash flows for the financial instruments to be classified are to be generated by collecting the contractual cash flows ("hold to collect" business model) or also by selling the financial instrument ("hold to collect and sell" business model), or whether a different business model is involved. Examples of different business models are an intention to trade or management on the basis of the fair value. In the first step, financial instruments are classified according to the business models used for these portfolios. Financial assets are allocated to the "hold to collect" business model if financial instruments in the portfolio concerned are only expected to be sold rarely or in small volumes. The assessment does not into take into account the sale of such financial instruments shortly before the maturity date or in the event of a rise in default risk on the part of the borrower. Any other non-material disposals (i.e. unrelated to the frequency or volume criteria) lead to a review of the business model criterion for future classifications of financial assets.

A financial asset is reviewed on an individual transaction basis to assess whether the SPPI criterion is satisfied. The SPPI criterion is deemed to be satisfied if the contractual cash flows from the financial asset are exclusively the same as those in a lending relationship (i.e. from an economic perspective, solely payment of principal and interest). Other components of cash flows that represent other risks (such as market risk and leverage effects) rather than just interest for the term of the loan and the credit quality of the borrower generally mean that the SPPI criterion under IFRS 9 is not satisfied. Only contractual components of very minor financial significance (for example, because they are very unlikely to materialise or only have a very marginal impact on the cash flows) can be compatible with the requirements of the SPPI criterion.

- Measured at amortised cost (AC)
  Financial assets in the "hold to collect" business model that satisfy the SPPI criterion and for which the fair value option has not been exercised are measured at amortised cost (AC). Non-derivative financial liabilities that are not intended for trading and for which the fair value option has not been exercised are also measured at amortised cost.

- Measured at fair value through profit or loss (FVTPL)
  The financial instruments measured at fair value through profit or loss (FVTPL) measurement category is used for all financial instruments that do not meet the SPPI condition, that are not allocated to either the "hold to collect" or "hold to collect and sell" business models, or for which the fair value option (FVO) has been exercised. Business models other than "hold to collect" and "hold to collect and sell" therefore cover all other portfolios and include, for example, portfolios of financial instruments held for trading purposes or managed on the basis of fair value. A distinction is made within this measurement category (FVTPL) between financial instruments mandatorily measured at fair value through profit or loss and financial instruments (voluntarily) designated at fair value through profit or loss (financial instruments to which the fair value option is applied (FVTPL FVO)). To ensure that the importance of trading activities is properly reflected in financial

statements, a further breakdown is applied to the financial instruments mandatorily measured at fair value through profit or loss measurement category for the purposes of reporting in the consolidated statement of financial position and consolidated income statement. This breakdown consists of two subcategories: assets and liabilities held for trading (FVTPL HfT) and other financial assets mandatorily measured at fair value through profit or loss (FVTPL MAND).

- Measured at fair value through other comprehensive income (FVTOCI)
  The financial instruments measured at fair value through other comprehensive income measurement category consists of financial assets that are allocated to the "hold to collect and sell" business model and for which the SPPI criterion is satisfied unless the fair value option has been exercised. Generally speaking, equity instruments do not satisfy the SPPI criterion and have to be measured at fair value through profit or loss. However, IFRS 9 offers an irrevocable election option at the time of initial recognition whereby equity instruments as defined in IAS 32 may be measured at fair value through other comprehensive income if such instruments are acquired for non-trading purposes. The net gains or losses on the remeasurement of debt instruments recognised in other comprehensive income (OCI) are reclassified to profit or loss (i.e. they are recycled to the consolidated income statement) on derecognition of the financial instrument concerned. However, the net gains or losses on remeasurement of equity instruments recognised in OCI are not recycled to the consolidated income statement on the recognition of the financial instrument concerned; instead, these net gains or losses are reclassified within equity from OCI to retained earnings (i.e. there is no recycling).

Please refer to the relevant line items in the consolidated statement of financial position disclosures for further information on the measurement categories.

Classes of financial instruments

The classes of financial assets and financial liabilities described below, which have different characteristics, are used for the financial instrument disclosures in the notes. In some of the disclosures, these classes are broken down into sub-classes. The definition of these classes is based on the classes of instruments specified by the FINREP financial reporting framework developed by the European Banking Authority (EBA).

- Demand deposits and overnight money balances with central banks and banks
  This class encompasses all demand deposits and credit balances with central banks and banks repayable on demand that are not classified as loans and receivables.

- Bonds and other fixed-income securities
  This class comprises debt instruments in the form of securities held by the Helaba Group. Certain characteristics, such as the nature of the collateral, subordination or the existence of a compound instrument, have no bearing on the classification. A distinction is made between money market instruments and medium- and long-term bonds based on the original maturity of the security concerned. All bonds and other fixed-income securities, regardless of what they are actually called, are deemed to be money market instruments if their original maturity is one year or less. Examples of money market instruments are commercial paper and certificates of deposit.

- Loans and receivables
  All non-derivative debt instruments not classified as bonds or other fixed-income securities are treated as loans and receivables. In addition to loans and deposits repayable on demand (with the exception of credit balances that are reported under cash on hand, demand deposits and overnight money balances with central banks and banks), such instruments include fixed-term loans, credit card receivables, trade accounts receivable, finance lease receivables and reverse repos.

- Positive and negative fair values of derivatives
  The Helaba Group holds derivatives for trading (trading book) and for hedging purposes (banking book). In the case of derivatives held for hedging purposes, a distinction is made between derivatives used for economic hedging as part of hedge management for which the formal documentation requirements specified in IFRS 9 are not satisfied (economic hedges) and derivatives used in qualifying hedging relationships in accordance with IFRS 9.

- Equity shares and other variable-income securities
  This class comprises equity instruments and other securities for which no fixed interest payments have been agreed. The class largely consists of shares or participation documents evidencing a share in the assets of a public limited company or entity with a similar legal structure, provided that the involvement is not intended to support Helaba's own business operations by establishing a lasting relationship (in which case the securities must be allocated to the shareholdings class). This class also includes shares / units in securities investment funds in the form of special institutional funds and retail funds (such as equity funds, fixed-income funds, mixed funds and real estate funds).

- Shareholdings
  The shareholdings class comprises equity shares in unconsolidated affiliated companies, non-equity-accounted joint ventures, non-equity-accounted associates and other equity investments. This class also includes shares in entities that are of minor significance and are therefore not fully consolidated or accounted for using the equity method.

- Receivables from the purchase of endowment insurance policies
  This class consists of endowment insurance policies purchased on the secondary market by two subsidiaries.

- Securitised liabilities
  Securitised liabilities comprise the debt instruments issued by the Helaba Group as securities. The class brings together issued money market instruments, medium- / long-term bonds and equity / index certificates, reflecting the composition of the bonds and other fixed-income securities asset class. This class of liabilities also includes subordinated bearer bonds, profit-participation certificates and silent participation certificates issued by the Helaba Group.

- Deposits and loans
  The definition of deposits and loans is based on the definition of the term "Deposits" in Part 2 of Annex II of Regulation (EU) No 1071 / 2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector. The class comprises amounts invested with the Helaba Group by creditors except amounts arising from the issue of negotiable securities. The class includes deposits on savings accounts, overnight deposit accounts and term deposit accounts as well as (promissory note) loans taken out by the Helaba Group, plus lease liabilities under long-term leases. For the purposes of the aforementioned Annex, deposits and loans are further subdivided into deposits and loans repayable on demand (overnight deposits), deposits and loans with agreed maturity, deposits and loans redeemable at notice and repurchase agreements (repos).

- Liabilities arising from short-selling of securities
  If, during the term of a securities lending transaction or repo, the Helaba Group sells borrowed securities to third parties, its obligation to return the securities to the original lender or seller is recognised as a liability arising from short-selling of securities.

- Other financial liabilities
  Other financial liabilities comprise all financial liabilities that are not classified as negative fair values of derivatives, securitised liabilities, deposits and loans, liabilities under short-term leases or under leases in which the underlying asset is of low value, or liabilities arising from short-selling of securities. Examples of other financial liabilities include dividends to be distributed, charges under executory contracts and trade payables.

- Loan commitments
  Loan commitments are firm obligations entered into by the Helaba Group to provide a loan to a potential borrower on the basis of terms and conditions contractually established in advance. Loan commitments also include forward loans in which the Helaba Group enters into an irrevocable agreement with a potential borrower to issue a loan at a future point in time on the basis of terms specified when the agreement is signed (forward interest rate). Loan commitments that constitute derivatives or for which the fair value option was exercised on initial recognition are measured at fair value both on initial measurement and in any subsequent remeasurement. The loan commitments covered by this class comprise solely loan commitments to which the impairment rules under IFRS 9 apply. Loan commitments that do not fall within the scope of the impairment requirements under IFRS 9 are classified as sundry obligations and reported under sundry obligations (within the scope of IAS 37). Examples of such loan commitments are loan commitments in which the party making the commitment can legally withdraw from the commitment unilaterally and unconditionally at any time and in which therefore no default risk arises.

- Financial guarantees
  A financial guarantee is a contract in which the guarantor is obliged to make a specified payment that compensates the beneficiary of the guarantee for a loss incurred. Such a loss arises because a specified debtor fails to meet contractual payment obligations in relation to a debt instrument. The guarantor's obligation arising in connection with a financial guarantee is recognised on the date the contract is signed. The Helaba Group recognises financial guarantees in which it is the guarantor at fair value, which is zero when the contract is signed if the expected payments (present value of the obligation) are the same as the consideration in the form of premium instalments paid in arrears and on an arm's-length basis (present value of premiums). When a financial guarantee is subsequently remeasured in accordance with the rules under IFRS 9 for recognising impairment losses, a provision is recognised for anticipated losses that may arise from a claim under the guarantee. Financial guarantees for which the fair value option was exercised on initial recognition are measured at fair value both on initial measurement and in any subsequent remeasurement.

Consolidated Income Statement Disclosures

(4) Net Interest Income

The net interest income item encompasses the interest income and interest expenses arising from financial assets and liabilities with the exception of net interest income in connection with financial instruments held for trading, which is reported as part of net trading income.

Net interest income also includes the net interest income or expense from pension obligations and the interest cost arising from the unwinding of the discount on non-current provisions and other liabilities recognised at present value.

In the case of financial instruments measured at fair value, differences may arise between the transaction price and the fair value (day-one profit or loss). Any day-one profit or loss is normally recognised immediately in profit or loss. If the calculation of the fair value is not based on observable measurement parameters, the day-one profit or loss must be recognised in profit or loss over the maturity of the asset concerned using the effective interest method.

From the date on which a hedge is established using hedge accounting, the difference between the amortised cost and the repayment amount of a designated hedge is recognised on a pro rata basis under net interest income.

The Helaba Group reports positive interest on financial liabilities under interest income, and negative interest on financial assets under interest expense. On the other hand, cash flows resulting from derivatives are offset against each other and reported either in interest income or interest expense in the same way that cash flows for each derivative are netted in a normal interest rate environment.

in € m

	2020	2019[1)]
Interest income from	**3,340**	**3,951**
Financial assets measured at amortised cost	**2,016**	**2,327**
thereof: Calculated using the effective interest method	1,964	2,224
Bonds and other fixed-income securities	–	0
Loans and receivables	2,016	2,327
Non-trading financial assets mandatorily measured at fair value through profit or loss	**735**	**1,055**
Bonds and other fixed-income securities	23	26
Loans and receivables	4	2
Derivatives not held for trading	708	1,027
Financial assets designated voluntarily at fair value	**28**	**22**
Bonds and other fixed-income securities	3	3
Loans and receivables	25	19
Financial assets measured at fair value through other comprehensive income	**121**	**193**
thereof: Calculated using the effective interest method	120	193
Bonds and other fixed-income securities	114	187
Loans and receivables	7	6
Hedging derivatives under hedge accounting	**214**	**209**
Financial liabilities (negative interest)	**156**	**79**
Financial liabilities measured at amortised cost	156	79
Financial liabilities designated voluntarily at fair value	0	–
Other	**70**	**66**
Cash on hand and demand deposit balances	1	3
thereof: Calculated using the effective interest method	1	3
Commitment fees	69	63

Table continued on next page.

in € m

	2020	2019[1)]
Interest expense on	**–2,168**	**–2,760**
Financial liabilities measured at amortised cost	**–978**	**–1,311**
Securitised liabilities	–337	–479
Deposits and loans	–640	–832
Other financial liabilities	–1	–0
Derivatives not held for trading	**–481**	**–606**
Financial liabilities designated voluntarily at fair value	**–176**	**–165**
Securitised liabilities	–55	–72
Deposits and loans	–120	–93
Hedging derivatives under hedge accounting	**–349**	**–540**
Financial assets (negative interest)	**–155**	**–99**
Financial assets measured at amortised cost	–155	–99
Financial assets measured mandatorily at fair value through profit or loss	–0	–0
Financial assets designated voluntarily at fair value	–1	0
Financial assets measured at fair value through other comprehensive income	–0	–
Provisions and other liabilities	**–28**	**–39**
Unwinding of discount on provisions for pension obligations	–26	–35
Unwinding of discount on other provisions	–0	–1
Sundry liabilities	–2	–3
Total	**1,172**	**1,191**

[1)] Prior-year figures adjusted: In the previous year, interest income from cash on hand and demand deposit balances in an amount of € 3 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.

Effects of the ECB’s targeted longer-term refinancing operations (TLTRO III)

Of the income from negative interest rates in connection with liabilities, € 34 m related to the higher balances of funds drawn down under the ECB’s targeted longer-term refinancing operations. In 2019, the ECB had decided on the terms and conditions for a third series of quarterly tenders from 2020 onwards (TLTRO III). The terms and conditions, which were updated again in 2020, provide for interest (calculated using the average main refinancing rate over the maturity) to be paid out retrospectively on repayment or on the maturity date. The terms also grant a reduction in the interest rate of 50 basis points for a special interest period up to 23 June 2021. In addition, depending on the growth in net lending granted as at a particular accounting date, there is also the opportunity to earn a further interest benefit in the form of a (pro rata) reduction in the primary debt.

In the two tender procedures in June and September, the Helaba Group borrowed a total of € 17.4 bn. Funding of € 2.2 bn received under earlier tenders was repaid. The guaranteed interest rate reduction for the special interest period is recognised proportionately under net interest income in the income statement as a component of the effective interest rate. As the availability of additional interest rate benefits depends on the attainment of future net lending growth as at particular accounting dates, such interest rate benefits are not recognised in advance on a pro rata basis until it is reasonably certain that all conditions will be satisfied or that the entitlement will arise.

(5) Loss Allowances

The "Loss allowances" item in the consolidated income statement includes all impairment expenses and income in relation to financial assets in the measurement categories AC (including trade accounts receivable and lease receivables) and FVTOCI (recycling) where such commitments and guarantees are subject to the IFRS 9 impairment requirements. This includes additions to cumulative loss allowances, reversals, direct write-downs, recoveries on loans and receivables previously written off as well as necessary adjustments to loss allowances in the case of modifications of stage 3 financial assets and in the case of purchased or originated credit-impaired (POCI) financial assets. This item also includes the additions and reversals of provisions in respect of credit risk arising on loan commitments and financial guarantees within the scope of application of the IFRS 9 impairment model.

in € m

	2020	2019
Financial assets measured at amortised cost	**–296**	**–78**
Demand deposits and overnight money balances at central banks and banks	0	0
Additions to cumulative loss allowances	–0	–0
Reversals of cumulative loss allowances	0	0
Bonds and other fixed-income securities	–	0
Reversals of cumulative loss allowances	–	0
Loans and receivables	–296	–78
Additions to cumulative loss allowances	–509	–345
Reversals of cumulative loss allowances	212	260
Direct write-offs	–3	–3
Recoveries on loans and receivables previously written off	4	10
Financial assets measured at fair value through other comprehensive income	**–1**	**–0**
Bonds and other fixed-income securities	–0	1
Additions to cumulative loss allowances	–1	–
Reversals of cumulative loss allowances	1	1
Loans and receivables	–1	–1
Additions to cumulative loss allowances	–1	–1
Reversals of cumulative loss allowances	0	0
Loan commitments	**–3**	**1**
Additions to provisions	–45	–98
Reversals of provisions	42	99
Financial guarantees	**–5**	**–9**
Additions to provisions	–29	–34
Reversals of provisions	24	25
Total	**–305**	**–86**

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

If the modification is not substantial, the gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows discounted using the original effective interest rate. Gains or losses from this adjustment are reported in this item if they arise from financial assets in stages 1 or 2 or from financial liabilities. Gains and losses from the modification of financial assets in stage 3 or POCI assets are reported under loss allowances (see Notes (5) and (37)). Likewise, please refer to Note (37) for general disclosures on modifications and the distinction between substantial and non-substantial modifications.

In the reporting period, there were no gains or losses from non-substantial modifications of contractual cash flows (2019: € 0 m).

(7) Dividend Income

Dividend income from equity instruments mandatorily measured at fair value and from equity instruments measured at fair value through other comprehensive income on the basis of the FVTOCI option is reported in this line item as soon as a legal right to payment is established. Dividend income from equity instruments allocated to the trading book is recognised as part of net trading income. Dividend income includes dividends from public limited companies, profit distributions from other companies, income under profit transfer agreements with unconsolidated affiliated companies and distributions from special institutional funds and retail funds.

in € m

	2020	2019
Related to financial assets mandatorily measured at fair value through profit or loss	**14**	**16**
Equity shares and other variable-income securities	7	8
Shares in unconsolidated affiliates	5	5
Shares in non-equity-accounted joint ventures	0	0
Other equity investments	2	3
Related to financial assets measured at fair value through other comprehensive income	**2**	**2**
Other equity investments	2	2
Total	**16**	**18**

(8) Net Fee and Commission Income

Net fee and commission income comprises income and expenses from banking service business. Fee and commission income and expenses from trading-related activities are reported within net trading income. Income from non-banking services is recognised as sundry income within other net operating income.

in € m

	2020	2019[1)]
Lending and guarantee business	76	75
Account management and payment transactions	130	124
Asset management	111	105
Securities and securities deposit business	48	42
Management of public-sector subsidy and development programmes	44	40
Other fees and commissions	25	9
Total	**435**	**395**

[1)] Prior-year figures adjusted: Loan processing fees of € 15 m together with fees and commissions of € 7 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

Revenue recognition in accordance with IFRS 15

Revenue from contracts with customers is recognised in accordance with the provisions of IFRS 15. No options available under IFRS 15 have been applied in the recognition of revenue. Fees in connection with identified independent service obligations performed at a specific time and that are not included in the effective interest rate are recognised on the date of performance. Where these services are not invoiced individually and immediately to the customer, invoices are issued at least once a year. Fees that are paid for services delivered over a period of time are recognised on the reporting date according to the percentage of completion.

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	**18**	**174**	**328**	**47**	**–**	**–12**	**555**
Lending and guarantee business	16	62	3	–	–	–0	82
Account management and payment transactions	–	67	71	–	–	–1	136
Asset management	–	–	121	–	–	–5	115
Securities and securities deposit business	–	43	73	–	–	–4	112
Management of public-sector subsidy and development programmes	–	–	–	44	–	–	44
Other	1	2	61	2	–	–2	65
Revenue in accordance with IFRS 15 under other operating income	**–**	**1**	**48**	**1**	**52**	**–13**	**88**
Total	**18**	**175**	**377**	**47**	**52**	**–25**	**643**

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

in € m

	Real Estate	Corporates & Markets[1]	Retail & Asset Management[1]	WIBank	Other	Consolidation/reconciliation	Group[1]
Fee and commission income	**19**	**159**	**312**	**41**	**–0**	**–17**	**514**
Lending and guarantee business	19	63	1	–	0	1	84
Account management and payment transactions	–	68	64	–	–	–1	131
Asset management	–	–	116	–	–0	–8	108
Securities and securities deposit business	–	20	85	–	0	–7	98
Management of public-sector subsidy and development programmes	–	–	–	40	–	–	40
Other	–	8	46	1	0	–2	53
Revenue in accordance with IFRS 15 under other operating income	**–**	**–**	**46**	**0**	**69**	**–11**	**104**
Total	**19**	**159**	**358**	**41**	**69**	**–28**	**618**

[1] Prior-year figures adjusted: Loan processing fees of € 15 m in the Corporates & Markets segment together with fees and commissions of € 7 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.

As at 31 December 2020, the balance of receivables and contract assets in connection with IFRS 15 amounted to € 74 m (31 December 2019: € 27 m). As at 31 December 2020, Helaba had contractual liabilities of € 4 m (31 December 2019: € 6 m) that are expected to crystallise in 2020 with income of at least the same amount.

Net trading income includes remeasurement and disposal gains or losses on financial instruments held for trading, interest and dividends resulting from trading assets as well as fees and commissions in connection with trading activities. All gains and losses from the currency translation of financial assets and liabilities, regardless of measurement category, are recognised as currency gains and losses within net trading income.

(9) Net Trading Income

in € m

	2020	2019
Equity-/index-related transactions	**1**	**0**
Equity shares and other variable-income securities	–0	10
Equities	0	10
Investment units	–0	0
Equity/index certificates	–1	–2
Issued equity/index certificates	2	–8
Interest-rate-related transactions	**39**	**55**
Bonds and other fixed-income securities	120	97
Loans and receivables	38	36
Repayable on demand and at short notice	–0	0
Securities repurchase transactions (reverse repos)	–1	–0
Other fixed-term loans	39	36
Other receivables not classified as loans	0	0
Short sales	0	2
Issued money market instruments	–2	–11
Deposits and loans	19	6
Payable on demand	5	3
Securities repurchase transactions (repos)	14	3
Other financial liabilities	0	0
Interest-rate derivatives	–136	–75
Currency-related transactions	**29**	**52**
Foreign exchange	–82	93
FX derivatives	111	–41
Credit derivatives	**–22**	**–11**
Commodity-related transactions	**21**	**11**
Net fee and commission income or expense	**–32**	**–27**
Total	**35**	**80**

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

The gains or losses from fair value measurement and from the derecognition of financial instruments not held for trading mandatorily measured at fair value through profit or loss are reported under this item. The unrealised remeasurement gains or losses result from the non-exchange-rate-related change in fair value, disregarding accrued interest (change in clean fair value).

in € m

	2020	2019
Derivatives not held for trading	**29**	**106**
Equity/index certificates	–12	9
Interest-rate derivatives	72	83
Cross-currency derivatives (FX derivatives)	–31	14
Credit derivatives	–	–0
Bonds and other fixed-income securities	**–3**	**78**
Loans and receivables	**12**	**7**
Equity shares and other variable-income securities	**–5**	**5**
Shareholdings	**–6**	**–5**
Shares in unconsolidated affiliates	–5	1
Shares in non-equity-accounted joint ventures	–0	–0
Shares in non-equity-accounted associates	–0	–2
Other equity investments	–0	–4
Receivables from the purchase of endowment insurance policies	**3**	**3**
Total	**29**	**194**

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

This line item is used to report the realised and unrealised gains or losses on financial assets and financial liabilities designated voluntarily at fair value. They comprise only the non-exchange-rate-related changes in fair value. In the case of the measurement of financial liabilities, changes in fair value attributable to changes in Helaba's own credit risk are not recognised in this consolidated income statement item, but in accumulated OCI instead.

in € m

	2020	2019[1]
Bonds and other fixed-income securities	6	5
Loans and receivables	204	118
Securitised liabilities	–61	–54
Deposits and loans	–208	–230
Total	**–59**	**–161**

[1] Prior-year figures restated: The net gain on loans and receivables has been reduced by € 15 m (see Note (1)).

(12) Net Income from Hedge Accounting

The changes in value of the hedged items and hedging instruments included in hedging relationships, together with any ineffective portions, relating to the hedged risk (interest rate risk, currency risk) are reported under net income from hedge accounting. The hedging costs associated with hedging currency risks are disclosed in the accumulated other comprehensive income (OCI).

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

If a financial asset in the FVTOCI (recycling) measurement category forms part of a hedge subject to hedge accounting, the portion of the remeasurement gains or losses attributable to the hedged risk is recognised under net income from hedge accounting.

Please refer to Note (25) for the disclosures on the positive and negative fair values of hedging derivatives covered by hedge accounting.

The following table shows the ineffective portion of hedges reported in the income statement or in other comprehensive income (OCI):

in € m

	Consolidated income statement: Recognised ineffective portion of hedges		Comprehensive income: Recognised hedge costs	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Fair value hedges – micro hedges	**–4**	**17**	**–**	**–**
Interest rate hedges	–4	17	–	–
Change in fair value of hedging derivatives in the reporting period	–259	–107	–	–
Interest-rate-related change in fair value of hedged items in the reporting period	256	124	–	–
Fair value hedges – group hedges	**2**	**–2**	**–7**	**–4**
Foreign currency hedges	2	–2	–7	–4
Change in fair value of hedging derivatives in the reporting period	1,358	–482	–7	–4
Spot-rate-related change in fair value of hedged items in the reporting period	–1,356	480	–	–
Total	**–2**	**15**	**–7**	**–4**

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

This item consists of the net gains or losses from the early derecognition (as a result of disposal or substantial modification) of financial instruments measured at amortised cost in stages 1 and 2 and of financial assets measured at fair value through other comprehensive income in stages 1 and 2.

For financial assets measured at amortised cost, the recognition of the gain or loss on derecognition is based on the stage under the impairment model at the time of derecognition. In the case of financial assets in stage 1, the previously recognised cumulative loss allowances are first reversed through the loss allowances item in the consolidated income statement. A net gain or loss on derecognition in the amount of the difference between the selling price and the gross carrying amount is then recognised. For instruments in stage 2, the cumulative loss allowances are first utilised and the difference between the selling price and gross carrying amount after utilisation is then recognised as a net gain or loss on derecognition. In the case of impaired financial assets in stage 3, the main factor determining fair value in a sale transaction is the credit risk. The cumulative loss allowances are therefore first adjusted until the selling price equates to the net carrying amount. Accordingly, all effects from the sale of financial assets in stage 3 are recognised under loss allowances (see Note (37)). Generally speaking, the same system is used for financial assets measured at fair value through other comprehensive income. In addition, the non-credit-risk-related changes in fair value accumulated up to that point in accumulated OCI are recycled to profit or loss.

in € m

	2020	2019
Related to financial assets measured at amortised cost	**2**	**1**
Loans and receivables	2	1
Related to financial assets measured at fair value through other comprehensive income	**7**	**–1**
Bonds and other fixed-income securities	7	–1
Related to financial liabilities measured at amortised cost	**2**	**8**
Securitised liabilities	–	–0
Deposits and loans	2	8
Total	**10**	**8**

(14) 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

	2020	2019
Share of profit or loss of equity-accounted joint ventures	**0**	**21**
Share of profit or loss	–0	23
Impairment losses or impairment loss reversals	1	–2
Gain/loss on disposals	–0	–0
Share of profit or loss of equity-accounted associates	**4**	**3**
Share of profit or loss	4	3
Total	**4**	**24**

(15) Other Net Operating Income

in € m

	2020	2019
Gains (+) or losses (–) from the disposal of non-financial assets	**60**	**59**
Investment property	25	25
Property and equipment	23	–0
Intangible assets	–0	–0
Inventories	12	34
Impairment losses (–) or reversals of impairment losses (+) on non-financial assets	**–25**	**–23**
Investment property	–1	–
Property and equipment	–1	–0
Intangible assets	–9	–1
Goodwill	–7	–
Other intangible assets	–2	–1
Inventories	–14	–22
Additions (–) to or reversals (+) of provisions	**13**	**–71**
Provisions for off-balance sheet liabilities (excluding loan commitments and financial guarantees)	–0	–0
Restructuring provisions	0	–86
Provisions for litigation risks and tax proceedings	–0	0
Sundry provisions	13	15
Gain from a bargain purchase	**–**	**163**
Income or expense from the elimination of intragroup transactions of subsidiaries consolidated for the first time	**–**	**–29**
Income from the deconsolidation of subsidiaries	**97**	**3**
Other net operating income	**218**	**216**
Investment property	191	189
Property and equipment	15	17
Inventories	12	10
Rental income under non-cancellable subtenancy arrangements	**1**	**3**
Income from non-banking services	**20**	**31**
Income and expenses from the absorption of losses	**–0**	**–**
Profit transfer expenses	**–0**	**–0**
Sundry other operating income and expenses	**–29**	**9**
Total	**356**	**361**

Gains or losses from the deconsolidation of subsidiaries resulted mainly from the derecognition of entities in the real estate sector. For further details, please refer to Note (2).

As in the previous year, the impairment losses on non-financial assets mainly related to property held for sale. For further information on the recognition of impairment losses in respect of goodwill, please refer to Note (30).

Sundry other operating income and expenses included revenue recognised in accordance with IFRS 15. Please refer to Note (8) for further disclosures.

The additions to the restructuring provisions in the previous year were attributable for the most part to the "Scope" efficiency programme launched by Helaba in 2019.

In 2019, 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, the expense from the elimination of intragroup transactions of subsidiaries consolidated for the first time amounting to € 29 m and a restructuring provision of € 9 m.

The following table shows a breakdown of the income and expenses from investment property included in other net operating income:

in € m

	2020	2019
Income from investment property	**395**	**382**
Rental and lease income	364	349
Gains on derecognition	25	25
Reversals of impairment losses	0	–
Other income	5	8
Expenses from investment property	**–179**	**–168**
Operating and maintenance expenses	–174	–164
thereof: From property leased out	–174	–164
Losses on derecognition	–0	–
Impairment losses	–1	–
Miscellaneous expenses	–4	–4
Total	**215**	**214**

(16) General and Administrative Expenses

in € m

	2020	2019
Personnel expenses	**–686**	**–683**
Wages and salaries	–537	–539
Social security	–81	–80
Expenses for pensions and other benefits	–68	–64
Other administrative expenses	**–654**	**–711**
Business operating costs	–113	–116
Audit and consultancy services	–89	–127
IT expenses	–267	–270
Expenses for business premises	–38	–40
Cost of advertising, public relations and representation	–20	–36
Mandatory contributions	–127	–122
thereof: Contributions to SGVHT and DSGV protection schemes	–32	–39
thereof: Mandatory contributions to the European Single Resolution Fund	–51	–42
Total	**–1,340**	**–1,394**

In the reporting year, audit and consultancy services included the following fees for services provided by group companies of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft:

in € m

	2020	2019
Audit fees	–5	–6
Other attestation services	–1	–1
Tax consultancy services	–0	–0
Total	**–6**	**–7**

The fees for financial statements auditing services include the fees for audits of financial statements required under EU law, the fees for the review of interim financial statements by an auditor and those for audits of annual financial statements not prescribed under EU law. Fees for other attestation services related to statutory, contractually agreed or voluntary review or attestation services, particularly attestations for protection schemes and statutory notifications, project reviews, reviews of the service-related internal control system and reviews of the custody business and securities service business.

The following table shows a breakdown of the average number of employees in the Helaba Group in the reporting year:

	Female		Male		Total	
	2020	2019	2020	2019	2020	2019
Bank as a whole	**1,535**	**1,580**	**1,860**	**1,862**	**3,395**	**3,442**
Bank	1,153	1,194	1,601	1,602	2,754	2,796
WIBank	265	259	178	173	443	432
LBS	117	127	81	87	198	214
Group subsidiaries	**1,399**	**1,400**	**1,444**	**1,401**	**2,843**	**2,801**
Group	**2,934**	**2,980**	**3,304**	**3,263**	**6,238**	**6,243**

(17) Depreciation and Amortisation

in €m

	2020	2019
Investment property	**–45**	**–43**
Buildings leased out	–45	–43
Vacant buildings	–0	–
Property and equipment	**–60**	**–59**
Owner-occupied land and buildings	–43	–45
Operating and office equipment	–15	–13
Machinery and technical equipment	–2	–1
Intangible assets	**–23**	**–25**
Concessions, industrial and similar rights	–0	–0
Purchased software	–22	–25
Internally generated software	–0	–0
Other intangible assets	–1	–0
Total	**–128**	**–127**

Where applicable, investment property and property and equipment is depreciated on a straight-line basis over its normal useful life with due regard to legal and contractual restrictions. This does not apply to low-value assets, which are written off in full in the year of acquisition. Right-of-use assets derived from leases are generally depreciated on a straight-line basis over the term of the lease concerned. In those instances in which a purchase option has been factored into the measurement of the right-of-use asset, or the underlying asset will be transferred to Helaba at the end of the lease term, the right-of-use asset is depreciated on a straight-line basis over the normal useful life of the underlying asset concerned.

The bands used for the useful lives of investment property are as follows, depending on the type of property usage in each case:

- Residential and commercial property 40–80 years
- Office buildings, other office and business premises 40–60 years
- Special property 20–60 years

The range of anticipated useful lives for property and equipment is as follows:

- Buildings 25–80 years
- Operating and office equipment 1–46 years
- Machinery and technical equipment 1–24 years

Additional impairment losses are recognised if there are indications of impairment and the carrying amount of an asset is greater than the higher of value in use and fair value less costs to sell. If the reason for originally recognising an impairment loss no longer applies, the impairment loss is reversed, but only to the extent that the carrying amount of the asset does not exceed its amortised cost. Impairment losses are recognised under other net operating income (see Note (15)).

With the exception of goodwill, the Helaba Group's intangible assets are amortised over their finite useful lives. In most cases, software is amortised over a period of three years. Impairment losses in respect of intangible assets are reported under other net operating income (see Note (15)). Please refer to Note (30) for information on impairment tests applied to intangible assets.

(18) Taxes on Income

The current tax expense incurred in the reporting period was primarily attributable to the Bank in Germany (€ 4 m; 2019: income of € 23 m), Frankfurter Sparkasse (€ 26 m; 2019: income of € 28 m) and the New York branch (€ 27 m; 2019: € 37 m). It included income relating to prior years amounting to € 36 m (2019: income of € 132 m).

There was just a negligible reduction of the current tax expense from the use of previously unrecognised tax losses.

The deferred tax income recognised in the reporting year amounting to € 16 m (2019: deferred tax expense of € 54 m) related mainly to the occurrence and reversal of temporary differences. This included a deferred tax expense relating to prior years of € 1 m (2019: deferred tax expense of € 82 m). There were no material effects on taxation in the reporting year arising from changes in tax rates. The net outcome from new tax loss carryforwards and the utilisation of such carryforwards in the reporting year was a deferred tax expense of € 1 m (2019: deferred tax income of € 6 m).

in € m

	2020	2019[1]
Current taxes	−62	6
Deferred taxes	16	−54
Total	**−46**	**−48**

[1] Prior-year figures restated: In the previous year, the figure reported for deferred taxes had been too low. The figure has been increased by € 5 m (see Note (1)).

in € m

	2020	2019[1]
Profit or loss before tax	**223**	**518**
Applicable income tax rate in %	32	32
Expected income tax expense in the financial year	**−71**	**−165**
Effect of variance in tax rates	2	−2
Effect of changes in the tax rate	−3	–
Effect of prior-period taxes recognised in the financial year	37	49
Tax-exempt income and trade tax reduction	23	116
Non-deductible operating expenses and trade tax addition	−32	−43
Impairment losses and adjustments	−1	6
Other effects	−1	−9
Income tax expense	**−46**	**−48**

[1] Prior-year figures restated: Profit before taxes has been reduced by € 15 m and therefore the expected income tax expense reduced by € 5 m (see Note (1)). Additionally, an expense of € 3 m that ought to have been allocated to the “Non-deductible operating expenses and trade tax addition” item was reported under the “Effect of variance in tax rates” item.

In addition to income taxes recognised in the income statement, other deferred taxes are recognised in relation to components of other comprehensive income. The following table shows a breakdown of the gains and losses recognised in other comprehensive income and the related deferred taxes.

in € m

	Before tax		Taxes		After tax	
	2020	2019	2020	2019	2020	2019
Items that will not be reclassified to the consolidated income statement:	**–41**	**–238**	**13**	**65**	**–28**	**–173**
Remeasurement of net defined benefit liability	–78	–293	23	86	–55	–207
Change in fair value of equity instruments measured at fair value through other comprehensive income	4	–9	–0	–1	4	–10
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	33	64	–10	–20	23	44
Items that will be subsequently reclassified to the consolidated income statement:	**14**	**60**	**–9**	**–15**	**5**	**45**
Share of profit or loss of equity-accounted entities	–0	–0	0	0	–0	–0
Change in fair value of debt instruments measured at fair value through other comprehensive income	35	62	–12	–16	23	46
Gains or losses from currency translation of foreign operations	–13	2	–	–	–13	2
Gains or losses from fair value hedges of currency risk	–7	–4	2	1	–5	–3
Total	**–27**	**–178**	**4**	**50**	**–23**	**–128**

(19) Segment Reporting

The following table shows the segment reporting for the year under review:

in € m

	Real Estate	Corporates & Markets	Retail & Asset Management	WIBank	Other	Consolidation/ reconciliation	Group
Net interest income	392	395	234	65	80	6	1,172
Loss allowances	–4	–63	–29	–0	–210	1	–305
Net interest income after loss allowances	**388**	**332**	**205**	**65**	**–130**	**6**	**867**
Net fee and commission income	17	170	239	46	–32	–4	435
Income/expenses from investment property	–	–	216	–	–	–0	215
Gains or losses on measurement at fair value	–	37	3	–0	–36	–	4
Net trading income	–	28	1	–	–	6	35
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–	9	2	–0	–36	–6	–32
Share of profit or loss of equity-accounted entities	–	1	3	–	–1	–	4
Other net income/expense	–1	1	97	1	101	–34	166
Total income	**404**	**542**	**763**	**112**	**–99**	**–31**	**1,691**
General and administrative expenses, including depreciation and amortisation	–153	–537	–561	–79	–209	71	–1,468
Profit or loss before tax	**252**	**5**	**202**	**33**	**–307**	**40**	**223**
Assets (€ bn)	32.8	69.1	33.5	25.6	59.7	–1.4	219.3
Risk-weighted assets (€ bn)	16.6	26.3	7.4	1.2	9.0	–	60.5
Allocated capital (€ m)	2,043	3,071	2,392	141	1,083	0	8,730
Return on equity (%)	12.3	0.1	8.4	23.1	–	–	2.6
Cost-income ratio (%)	37.4	88.8	70.9	70.7	–	–	73.5

The figures for the previous year are shown below:

in € m

	Real Estate	Corporates & Markets[1]	Retail & Asset Management[1]	WIBank	Other[1]	Consolidation/reconciliation[1]	Group[1]
Net interest income	404	354	238	60	129	6	1,191
Loss allowances	13	–68	–3	0	–28	0	–86
Net interest income after loss allowances	**417**	**286**	**235**	**60**	**101**	**6**	**1,105**
Net fee and commission income	19	166	200	40	–27	–3	395
Income/expenses from investment property[2]	–	–	214	–	–	–	214
Gains or losses on measurement at fair value[2]	–	88	22	–0	18	–	128
Net trading income	–	86	2	–	–	–8	80
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–	2	20	–0	18	8	48
Share of profit or loss of equity-accounted entities	–	–	4	–	20	–	24
Other net income/expense[2]	–25	31	73	1	117	–24	173
Total income	**411**	**570**	**749**	**101**	**229**	**–21**	**2,039**
General and administrative expenses, including depreciation and amortisation[2]	–154	–499	–554	–74	–286	46	–1,521
Profit or loss before tax	**257**	**71**	**195**	**27**	**–56**	**25**	**518**
Assets (€ bn)	30.8	72.1	32.3	24.6	48.8	–1.6	207.0
Risk-weighted assets (€ bn)	16.9	24.1	7.4	1.2	10.1	–	59.8
Allocated capital (€ m)	1,995	2,816	2,386	140	1,153	0	8,491
Return on equity (%)	12.9	2.5	8.2	18.7	–	–	6.1
Cost-income ratio (%)	38.6	78.2	73.7	74.0	–	–	71.6

[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. In addition, the net income from hedge accounting and other financial instruments measured at fair value (not held for trading), the total income and the profit before tax in the Other segment and in the Group have been corrected by reduction of € 15 m, which has given rise to an adjustment of the return on equity and the cost-income ratio (see Note (1)). The effects are presented in a separate table.

[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 Treasury.

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. The Other segment also includes the additional requirement for loss allowances as a result of COVID-19 from the special scenario (because these allowances are unrelated to individual transactions) and the portfolio-based loss allowance, as in previous years.

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.

Income after loss allowances is attributable to products and services as follows:

in € m

	2020	2019[1)]
Real estate lending	404	410
Property management and development	346	290
Corporate loans	320	313
Municipal lending business	50	42
Treasury products	122	145
Capital market products	97	154
Fund management / asset management	153	135
Home savings business	38	36
Sparkasse lending business	20	15
Cash Management	56	47
Public development and infrastructure business	112	101
Retail	310	366
Other products / reconciliation	–336	–14
Group	**1,691**	**2,039**

[1)] Prior-year figures restated: As a result of the corrected figures under gains or losses on financial instruments designated voluntarily at fair value (see Note ([1)]), income under the item "Other products/reconciliation" has been reduced by € 15 m. Following product classification updates, there have been changes affecting the income in certain items. The items "Trading products" (€ 122 m) and "Loans to financial institutions" (€ 27 m) presented in the previous year are now no longer shown. The following items are new: "Capital market products" (€ 154 m) and "Cash management" (€ 47 m). The items "Municipal lending business" (increased by € 10 m) and "Other/reconciliation" (decreased by € 61 m) have also been affected.

The breakdown by region is as follows:

in € m

	2020	2019[1)]
Germany	1,459	1,808
Europe (excluding Germany)	91	98
World (excluding Europe)	141	133
Group	**1,691**	**2,039**

[1)] Prior-year figures restated: As a result of the corrected figures under gains or losses on financial instruments designated voluntarily at fair value as described in Note (1), income in Germany has been reduced by € 15 m.

The prior-year figures have been adjusted as a consequence of an internal reorganisation and have been restated because of the correction of the error in the gains or losses on financial instruments designated voluntarily at fair value (see Note (1)), which affects the net income from hedge accounting and other financial instruments measured at fair value (not held for trading) in the segment report. 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		Group	
	reported	**adjusted**	**reported**	**adjusted**	**reported**	**adjusted**	**reported**	**adjusted**	**reported**	**adjusted**
Net interest income	354	354	236	239	131	129	6	6	1,191	1,191
Net interest income after loss allowances	**286**	**286**	**233**	**235**	**103**	**101**	**6**	**6**	**1,105**	**1,105**
Net fee and commission income	151	166	196	200	−8	−27	−3	−3	395	395
Gains or losses on measurement at fair value	88	88	22	22	33	18	–	–	143	128
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	2	2	20	20	33	18	8	8	63	48
Total income	**556**	**570**	**742**	**749**	**265**	**229**	**−21**	**−21**	**2,054**	**2,039**
General and administrative expenses, including depreciation and amortisation	−495	−499	−554	−554	−290	−286	46	46	−1,521	−1,521
Profit or loss before tax	**61**	**71**	**188**	**195**	**−25**	**−56**	**25**	**25**	**533**	**518**
Assets (€ bn)	72.1	72.1	32.7	32.3	49.4	48.8	−2.6	−1.6	207.0	207.0
Risk-weighted assets (€ bn)	24.1	24.1	7.5	7.4	10.1	10.4	–	–	59.8	59.8
Allocated capital (€ m)	2,812	2,816	2,392	2,386	1,157	1,153	0	0	8,496	8,491
Return on equity (%)	2.2	2.5	7.9	8.2	–	–	–	–	6.3	6.1
Cost-income ratio (%)	79.3	78.2	74.3	73.7	–	–	–	–	71.1	71.6

Consolidated Statement of Financial Position Disclosures

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

in € m

	31.12.2020	31.12.2019
Cash on hand	**71**	**85**
Demand deposits at central banks	**25,619**	**12,932**
With Deutsche Bundesbank	24,364	12,201
Financial assets measured at amortised cost	24,364	12,201
With other central banks	1,255	731
Financial assets measured at amortised cost	1,255	731
Demand deposits and overnight money balances at banks	**739**	**1,538**
Financial assets measured at amortised cost	418	1,204
Financial assets mandatorily measured at fair value	320	334
Total	**26,429**	**14,555**

(21) Financial Instruments Measured at Amortised Cost

In the Helaba Group, financial instruments measured at amortised cost mainly consist of loans and receivables and of non-derivative financial liabilities that are not held for trading and for which the fair value option has not been exercised.

The net carrying amount of financial assets reported in the statement of financial position is the gross carrying amount of the financial instruments reduced by the loss allowances determined in accordance with the impairment model under IFRS 9. Please refer to Note (37) for information on the application of the impairment model to financial assets measured at amortised cost.

Within hedge accounting, the carrying amounts of financial instruments in this measurement category that form the hedged items in micro fair value hedges are adjusted for the changes in the fair value corresponding to the hedged risk. Please refer to Note (25) for information on hedge accounting.

Derivative components embedded in financial liabilities within this measurement category must be evaluated to assess whether there is a separation requirement. If there is a separation requirement, the derivative must be categorised (normally as mandatorily measured at fair value through profit or loss) and accounted for separately. The host contract is classified independently (excluding any separated derivative components) and can be allocated to the AC measurement category.

For detailed disclosures on issuing activities, see Note (46).

For disclosures on liabilities arising under leases, please refer to Note (50).

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

in € m

	31.12.2020	31.12.2019
Loans and receivables	**131,847**	**130,326**
Repayable on demand and at short notice	13,242	11,498
Credit card receivables	13	10
Trade accounts receivable, including factoring	2,544	3,335
Receivables from finance leases	–	1
Other fixed-term loans	116,001	115,428
Promissory note loans	2,871	3,030
Registered bonds	966	870
Forwarding loans	8,569	7,840
Time deposits	2,108	3,440
Bausparkasse building loans	973	936
Sundry other fixed-term loans	100,514	99,312
Other receivables not classified as loans	48	54
Total	**131,847**	**130,326**

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

in € m

	31.12.2020	31.12.2019
Commercial real estate loans	34,595	32,858
Residential building loans	6,448	6,250
Consumer loans to private households	228	216
Infrastructure loans	29,010	28,736
Asset finance	6,974	7,062
Leasing funding	4,463	4,400
Import/export finance	3	16
Other financing purposes	34,279	35,890
Total	**116,001**	**115,428**

The following table shows a breakdown of financial liabilities measured at amortised cost:

in € m

	31.12.2020	31.12.2019[1)]
Securitised liabilities	**49,869**	**59,715**
Issued money market instruments	4,152	13,286
Commercial paper (CP)	1,524	4,479
Certificates of deposit (CD)	1,752	8,105
Asset-backed commercial paper (ABCP)	876	702
Medium- and long-term bonds issued	45,718	46,429
Mortgage Pfandbriefe	9,305	10,813
Public Pfandbriefe	12,454	13,272
Structured (hybrid) bonds	1,490	1,582
Other medium- and long-term bonds	22,469	20,762
Deposits and loans	**117,453**	**95,169**
Payable on demand	44,543	35,978
With an agreed term	66,249	52,525
With an agreed period of notice	6,661	6,608
Securities repurchase transactions (repos)	–	58
Other financial liabilities	**409**	**480**
Total	**167,731**	**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 rise in the deposits and loans with agreed maturity was predominantly attributable to the Helaba Group's participation in the ECB's TLTRO III, the drawdowns under this arrangement amounting to a total of € 17.4 bn (see Note (4)). At the same time, borrowing drawn down under tenders amounting to € 2.2 bn was repaid.

The following tables show the financial assets measured at amortised cost, together with the deposits and loans and other financial liabilities measured at amortised cost, broken down by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Loans and receivables	**81,782**	**83,632**	**35,683**	**32,197**	**14,382**	**14,497**	**131,847**	**130,326**
Central banks	59	65	–	–	–	–	59	65
Central giro institutions	256	371	–	–	–	–	256	371
Sparkassen	6,028	5,737	–	–	–	–	6,028	5,737
Other banks	2,792	2,727	7,875	6,885	911	865	11,578	10,477
Other financial corporations	5,264	5,256	4,562	4,087	492	691	10,318	10,034
Non-financial corporations	30,823	32,248	21,300	19,087	12,736	12,713	64,859	64,048
Government	28,848	29,741	1,924	2,116	70	52	30,841	31,909
Households	7,712	7,487	22	22	174	176	7,908	7,685
Total	**81,782**	**83,632**	**35,683**	**32,197**	**14,382**	**14,497**	**131,847**	**130,326**

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2020	31.12.2019[1]	31.12.2020	31.12.2019[1]	31.12.2020	31.12.2019[1]	31.12.2020	31.12.2019[1]
Deposits and loans	**112,278**	**88,723**	**2,733**	**2,930**	**2,442**	**3,516**	**117,453**	**95,169**
Central banks	17,416	2,182	–	–	–	448	17,416	2,630
Central giro institutions	1,135	1,286	–	–	–	–	1,135	1,286
Sparkassen	13,452	9,156	–	–	–	–	13,452	9,156
Other banks	20,508	19,714	1,084	1,156	796	1,619	22,389	22,489
Other financial corporations	23,279	23,104	965	946	670	411	24,914	24,461
Non-financial corporations	7,361	5,374	406	430	765	633	8,532	6,437
Government	8,266	7,813	138	261	1	193	8,405	8,267
Households	20,862	20,094	139	137	210	212	21,211	20,443
Other financial liabilities	**388**	**468**	**8**	**7**	**12**	**5**	**409**	**480**
Central giro institutions	3	–	–	–	–	–	3	–
Sparkassen	2	2	–	–	–	–	2	2
Other banks	2	2	–	–	–	–	2	2
Other financial corporations	79	99	–	–	10	0	89	99
Non-financial corporations	229	244	8	7	2	5	239	256
Government	24	25	–	–	0	–	24	25
Households	49	96	–	–	0	–	49	96
Total	**112,667**	**89,191**	**2,741**	**2,937**	**2,454**	**3,521**	**117,862**	**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).

(22) 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.

For detailed disclosures on issuing activities, see Note (46).

Please refer to Note (41) for detailed information on derivatives.

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

in € m

	31.12.2020	31.12.2019
Positive fair values of derivatives held for trading	**15,730**	**12,348**
thereof: Traded OTC	15,726	12,342
thereof: Exchange-traded	3	6
Equity-/index-related transactions	289	272
Interest-rate-related transactions	14,612	11,128
Currency-related transactions	809	931
Credit derivatives	17	17
Commodity-related transactions	2	0
Bonds and other fixed-income securities	**4,413**	**5,951**
thereof: Listed	4,371	5,878
Money market instruments	2	176
Medium- and long-term bonds	4,411	5,775
Loans and receivables	**1,008**	**979**
Repayable on demand and at short notice	4	3
Receivables from securities repurchase transactions (reverse repos)	87	16
Other fixed-term loans	917	960
Equity shares and other variable-income securities	**23**	**26**
thereof: Listed	23	26
Equities	23	26
Trading assets	**21,173**	**19,304**

in € m

	31.12.2020	31.12.2019
Negative fair values of derivatives held for trading	**12,502**	**10,180**
thereof: Traded OTC	12,493	10,166
thereof: Exchange-traded	10	14
Equity-/index-related transactions	289	271
Interest-rate-related transactions	11,514	9,045
Currency-related transactions	682	846
Credit derivatives	17	17
Commodity-related transactions	0	1
Securitised liabilities	**512**	**1,137**
Issued money market instruments	481	1,102
Commercial paper (CP)	330	852
Certificates of deposit (CD)	150	250
Issued equity/index certificates	31	35
Deposits and loans	**4,695**	**7,145**
Payable on demand	650	851
With an agreed term	4,044	6,294
Liabilities arising from short-selling	**85**	**11**
Other financial liabilities	**0**	**–**
Trading liabilities	**17,793**	**18,473**

The following tables present the non-derivative trading assets and trading liabilities by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Bonds and other fixed-income securities	**1,499**	**1,759**	**2,219**	**2,951**	**695**	**1,241**	**4,413**	**5,951**
Central giro institutions	90	244	–	–	–	–	90	244
Sparkassen	56	67	–	–	–	–	56	67
Other banks	859	1,027	1,958	2,811	656	1,130	3,473	4,968
Other financial corporations	7	35	7	30	2	55	16	120
Non-financial corporations	23	39	16	32	13	0	52	71
Government	463	347	238	78	23	56	725	481
Loans and receivables	**782**	**827**	**222**	**112**	**4**	**40**	**1,008**	**979**
Central banks	76	–	–	–	–	–	76	–
Central giro institutions	45	53	–	–	–	–	45	53
Sparkassen	161	180	–	–	–	–	161	180
Other banks	144	188	37	42	–	0	181	230
Other financial corporations	–	–	–	3	4	0	4	3
Non-financial corporations	113	138	185	66	–	40	298	244
Government	243	268	–	1	–	–	243	269
Equity shares and other variable-income securities	**20**	**24**	**2**	**2**	**–**	**–**	**23**	**26**
Other banks	0	0	0	0	–	–	0	0
Other financial corporations	4	0	2	1	–	–	5	1
Non-financial corporations	16	24	1	1	–	–	17	25
Non-derivative trading assets	**2,302**	**2,610**	**2,443**	**3,065**	**699**	**1,281**	**5,443**	**6,956**

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Deposits and loans	**4,215**	**6,797**	**457**	**283**	**23**	**65**	**4,695**	**7,145**
Sparkassen	1,116	1,869	–	–	–	–	1,116	1,869
Other banks	28	46	107	5	23	25	158	76
Other financial corporations	1,289	1,920	349	278	–	40	1,638	2,238
Non-financial corporations	231	132	0	0	–	–	231	132
Government	1,552	2,829	–	–	–	–	1,552	2,829
Households	0	1	–	–	–	–	0	1
Liabilities arising from short-selling	**74**	**0**	**11**	**–**	**–**	**11**	**85**	**11**
Central giro institutions	–	0	–	–	–	–	–	0
Other banks	–	–	–	–	–	1	–	1
Other financial corporations	0	–	–	–	–	10	0	10
Government	74	–	11	–	–	0	85	0
Other financial liabilities	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**
Sparkassen	0	–	–	–	–	–	0	–
Non-derivative trading liabilities	**4,288**	**6,797**	**468**	**283**	**23**	**76**	**4,779**	**7,156**

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

The following financial instruments are reported in this item of the statement of financial position:

- Derivatives that are not held for trading and not used for hedging purposes. 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.
- Bonds that do not satisfy the SPPI criterion and that are not held for trading purposes.
- Loans and receivables that do not satisfy the SPPI criterion and that are not held for trading purposes.
- Equity instruments that Helaba has not elected to measure at fair value through other comprehensive income.

in € m

	31.12.2020	31.12.2019
Positive fair values of non-trading derivatives	**6,430**	**5,876**
thereof: Traded OTC	6,430	5,876
Equity-/index-related transactions	1	–
Interest-rate-related transactions	6,376	5,755
Currency-related transactions	53	121
Bonds and other fixed-income securities	**1,214**	**1,945**
thereof: Listed	1,072	1,624
Money market instruments	249	1
Medium- and long-term bonds	964	1,944
Loans and receivables	**304**	**319**
Repayable on demand and at short notice	1	2
Other fixed-term loans	303	317
Equity shares and other variable-income securities	**148**	**157**
thereof: Listed	4	5
Equities	0	0
Investment units	147	157
Shareholdings	**65**	**65**
Shares in unconsolidated affiliates	12	16
Shares in non-equity-accounted joint ventures	5	5
Shares in non-equity-accounted associates	4	4
Other equity investments	44	40
Receivables from the purchase of endowment insurance policies	**46**	**71**
Total	**8,206**	**8,433**

in € m

	31.12.2020	31.12.2019
Negative fair values of non-trading derivatives	**7,322**	**6,759**
thereof: Traded OTC	7,321	6,759
thereof: Exchange-traded	1	–
Equity-/index-related transactions	1	–
Interest-rate-related transactions	6,738	6,104
Currency-related transactions	583	655
Total	**7,322**	**6,759**

The following table shows the other non-derivative financial instruments 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Bonds and other fixed-income securities	**408**	**114**	**505**	**1,166**	**301**	**665**	**1,214**	**1,945**
Central giro institutions	–	0	–	–	–	–	–	0
Other banks	8	12	50	79	13	34	71	125
Other financial corporations	18	26	200	460	88	184	306	670
Non-financial corporations	61	74	255	622	200	418	516	1,114
Government	321	2	1	5	–	29	321	36
Loans and receivables	**291**	**302**	**4**	**5**	**9**	**12**	**304**	**319**
Other financial corporations	1	1	0	1	9	12	10	14
Non-financial corporations	100	105	4	4	–	–	104	109
Government	190	196	–	–	–	–	190	196
Equity shares and other variable-income securities	**76**	**115**	**60**	**30**	**12**	**12**	**148**	**157**
Other financial corporations	75	115	60	30	12	12	147	157
Non-financial corporations	0	0	0	0	0	–	1	0
Shareholdings	**64**	**64**	**0**	**1**	**0**	**0**	**65**	**65**
Other banks	1	1	–	–	–	–	1	1
Other financial corporations	33	32	–	–	0	0	33	32
Non-financial corporations	30	31	0	1	–0	–0	30	32
Receivables from the purchase of endowment insurance policies	**46**	**71**	**–**	**–**	**–**	**–**	**46**	**71**
Other financial corporations	46	71	–	–	–	–	46	71
Total	**884**	**666**	**569**	**1,202**	**322**	**689**	**1,775**	**2,557**

Please refer to Note (41) for detailed information on derivatives.

(24) Financial Instruments Designated Voluntarily at Fair Value

By applying the fair value option voluntarily, it is possible to use the FVTPL measurement category for financial instruments that would otherwise be allocated to the AC or FVTOCI (recycling) measurement categories based solely on the business model criterion or SPPI condition. The fair value option can be used for financial assets and financial liabilities if there is an economic relationship between the financial instrument concerned and other financial instruments and the application of the fair value option will prevent an accounting mismatch in the consolidated income statement.

The fair value option can also be used for financial liabilities if one of the following criteria is satisfied:

- The financial liability is managed on a fair value basis.
- The financial liability is a structured product and, if the fair value option were not applied, the host contract and the embedded derivative would have to be accounted for separately.

The Helaba Group uses the fair value option in individual cases in which there is an economic relationship between the financial instruments concerned and other financial instruments – for example in an economic hedge where hedge accounting is not applied – and these other financial instruments need to be measured at fair value in accordance with IFRS 9. In the case of financial liabilities, the Helaba Group uses the fair value option particularly for structured products.

Helaba determines the cumulative changes in carrying amounts attributable to credit risk for financial instruments to which the fair value option is applied. For each of these financial instruments, the calculation is based on the difference between the latest measurement and the historical measurement on the date of addition. This difference is then adjusted for any changes in value resulting from market factors not related to credit risk.

When the fair value option is applied, changes in the fair value of financial instruments are generally recognised through profit or loss. However, the portion of a change in the fair value of financial liabilities attributable to changes in the Helaba Group's own credit quality is recognised in accumulated other comprehensive income. Cumulative changes in fair value recognised in other comprehensive income are not reclassified to consolidated profit or loss, even in the event of early derecognition of financial liabilities prior to maturity. However, the changes in fair value accumulated in other comprehensive income up to the point of derecognition are reclassified to retained earnings within equity.

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		Changes attributable to credit risk: Cumulative	
	31.12.2020	31.12.2019[1]	2020	2019	31.12.2020	31.12.2019
Bonds and other fixed-income securities	139	136	2	–1	4	2
thereof: Listed	139	136				
Loans and receivables	3,816	3,827	15	–11	–4	–19
Total	**3,955**	**3,963**	**18**	**–12**	**–0**	**–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 overview shows the settlement amounts of liabilities for which the fair value option is used, the current carrying amounts and the cumulative changes in fair value attributable to changes in the Helaba Group's own credit risk.

in € m

	Carrying amount (fair value)		Settlement amount		Cumulative changes attributable to credit risk	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Securitised liabilities	6,094	6,024	5,963	5,933	–17	–8
Deposits and loans	6,778	6,775	7,097	7,275	–72	–48
Total	**12,872**	**12,799**	**13,060**	**13,208**	**–89**	**–56**

For detailed disclosures on issuing activities, see Note (46).

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	
	31.12.2020	31.12.2019[1]	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019[1]
Bonds and other fixed-income securities	**139**	**133**	**–**	**3**	**–**	**–**	**139**	**136**
Other banks	–	–	–	3	–	–	–	3
Government	139	133	–	–	–	–	139	133
Loans and receivables	**3,816**	**3,777**	**–**	**50**	**–**	**–**	**3,816**	**3,827**
Other financial corporations	0	0	–	–	–	–	0	0
Non-financial corporations	58	71	–	50	–	–	58	121
Government	3,759	3,706	–	–	–	–	3,759	3,706
Total	**3,955**	**3,910**	**–**	**53**	**–**	**–**	**3,955**	**3,963**
Deposits and loans	**6,712**	**6,721**	**55**	**54**	**10**	**–**	**6,778**	**6,775**
Sparkassen	636	513	–	–	–	–	636	513
Other banks	147	195	–	–	10	–	158	195
Other financial corporations	5,541	5,634	55	54	–	–	5,597	5,688
Non-financial corporations	198	157	–	–	–	–	198	157
Government	190	222	–	–	–	–	190	222
Total	**6,712**	**6,721**	**55**	**54**	**10**	**–**	**6,778**	**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)).

(25) Hedge Accounting

The Helaba Group enters into derivatives for both trading and hedging purposes. If derivatives are demonstrably used to hedge risks, special hedge accounting rules can be applied under IFRS 9, subject to certain preconditions, in order to eliminate accounting mismatches (in annual financial statements) that could arise from differences between the measurement of hedging instruments and that of hedged items.

Please refer to the Helaba Group's general risk strategy and specific risk strategies in the management report for a description of the overarching risk management strategy for managing market risk in the banking book. The Helaba Group applies hedge accounting on a selective basis for the derivatives used in the context of managing market risk in the banking book. It is not necessary to apply hedge accounting to all banking book derivatives because the risk exposures in connection with some of the banking book derivatives balance each other out and, in addition, some of the hedged banking book transactions are themselves measured at fair value through profit or loss.

Two hedge accounting models are used in the Helaba Group:

- Fair value hedges for interest rate risk
  Fair value hedge accounting is used for interest rate swaps and those cross-currency swaps with a fixed and variable interest-bearing component to offset in the consolidated income statement the changes in the fair value of the designated swaps against the interest-rate-related changes in fair value of fixed-interest issues, loans or securities on the assets side of the statement of financial position. Hedged banking book transactions are allocated to each swap individually (micro hedges). Interest-rate-related changes in the fair value of hedged items are deemed to be those changes in fair value that arise from changes in the currency-specific interest rate swap curves with the predominant variable market interest rate basis (hedged risk). Together with any gains or losses from currency translation in connection with foreign currency transactions, these interest-rate-related changes in fair value make up the majority of the market-risk-related changes in the fair value of hedged items. As the hedging relationships do not involve any basis risk that could be systematically countered through a hedge ratio, one unit of hedge always hedges one unit of hedged item in the designated hedges (and the hedge ratio is therefore always 1:1). Nevertheless, the resulting offsetting in the consolidated income statement (net income from hedge accounting) is not perfect; a certain degree of hedging ineffectiveness is to be expected, particularly for the following reasons:
  - Differences in the discounting for hedged items and hedging instruments resulting from the fact that, unlike hedged items, derivative hedging instruments backed by cash collateral are measured on the basis of overnight index swap (OIS) yield curves (OIS discounting)
  - Interest rate measurement gains or losses from the variable side of derivative hedges (which cannot be offset by any corresponding measurement gains or losses on fixed-interest hedged items).

- Fair value hedges for currency risk
  Cross-currency basis swaps are used as instruments in fair value hedges of currency risk. Changes in the fair value of the swaps arising from a change in the currency basis element are reported as hedge costs under other comprehensive income in the consolidated statement of comprehensive income (change from the fair value hedges of currency risk) and, on a cumulative basis, in the reserve for fair value hedges of currency risk, which is a component of accumulated OCI. The remaining change in the fair value of the designated cross-currency basis swaps is recognised in net income from hedge accounting together with the spot-rate-related change in the fair value of the hedged items (hedged risk). Together with any interest-rate-related changes in fair value in fixed-rate transactions, these spot-rate-related changes in the fair value of hedged items make up the majority of the market-risk-related changes in the fair value of hedged items. As the hedging relationships do not involve any basis risk that could be systematically countered through a hedge ratio, one unit of hedge always hedges one unit of hedged item (and the hedge ratio is therefore always 1:1). Nevertheless, the resulting offsetting in the consolidated income statement is not completely perfect because the interest rate measurement gains and losses from the floating rates on both sides of the cross-currency basis swaps are not matched by any corresponding measurement gains or losses in the hedged items, which are only measured at spot rates. For this reason (and other reasons of minor significance), a certain degree of hedge ineffectiveness is always anticipated.

Hedged items are not allocated individually to the cross-currency basis swaps. Rather, a group hedge is designated for each currency. Each group hedge consists of the swaps and the primary banking book transactions in the currency concerned.

If cross-currency basis swaps are derecognised, the cumulative cross-currency basis spread elements recognised in OCI are recycled in the consolidated income statement. The same applies if a formerly designated cross-currency basis swap is de-designated. Over the maturity of the hedge, the cross-currency basis spread element in OCI decreases as a result of the residual maturity effect. Other measurement changes relating to hedges are recognised under hedging gains or losses.

In the Helaba Group, prospective effectiveness is determined using regression analysis; the critical terms match method is used for currency risks.

If ineffectiveness is identified, the hedge is terminated, even if the ineffectiveness is predominantly attributable to credit-risk-related fair value fluctuations.

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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Fair value hedges – micro hedges	**53,319**	**55,150**	**942**	**965**	**1,522**	**1,509**
thereof: Traded OTC	53,319	55,150	942	965	1,522	1,509
Interest rate hedges	53,319	55,150	942	965	1,522	1,509
Interest rate swaps	53,264	55,094	942	965	1,521	1,507
Cross-currency swaps	55	56	–	–	1	2
Fair value hedges – group hedges	**16,233**	**17,242**	**316**	**137**	**149**	**398**
thereof: Traded OTC	16,233	17,242	316	137	149	398
Foreign currency hedges	16,233	17,242	316	137	149	398
Cross-currency swaps	16,233	17,242	316	137	149	398
Total	**69,552**	**72,392**	**1,258**	**1,102**	**1,671**	**1,907**

The following table shows the notional amounts by remaining maturity of the hedging derivatives used in hedge accounting as at 31 December 2020:

in € m

	Up to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges – micro hedges	**1,325**	**2,528**	**28,666**	**20,800**	**53,319**
Interest rate hedges	1,325	2,528	28,666	20,800	53,319
Interest rate swaps	1,325	2,472	28,666	20,800	53,264
Cross-currency swaps	–	55	–	–	55
Fair value hedges – group hedges	**488**	**1,828**	**10,358**	**3,558**	**16,233**
Foreign currency hedges	488	1,828	10,358	3,558	16,233
Cross-currency swaps	488	1,828	10,358	3,558	16,233
Total	**1,813**	**4,356**	**39,025**	**24,358**	**69,552**

The following table shows the remaining maturities of the hedging derivatives as at the prior-year reporting date:

in € m

	Up to three months	Three months to one year	One year to five years	More than five years	Total
Fair value hedges – micro hedges	**1,079**	**1,884**	**29,570**	**22,617**	**55,150**
Interest rate hedges	1,079	1,884	29,570	22,617	55,150
Interest rate swaps	1,079	1,884	29,514	22,617	55,094
Cross-currency swaps	–	–	56	–	56
Fair value hedges – group hedges	**720**	**869**	**11,231**	**4,422**	**17,242**
Foreign currency hedges	720	869	11,231	4,422	17,242
Cross-currency swaps	720	869	11,231	4,422	17,242
Total	**1,799**	**2,753**	**40,801**	**27,039**	**72,392**

The carrying amounts of the hedged items and the accumulated hedge adjustments on continued and terminated hedges are shown in the following table:

in € m

	Carrying amount of hedged items		Cumulative hedge adjustments		Cumulative hedge adjustments from discontinued hedges	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Interest rate hedges						
Financial assets measured at amortised cost	14,367	13,169	717	157	529	714
Loans and receivables	14,367	13,169	717	157	529	714
Financial assets measured at fair value through other comprehensive income	12,117	13,623	150	–1	4	77
Bonds and other fixed-income securities	12,117	13,623	150	–1	4	77
Financial liabilities measured at amortised cost	31,918	33,157	1,115	769	171	372
Securitised liabilities	20,760	21,200	728	448	63	163
Deposits and loans	11,158	11,957	386	321	108	209
Foreign currency hedges						
Financial assets measured at amortised cost	14,840	15,729	–	–	–	–
Loans and receivables	14,840	15,729	–	–	–	–
Financial assets measured at fair value through other comprehensive income	1,164	1,689	–	–	–	–
Bonds and other fixed-income securities	1,164	1,689	–	–	–	–

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

In the Helaba Group, this item in the statement of financial position mainly consists of bonds and other fixed-income securities, together with equity instruments that the Helaba Group has elected to measure at fair value through other comprehensive income. The Helaba Group applies this option to identified strategic shareholdings. The financial instruments are measured at fair value. Gains and losses on remeasurement at fair value are reported – after taking into account deferred taxes – in other comprehensive income.

Debt instruments in the FVTOCI (recycling) measurement category are also subject to the stipulations of the IFRS 9 impairment model. Please refer to Note (37) for further disclosures.

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

in € m

	31.12.2020	31.12.2019
Bonds and other fixed-income securities	**20,299**	**23,122**
thereof: Listed	19,803	22,439
Money market instruments	572	990
Medium- and long-term bonds	19,727	22,132
Loans and receivables	**683**	**649**
Other fixed-term loans	683	649
Shareholdings	**36**	**32**
Shares in unconsolidated affiliates	5	5
Other equity investments	31	27
Total	**21,018**	**23,803**

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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Bonds and other fixed-income securities	**7,085**	**7,658**	**8,694**	**10,297**	**4,520**	**5,167**	**20,299**	**23,122**
Central giro institutions	682	511	–	–	–	–	682	511
Other banks	1,639	1,947	7,281	8,691	4,032	4,514	12,952	15,152
Other financial corporations	12	8	271	352	93	179	376	539
Non-financial corporations	57	63	70	21	22	13	149	97
Government	4,694	5,129	1,073	1,233	373	461	6,140	6,823
Loans and receivables	**431**	**400**	**203**	**196**	**49**	**53**	**683**	**649**
Other financial corporations	10	–	106	107	–	–	116	107
Non-financial corporations	419	398	97	89	49	53	564	540
Government	3	2	–	–	–	–	3	2
Shareholdings	**36**	**32**	**–**	**–**	**–**	**–**	**36**	**32**
Other banks	17	14	–	–	–	–	17	14
Other financial corporations	20	18	–	–	–	–	20	18
Total	**7,552**	**8,090**	**8,896**	**10,493**	**4,570**	**5,220**	**21,018**	**23,803**

(27) Shares in Equity-Accounted Entities

In the reporting period, a total of 28 (31 December 2019: 32) 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

	31.12.2020	31.12.2019
Investments in joint ventures	**46**	**44**
Non-financial corporations	46	44
Investments in associates	**3**	**4**
Other financial corporations	1	1
Non-financial corporations	3	3
Total	**49**	**48**

There are no listed companies among the equity-accounted entities.

The share of losses of equity-accounted entities not recognised for the reporting period amounted to € 1 m (2019: € 0 m); the cumulative total of such unrecognised losses amounted to € 2 m as at 31 December 2020 (31 December 2019: € 1 m).

The table below contains summarised financial information about equity-accounted joint ventures and associates based on the Helaba Group's equity-accounted interest in the assets, liabilities, profit or loss from continuing operations and comprehensive income.

in € m

	Joint ventures		Associates	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Financial information – total				
Total assets	414	288	30	25
Total liabilities	348	189	1	1
Profit or loss from continuing operations	–1	39	17	17
Other net income/expense	–	–	–1	–0
Comprehensive income	–1	39	16	17
Financial information – proportionate				
Total assets	192	127	4	4
Total liabilities	160	81	0	0
Profit or loss from continuing operations	–1	20	4	3
Other net income/expense	–	–	–0	–0
Comprehensive income	–1	20	3	3

(28) Investment Property

Investment property is defined as property held to generate rental income in the long term or for capital appreciation, or both.

With regard to the classification of mixed-use property, in other words property in which some areas are rented out and other areas are used by Helaba itself, a check is first performed to determine whether the individual components can be sold or rented out separately and whether there is an active market for these components. If it is not possible for the property to be split, the property is only classified as investment property if the owner-occupancy area is insignificant in relation to the overall size of the property. Property in which Helaba Group companies themselves occupy a significant area is recognised in accordance with IAS 16 and reported under property and equipment.

Investment property is measured at amortised cost. Subsequent additional costs are only capitalised if they give rise to a further economic benefit. In contrast, maintenance costs are expensed as incurred. Borrowing costs are capitalised as part of the acquisition costs in accordance with the provisions in IAS 23. The component approach is used if material parts of the property differ significantly in terms of useful life. Gains or losses on the disposal of investment property are reported in other net operating income (see Note (15)).

in € m

	31.12.2020	31.12.2019
Land and buildings leased to third parties	**2,318**	**2,265**
thereof: Right-of-use assets under leases	52	53
Undeveloped land	**21**	**39**
Vacant buildings	**2**	**–**
Investment property under construction	**361**	**205**
Total	**2,702**	**2,509**

Real estate and leasing right-of-use assets held by the GWH Group accounted for € 2,486 m (31 December 2019: € 2,311 m) of the total investment property. The contractual obligations to purchase, construct or develop investment property in the GWH Group amounted to € 566 m (31 December 2019: € 450 m).

The fair values of the properties and right-of-use assets as at 31 December 2020 came to a total of € 4,706 m (31 December 2019: € 4,329 m) and were allocated to Level 3. Please refer to Note (40) for information on determining fair value.

The table below shows the changes in investment property:

in € m

	2020	2019
Cost		
Balance as at 31.12. of the prior year	**2,973**	**2,846**
Adjustments due to first-time application of new financial reporting requirements (IFRS 16)	–	51
Balance as at 1.1.	**2,973**	**2,897**
Changes in basis of consolidation	–98	–
Additions	353	162
Additions from original acquisition / construction	353	162
Disposals	–26	–85
Reclassifications	–	–1
Reclassifications to property held for sale	–	–1
Changes due to currency translation and other adjustments	8	–
Balance as at 31.12.	**3,210**	**2,973**
Accumulated depreciation		
Balance as at 1.1.	**–461**	**–422**
Changes in basis of consolidation	0	–
Depreciation	–45	–43
Disposals	2	4
Changes due to currency translation and other adjustments	–0	–
Balance as at 31.12.	**–504**	**–461**
Accumulated impairment losses		
Balance as at 1.1.	**–3**	**–4**
Impairment losses	–1	–
Reversals of impairment losses	0	–
Changes due to currency translation and other adjustments	–	1
Balance as at 31.12.	**–4**	**–3**
Carrying amounts as at 31.12.	**2,702**	**2,509**

(29) Property and Equipment

Property and equipment comprises assets used by the Helaba Group itself, including the following: land and buildings, operating and office equipment, properties under construction (provided that they are not being constructed or developed for future use as investment property) and assets leased out to third parties under operating leases.

Property and equipment is measured at amortised cost. This cost comprises the purchase price and all directly assignable costs incurred in order to bring the asset to working condition. Subsequent additional costs are only capitalised if they give rise to a further economic benefit. In contrast, maintenance costs for property and equipment are expensed as incurred. Gains or losses on the disposal of property and equipment are reported in other net operating income (see Note (15)).

in € m

	31.12.2020	31.12.2019
Owner-occupied land and buildings	**594**	**570**
thereof: Right-of-use assets under leases	141	161
Operating and office equipment	**61**	**57**
thereof: Right-of-use assets under leases	4	5
Machinery and technical equipment	**28**	**26**
thereof: Right-of-use assets under leases	0	0
Total	**682**	**653**

Some parts of the owner-occupied land and buildings are leased out. The carrying amount of land and buildings leased out by the Helaba Group (under operating leases) stood at € 68 m as at 31 December 2020 (31 December 2019: € 71 m).

The changes in property and equipment were as follows:

in € m

	Owner-occupied land and buildings		Operating and office equipment		Machinery and technical equipment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Cost								
Balance as at 31.12. of the prior year	**824**	**589**	**226**	**215**	**27**	**4**	**1,077**	**808**
Adjustments due to first-time application of new financial reporting requirements (IFRS 16)	–	185	–	4	–	–	–	189
Balance as at 1.1.	**824**	**774**	**226**	**219**	**27**	**4**	**1,077**	**997**
Changes in basis of consolidation	1	–	0	0	–	20	2	20
Additions	75	66	19	13	4	3	98	82
Disposals	−9	−4	−4	−6	–	–	−13	−10
Reclassifications to non-current assets and disposal groups held for sale	–	−13	–	–	–	–	–	−13
Changes due to currency translation and other adjustments	−1	1	−0	0	−0	0	−1	1
Balance as at 31.12.	**890**	**824**	**242**	**226**	**31**	**27**	**1,163**	**1,077**
Accumulated depreciation								
Balance as at 1.1.	**−250**	**−204**	**−169**	**−162**	**−1**	**−0**	**−420**	**−366**
Changes in basis of consolidation	–	–	0	–	–	–	0	–
Depreciation	−43	−45	−15	−13	−2	−1	−60	−59
Disposals	0	0	3	6	–	–	4	6
Reclassifications to non-current assets and disposal groups held for sale	–	0	–	–	–	–	–	0
Changes due to currency translation and other adjustments	1	−1	0	−0	0	–	1	−1
Balance as at 31.12.	**−291**	**−250**	**−181**	**−169**	**−3**	**−1**	**−475**	**−420**
Accumulated impairment losses								
Balance as at 1.1.	**−4**	**−4**	**−0**	**−0**	**–**	**–**	**−5**	**−4**
Impairment losses	−2	–	−0	−0	–	–	−2	−0
Reversals of impairment losses	1	–	–	–	–	–	1	–
Disposals	–	–	−0	−0	–	–	−0	−0
Changes due to currency translation and other adjustments	−0	–	–	–	–	–	−0	–
Balance as at 31.12.	**−5**	**−4**	**−0**	**−0**	**–**	**–**	**−5**	**−5**
Carrying amounts as at 31.12.	**594**	**570**	**61**	**57**	**28**	**26**	**682**	**653**

For disclosures on right-of-use assets arising under leases, please refer to Note (50).

(30) Intangible Assets

The main items reported under intangible assets are software, goodwill arising from acquisition accounting, and intangible assets acquired as part of a business combination.

Gains or losses on the disposal of intangible assets are reported in other net operating income (see Note (15)).

As in the previous year, there were no contractual obligations to acquire intangible assets.

in € m

	31.12.2020	31.12.2019
Goodwill	**13**	**7**
Concessions, industrial and similar rights	**1**	**1**
Software	**116**	**92**
thereof: Purchased	114	91
thereof: Internally generated	1	1
Other intangible assets	**4**	**1**
Total	**134**	**101**

The changes in goodwill resulted from an addition arising from the acquisition of 75.1 % of the shares in IMAP M&A Consultants AG (see Note (2)) and the write-off of the goodwill in respect of the DVB portfolio (see Note (15)).

Goodwill is subject to an impairment test at least once a year and additionally if there are any indications of impairment. The impairment test is carried out for every cash-generating unit to which goodwill has been allocated. In the impairment test, the recoverable amount is compared against the net carrying amount of the cash-generating unit including the carrying amounts of the allocated goodwill. The recoverable amount is the higher of value in use and fair value less costs to sell. If there are no recent comparable transactions or observable market prices available, the value is generally determined using a discounted earnings model. The present value is calculated using current local long-term discount rates including a risk supplement comprising a market risk premium and a beta factor. Impairment losses are reported under other net operating income.

The goodwill from the acquisition of shares in IMAP M&A Consultants AG has been allocated to the Retail & Asset Management segment. Goodwill for the "IMAP" cash-generating unit (company) was tested for impairment on 31 December 2020 using an income capitalisation approach based on the discounted cash flows derived from expected surpluses in accordance with IMAP's current business plan. For the detailed planning phase up to 2025, the planning is differentiated on the basis of the surpluses. For the purposes of projecting the long-term earnings from 2026 onwards, a growth markdown of 1.0 % is assumed in the discounting applied. Present value was calculated as at 31 December 2020 on the basis of the current market interest rate of –0.2 % plus a risk premium. The latter comprises a market risk premium of 7.0 % and a custom beta of 0.89 derived from a peer group of European banks with a similar business focus. After including a markup for the size of the business, the discount factor calculated for the detailed planning phase came to 9.6 %.

By their very nature, the assumptions underlying the discounted earnings calculation mean that there is estimation uncertainty (and actual trends in the future may therefore differ from the planning assumptions) and that there is scope for discretion in specifying the parameters. For example, a sluggish economic recovery following the COVID-19 pandemic or persistent adverse effects on business activity could lead to lower revenue in the detailed planning phase.

The goodwill from the acquisition of a DVB Bank SE lending portfolio in 2019 (a business as defined by IFRS 3) is assigned to the land transport finance portfolio of the Transport Finance department, which has been identified as the relevant cash-generating unit (part of the Corporates & Markets segment). The goodwill was tested for impairment on 31 December 2020 for the years up to 2025 using a differentiated income capitalisation approach based on the income and expenses assigned to the cash-generating unit in the latest medium-term planning. For the years from 2026 onwards, long-term income has been assumed on the basis of the 2025 figure to which an annual growth rate of 0.5 % has been applied. Present value was calculated as at 31 December 2020 on the basis of the current base interest rate of –0.2 % plus a market risk premium of 7.0 %. The net carrying amount for the cash-generating unit was determined from the capital allocated in accordance with the RWAs committed. As a consequence of the capital market turmoil in 2020, a significant rise in the beta factor has been calculated for the relevant peer group on the latest reporting date compared with the previous year, thereby also leading to a lower recoverable amount in accordance with IAS 36. The comparison between the lower recoverable amount and the carrying amounts as at the reporting date indicated the requirement for a full write-off.

The intangible assets changed as follows:

in € m

	Goodwill		Concessions and industrial rights		Purchased software		Internally generated software		Other intangible assets		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cost												
Balance as at 1.1.	**151**	**144**	**1**	**0**	**294**	**295**	**1**	**1**	**2**	**0**	**449**	**440**
Changes in basis of consolidation	13	7	–	–	0	0	–	–	4	2	17	9
Additions	–	–	1	1	46	36	0	0	–	–	47	37
Additions from internal development	–	–	1	–	4	3	–	0	–	–	5	3
Other additions	–	–	–	1	42	33	0	–	–	–	42	34
Disposals	–	–	–	–	–0	–38	–	–	–	–	–0	–38
Changes due to currency translation and other adjustments	–	–	–	–	–1	1	–	–	0	0	–1	1
Balance as at 31.12.	**164**	**151**	**2**	**1**	**339**	**294**	**2**	**1**	**7**	**2**	**514**	**449**
Accumulated amortisation												
Balance as at 1.1.	**–**	**–**	**–0**	**–0**	**–203**	**–185**	**–0**	**–0**	**–0**	**–0**	**–203**	**–185**
Amortisation	–	–	–0	–0	–22	–25	–0	–0	–1	–0	–23	–25
Disposals	–	–	–	–	0	7	–	–	–	–	0	7
Changes due to currency translation and other adjustments	–	–	–	–	3	0	–	–	–0	–0	3	0
Balance as at 31.12.	**–**	**–**	**–1**	**–0**	**–222**	**–203**	**–0**	**–0**	**–1**	**–0**	**–223**	**–203**
Accumulated impairment losses												
Balance as at 1.1.	**–144**	**–144**	**–**	**–**	**–0**	**–31**	**–**	**–**	**–1**	**–**	**–145**	**–175**
Impairment losses	–7	–	–	–	–0	–0	–	–	–2	–1	–9	–1
Disposals	–	–	–	–	–	31	–	–	–	–	–	31
Changes due to currency translation and other adjustments	–	–	–	–	–2	–	–	–	–	–	–2	–
Balance as at 31.12.	**–151**	**–144**	**–**	**–**	**–3**	**–0**	**–**	**–**	**–3**	**–1**	**–156**	**–145**
Carrying amounts as at 31.12.	**13**	**7**	**1**	**1**	**114**	**91**	**1**	**1**	**4**	**1**	**134**	**101**

(31) Income Tax Assets and Liabilities

Taxes on income are recognised and measured in accordance with the provisions in IAS 12. Current income tax assets and liabilities are calculated using the latest tax rates that will be applicable when the tax concerned arises.

Deferred tax assets and liabilities are generally recognised for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position in accordance with IFRS and those in the corresponding tax base. They are measured using the tax rates that have been enacted as at the reporting date concerned and that will be relevant for the date on which the deferred taxes are realised. Deferred tax liabilities are recognised for temporary differences that will result in a tax expense when the differences reverse. If a tax refund is anticipated on reversal of temporary differences and it is probable that this refund can be utilised, then deferred tax assets are recognised. Deferred tax assets are only recognised for tax loss carryforwards if it is sufficiently probable that they will be able to be utilised in the future. Deferred tax assets and liabilities are netted provided that they relate to the same type of tax, tax authority and maturity. They are not discounted. Deferred taxes on temporary differences in other comprehensive income are also recognised in other comprehensive income (OCI).

The deferred income tax assets and liabilities relate to the following items:

in € m

	Deferred income tax assets		Deferred income tax liabilities	
	31.12.2020	31.12.2019[1]	31.12.2020	31.12.2019
Financial assets and liabilities measured at amortised cost	334	1,024	1,714	2,538
Financial assets, financial liabilities, trading assets and trading liabilities measured at fair value through profit or loss	4,534	4,575	2,897	2,783
Financial assets measured at fair value through other comprehensive income	77	10	321	257
Other assets	55	61	89	104
Provisions for employee benefits	463	407	6	8
Other provisions	81	95	24	10
Other liabilities	63	69	–	6
Tax loss carryforwards	14	19	–	–
Deferred tax assets and liabilities, gross	**5,621**	**6,260**	**5,051**	**5,706**
Netted against deferred tax liabilities/assets	–5,043	–5,697	–5,043	–5,697
Total	**578**	**563**	**8**	**9**
thereof: Non-current	417	378	6	9

[1] Prior-year figures restated: In the previous year, the figure reported for deferred taxes in respect of financial assets measured at fair value through profit or loss had been too low. The figure has been increased by € 5 m (see Note (1)).

Deferred tax assets and deferred tax liabilities have been offset in accordance with IAS 12.74.

The following table shows the deferred taxes recognised in association with items in other comprehensive income:

in € m

	Before tax		Taxes		After tax	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Items that will not be reclassified to the consolidated income statement:	**–909**	**–868**	**265**	**251**	**–645**	**–617**
Remeasurement of net defined benefit liability	–994	–916	293	269	–701	–647
Change in fair value of equity instruments measured at fair value through other comprehensive income	–4	–8	–0	–0	–4	–8
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	89	56	–28	–18	61	38
Items that will be subsequently reclassified to the consolidated income statement:	**192**	**178**	**–59**	**–49**	**133**	**129**
Share of profit or loss of equity-accounted entities	–1	–0	0	0	–1	–0
Change in fair value of debt instruments measured at fair value through other comprehensive income	238	204	–76	–64	163	140
Gains or losses from hedges of a net investment in a foreign operation	–17	–17	–	–	–17	–17
Gains or losses from currency translation of foreign operations	25	37	–	–	25	37
Gains or losses from fair value hedges of currency risk	–54	–46	17	15	–37	–31
Total	**–718**	**–690**	**206**	**202**	**–511**	**–488**

The calculation of deferred tax assets for the domestic and foreign reporting units was based on individual tax rates. Given an average municipality trade tax multiplier of 452 %, the combined income tax rate for the Bank in Germany in 2020 was 31.6 %, which was unchanged compared with the prior year.

In the case of deferred tax assets, the recovery of which depends on future taxable profits that extend beyond the impact on earnings from the reversal of taxable temporary differences in existence on the reporting date, the Helaba Group only recognises such deferred tax assets to the extent that it is reasonably certain they could be utilised. If the deferred tax assets are to be utilised, there must be sufficient taxable profits in the foreseeable future against which the associated tax loss carryforwards can be offset. In this regard, the Helaba Group generally uses a planning horizon of five years.

On the basis of the multi-year planning, the Bank has concluded that the deferred tax assets are recoverable and can be justified for the period covered by the multi-year planning because sufficient taxable income will be available.

As at 31 December 2020, the Helaba Group had recognised deferred tax assets of € 4 m (31 December 2019: € 5 m) in respect of corporate income tax loss carryforwards of € 23 m (31 December 2019: € 27 m) and deferred tax assets of € 10 m (31 December 2019: € 14 m) in respect of trade tax loss carryforwards of € 99 m (31 December 2019: € 104 m).

Overall, no deferred tax assets had been recognised in respect of corporate income tax loss carryforwards of € 26 m (31 December 2019: € 23 m) and in respect of trade tax loss carryforwards of € 51 m (31 December 2019: € 68 m) because Helaba did not believe there was sufficient probability of taxable profits in the foreseeable future against which these tax loss carryforwards could be used. There is no time limit for the utilisation of loss carryforwards.

In the reporting period, the Bank recognised impairment losses on € 1 m of deferred tax assets in respect of loss carryforwards.

The current income tax liabilities include provisions for tax risks. These provisions are determined on the basis of the most likely amount required to settle the liability.

The Bank has not reported any contingent liabilities in respect of tax risks.

(32) Non-Current Assets and Disposal Groups Classified as Held for Sale, and Associated Liabilities

Non-current assets held for sale, subsidiaries already acquired with a view to onward disposal, disposal groups as defined by IFRS 5 and the liabilities associated with these assets are reported in a separate item on the face of the statement of financial position. In the case of subsidiaries already acquired with a view to onward disposal, the income and expenses associated with this item (including changes in deferred taxes) are recognised in consolidated profit or loss under net profit after tax from discontinued operations. If non-current assets and disposal groups are to be recognised in this way in accordance with IFRS 5, it must be highly probable that the assets and disposal groups concerned will actually be sold within twelve months. Until the relevant criteria are satisfied, the assets are measured in accordance with the general recognition and measurement provisions. As soon as the criteria under IFRS 5 are satisfied, the assets are measured from then on at the lower of the carrying amount and fair value less costs to sell.

The assets held for sale in the previous year (31 December 2019: € 81 m) consisted of two commercial properties that were derecognised in 2020.

(33) Other Assets and Liabilities

Other assets mainly consist of property held for sale as part of ordinary business activities. These assets comprise properties, both completed and under construction, that Helaba is itself developing and marketing. The properties are measured at the lower of cost and fair value less cost to sell, i.e. the estimated recoverable sales proceeds less anticipated remaining costs for completion and sale.

Other assets and other liabilities are used for reporting any other assets or liabilities that, viewed in isolation, are of minor significance and that cannot be allocated to any other item in the statement of financial position.

in € m

	31.12.2020	31.12.2019
Inventories	**591**	**576**
Property held for sale	588	573
Other inventories / work in progress	3	3
Advance payments and payments on account	**225**	**306**
Other taxes receivable	**1**	**3**
Sundry assets	**349**	**531**
Other assets	**1,166**	**1,416**

in € m

	31.12.2020	31.12.2019
Advance payments / payments on account	190	187
Tax liabilities, other taxes	29	33
Employee benefits due in short term	76	80
Sundry liabilities	103	98
Other liabilities	**399**	**398**

(34) Provisions

in € m

	31.12.2020	31.12.2019
Provisions for employee benefits	**2,204**	**2,110**
Pensions and similar defined benefit obligations	2,135	2,041
Other employee benefits due in the long term	68	69
Other provisions	**347**	**355**
Provisions for off-balance sheet liabilities	56	47
Provisions for loan commitments and financial guarantees	55	47
Provisions for other off-balance sheet obligations	1	0
Restructuring provisions	71	94
Provisions for litigation risks	17	20
Sundry provisions	204	194
Total	**2,551**	**2,465**

Provisions for pensions and similar obligations

Company pension arrangements in the Helaba Group comprise various types of benefit plans. There are both defined contribution plans and defined benefit plans.

In the case of defined contribution plans, fixed contributions are paid to external pension providers. No provisions are generally recognised in connection with these defined contribution plans because the Group is not subject to any further payment obligations. The ongoing contributions for defined contribution plans are recognised in general and administrative expenses.

As regards defined benefit plans, Helaba operates a number of schemes involving total benefit commitments, final salary schemes and pension module schemes. Some of the pension obligations are covered by assets that represent plan assets as defined by IAS 19. These plan assets are offset against the pension obligations. If this gives rise to an asset surplus, the carrying amount of the net defined benefit asset (net DBA) is limited to the present value of the associated economic benefits available to the Group during the term of the pension plan or following settlement of the obligations (asset ceiling). Economic benefits may be available, for example, in the form of refunds from the plan or reductions in future contributions to the plan.

The defined benefit obligations (DBO) are determined annually by external actuaries. The obligations are measured using the projected unit credit method based on biometric assumptions, salary and pension increases expected in the future, and a current market discount rate. This discount rate is based on the coupon for investment-grade corporate bonds in the same currency with a maturity matched to the weighted average maturity for the payment obligations. In Germany, a reference discount rate is applied that takes into account a large number of AA-rated bonds and has been adjusted for statistical outliers. The Helaba Group determines this discount rate largely on the basis of Mercer's discount rate recommendation. The actual discount rate used is in a range covered by 0.5 percentage points, within which three expected scenarios are calculated. Based on Mercer's rate recommendation, Helaba uses the discount rate from the scenario deemed to be the best estimate taking into account the duration and discount rate recommendations from other actuaries. This procedure is intended to avoid positive or negative outliers.

In accordance with IAS 19, the defined benefit expense to be recognised in consolidated profit or loss is largely determined right at the start of a financial year on the basis of the actuarial assumptions applicable at that point. The pension expense to be recognised in the income statement includes mainly the net interest component and the current service cost.

The net interest component comprises both the expense arising from unwinding the discount on the present value of the pension obligation and the imputed interest income on the plan assets. The net interest is determined by multiplying the net defined benefit liability (present value of the defined benefit obligation less plan assets) at the start of the period by the applicable discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. If a surplus of plan assets arises, the net interest component also includes the net interest on the effect of the asset ceiling. The net interest expense is included as part of the net interest income figure reported in the income statement.

The current service cost represents the increase in pension obligations attributable to the service provided by employees in the financial year; it is reported under general and administrative expenses.

If the present value of a defined benefit obligation changes as a result of the amendment or curtailment of a plan, the resulting effects are recognised in profit or loss under general and administrative expenses as a past service cost. The amount concerned is recognised on the date the amendment or curtailment occurs. Any gain or loss arising from the settlement of defined benefit obligations is treated in the same way. Following a plan amendment, curtailment or settlement, the current service cost and the net interest for the period after the remeasurement must be determined using the actuarial assumptions at the time of the change.

Any variances between the actuarial assumptions at the start of the period and actual trends during the financial year, together with any updates made to the measurement parameters at the end of the financial year, result in remeasurement effects, which are then reported in other comprehensive income.

The changes in provisions for pensions and similar obligations reported in the statement of financial position were as follows:

in € m

	DBO		Plan assets		Net defined benefit obligations	
	2020	2019	2020	2019	2020	2019
Balance as at 1.1.	**2,424**	**2,105**	**–383**	**–373**	**2,041**	**1,732**
Total pension cost	87	90	–7	–7	81	83
Interest expense (+)/interest income (–)	30	42	–5	–7	26	35
Current service cost	55	45	–	–	55	45
Past service cost	–	3	–	–	–	3
Gains or losses on settlement	2	–	–2	–	–	–
Total gains or losses on remeasurement	93	302	–15	–9	78	293
Actuarial gains (–)/losses (+) on financial assumptions	104	307	–	–	104	307
Actuarial gains (–)/losses (+) on demographic assumptions	–	14	–	–	–	14
Experience adjustment gains (–)/losses (+)	–11	–19	–	–	–11	–19
Gains or losses on remeasurement of plan assets	–	–	–15	–9	–15	–9
Employee contributions	2	3	–2	–3	0	0
Employer contributions	–	–	–11	–16	–11	–16
Benefits paid	–66	–65	14	13	–52	–52
Payments in connection with plan settlements	–	–16	–	16	–	–
Changes in basis of consolidation	0	–	–	–	0	–
Changes due to currency translation	–4	5	2	–4	–1	1
Balance as at 31.12.	**2,537**	**2,424**	**–402**	**–383**	**2,135**	**2,041**

The main defined benefit plans (in the form of direct commitments) at Landesbank Hessen-Thüringen are as follows:

In the case of employees who joined the Bank on or before 31 December 1985 and who are eligible for pension benefits, there is a fully dynamic comprehensive defined benefit plan, in which the annual benefits payable under the plan are up to a maximum of 75 % of the pensionable remuneration on retirement date, subject to deduction of third-party pension entitlements. During the period in which a pension is drawn, pension benefits are increased in line with any pay-scale increases. The existing beneficiaries are primarily retirees and surviving dependants. However, there is also a small proportion of beneficiaries who are still active or who have left the Bank but have retained vested entitlements.

The retirement benefit system in place between 1986 and 1998 is a scheme based on final salary with a split pension benefits formula. The annual pension benefits are linked to a certain percentage of pensionable remuneration earned for each year of service depending on the contribution assessment ceiling in the statutory pension insurance scheme (salary components above the ceiling being weighted differently from those below the ceiling). The plan is based on a maximum of 35 years of service and pension benefits rise in line with pay-scale increases during the period in which the benefits are drawn. The existing beneficiaries are predominantly current employees and individuals who have left the Bank but have vested rights.

For the defined benefit plan in force since 1999, the retirement pension is calculated by adding all the pension credits accrued during the pensionable period of service. The pension credits are determined by multiplying the pensionable remuneration for the respective calendar year by an age-dependent factor. During the period in which the pension is drawn, the benefits are subject to an annual increase of 1 %. The plan is open to new members. The current members of the scheme are almost exclusively active employees and individuals who have left the Bank but have vested rights.

In addition, the Helaba Group has individual commitments to pay annual pension benefits. These commitments for the most part involve comprehensive defined benefit plans similar to those used by the civil service in Germany in which the benefits represent the difference between a target pension and the statutory pension entitlement and in which the pension benefits are increased in line with pay-scale increases during the period in which pensions are drawn. The existing beneficiaries under these plans are mainly retirees, surviving dependants and individuals who have left the Bank but still have vested rights. However, the plans remain open to new members.

As a result of the takeover of the S-Group Bank business, the transfer of the business unit in accordance with section 613a BGB meant that the pension obligations of Portigon AG to the new employees were also transferred to Helaba.

Employees who, as a result of the break-up of Westdeutsche Landesbank Girozentrale into the public-law Landesbank NRW (currently NRW.Bank) and the private-law WestLB AG (currently Portigon AG) in 2002, were assigned to NRW.Bank were put on special leave so that they could enter into a second employment relationship with Portigon AG (VBB dual contract holders). The pension commitments are maintained by NRW.Bank without change. Economically, however, the costs are charged to Helaba because NRW.Bank has to be reimbursed for the pension payments it has to make.

For the vested pension rights of the other employees, the accrued entitlement was determined at the time of transfer of the business unit and the corresponding obligation was transferred to Helaba. The externally funded vested pension rights vis-à-vis BVV Versorgungskasse des Bankgewerbes e. V., Berlin, were exempted from contributions as from the date of the transfer of the business unit. As from the date of transfer of the business unit, the employees were registered with Helaba's company pension scheme under the service agreement in force since 1999.

There is also an employee-funded pension plan in the form of a deferred compensation scheme in which the benefits comprise lump-sum capital payments. In this case, investment fund units are purchased for each amount of deferred compensation and an age-dependent capital component is calculated for the employee concerned using an arm's length guaranteed rate of return. Upon retirement, the employee is paid the higher of the total capital components or the fund assets. The deferred compensation options available to employees are being extended under the German Act to Strengthen Occupational Retirement Pensions (Betriebsrentenstärkungsgesetz, BRSG) to include insurance-based schemes, which are being offered to employees primarily as a gross deferred compensation option.

At Frankfurter Sparkasse, employees who joined the bank before 31 December 2014 are entitled to a pension from the Frankfurter Sparkasse pension fund. This is a regulated pension fund, and the pension fund's obligation to regularly adjust the lifetime benefits is implemented in the form of a direct commitment by Frankfurter Sparkasse. Under the subsequent arrangements, there is a defined contribution plan funded by both the employer and employees; the pension is provided through BVV Versicherungsverein des Bankgewerbes a.G. Employees of the former Stadtsparkasse Frankfurt are entitled to a pension from Zusatzversorgungskasse der Stadt Frankfurt (ZVK Frankfurt), which Helaba identified as an obligation during the course of its acquisition of Frankfurter Sparkasse and recognises in its statement of financial position. There are also individual commitments, largely in the form of comprehensive defined benefit plans (in which the benefits represent the difference between a target pension and third-party pension entitlements) and an employee-funded pension plan.

Employees at the London branch are members of a defined benefit plan, although the plan is now closed to new entrants. This plan is a pension fund that follows local measurement arrangements. It is reviewed at regular intervals to ensure that it meets the requirements for external financing. In 2018, the vested rights were determined for the members of the pension scheme and future services are being funded through a matching plan in the form of a defined contribution plan via an external pension provider.

At the subsidiary Frankfurter Bankgesellschaft (Schweiz) AG, the statutory requirements related to occupational pensions are satisfied by a separate pension scheme linked to a collective arrangement under the auspices of a third-party provider.

The following table shows the funding status of the defined benefit plans:

in € m

	DBO		Plan assets		Net defined benefit obligations	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Domestic defined benefit plans	**2,394**	**2,296**	**–304**	**–296**	**2,090**	**2,000**
Landesbank Hessen-Thüringen	**1,681**	**1,618**	**–41**	**–40**	**1,640**	**1,578**
Comprehensive defined benefit plans	803	830	–	–	803	830
Defined benefit plan up to 1985	656	691	–	–	656	691
Individual commitments	95	90	–	–	95	90
VBB dual contract holders	52	49	–	–	52	49
Final salary plans (Retirement pension scheme 1986–1998)	297	272	–	–	297	272
Pension credit system (Retirement pension scheme from 1999)	425	368	–	–	425	368
Other plans	156	148	–41	–40	115	108
Frankfurter Sparkasse	**635**	**603**	**–252**	**–245**	**383**	**358**
Frankfurter Sparkasse pension fund	317	297	–250	–243	67	54
Pension fund adjustment obligation	124	113	–	–	124	113
ZVK Frankfurt	106	105	–	–	106	105
Individual commitments	78	78	–	–	78	78
Other plans	10	10	–2	–2	8	8
Other Group companies	**78**	**75**	**–11**	**–11**	**67**	**64**
Foreign defined benefit plans	**143**	**128**	**–98**	**–87**	**45**	**41**
Total	**2,537**	**2,424**	**–402**	**–383**	**2,135**	**2,041**

The following table shows the breakdown of plan assets:

in € m

	31.12.2020	31.12.2019[1)]
Plan assets quoted in active markets	**306**	**293**
Cash on hand, demand deposits and overnight money balances with central banks and banks	3	3
Loans and receivables	–	11
Bonds and other fixed-income securities	223	217
Equity shares and other variable-income securities	80	62
Derivatives	–	0
Plan assets not quoted in active markets	**96**	**90**
Cash on hand, demand deposits and overnight money balances with central banks and banks	0	0
Equity shares and other variable-income securities	53	51
Qualifying insurance contracts	43	39
Fair values of plan assets	**402**	**383**

[1)] Prior-year figures adjusted: In the previous year, equity shares and other variable-income securities amounting to € 51 m that should have been reported under plan assets not quoted in active markets were actually presented under plan assets quoted in active markets.

As was the case at 31 December 2019, the plan assets did not include any of the Group's own assets at the end of the reporting year.

For the next financial year, Helaba expects to make contributions to plan assets of € 12 m (2019: € 10 m).

Pension obligations for which there are no plan assets in accordance with IAS 19 are funded for the most part by long-term special funds with an investment focus on bonds.

The Helaba Group's pension obligations are exposed to various risks. This exposure is attributable to general market volatility and also specific risks. However, there are no extraordinary risks arising in connection with pension obligations.

Risks from general market volatility mostly involve risks arising from changes in the inflation rate and market interest rates. Other risks include the risk of longevity.

- General market volatility
  The main impact from general market volatility on the level of the defined benefit obligations is through changes in the discount rate. Over the last few years there has already been a noticeable increase in pension provisions as a result of the general fall in discount rates. The principal reason why discount rates have such a significant impact on defined benefit obligations is the length of the maturities involved in these obligations.

- Inflation risk – pension adjustment
  The Helaba Group applies the principles in the German Occupational Pensions Act (Betriebsrentengesetz, BetrAVG) when determining adjustments as part of benefit reviews for its defined benefit plans. The more recent schemes, which are structured as pension credit systems, are subject to fixed adjustment rates and thus are largely independent of the inflation rate and future pay-scale increases.

- Inflation risk – salary increases, pay scale increases, increases in civil servant remuneration
  In most of the older pension arrangements (comprehensive defined benefit plan up to 1985 and final salary plan), Helaba increases pensions in line with pay-scale trends in both private

and public-sector banks. Increases in pay scales covering pensionable salaries therefore have an effect on the level of current pension benefits. Individual defined benefit plans provide for the adjustment of pensions on the basis of civil service pay in accordance with the regulations in the federal state concerned (Hesse, Thuringia, North Rhine-Westphalia).

- Risk of longevity
  Given that by far the most common form of benefit is an annuity, Helaba bears the risk that the beneficiaries will live longer than the period estimated in the actuarial calculations. Normally, this risk balances out across all the beneficiaries as a whole and only becomes material if general life expectancy turns out to be higher than forecast.

As far as specific risks are concerned, it is worth mentioning that defined benefit obligations are to a certain extent dependent on external factors. In addition to the factors already referred to (adjustments related to pay-scale increases or increases in civil servant pay), there are other influences subject to variation beyond the control of Helaba. This is particularly true in the case of changes to statutory pensions and other externally funded pensions, which are offset as part of the comprehensive defined benefit plans. Helaba must bear the risk in this regard.

The principal actuarial assumptions on which the measurement of the defined benefit obligations is based are shown in the following table (weighted average rates):

in € m

	31.12.2020	31.12.2019
Discount rate	1.0	1.3
Salary trend	2.0	2.1
Pension trend	1.4	1.5

In both the year under review and the previous year, the probability of invalidity and death in Germany was based on the 2018 generation mortality tables published by Professor Dr. Heubeck.

Changes in the main actuarial assumptions would have the following effects on the present value of all the defined benefit obligations:

in € m

	31.12.2020	31.12.2019
Discount rate (decreased by 50 basis points)	270	254
Salary trend (increased by 25 basis points)	83	80
Pension trend (increased by 25 basis points)	80	77
Life expectancy (improved by 10%)	129	121

The sensitivity analysis shown above reflects the change in one assumption, all the other assumptions remaining as in the original calculation. In other words, the analysis does not factor in any possible correlation effects between the individual assumptions. This analysis only takes into account changes in assumptions that lead to an increase in the liability. The relevant present value of the obligations arising from changes to key actuarial assumptions that lead to a reduction in the liability can be extrapolated approximately from the calculated values by looking at the figures symmetrically.

The impact on the obligations from a change to an actuarial assumption is calculated precisely on the basis of the projected unit credit method. Approximation methods have not been used. The absolute change in assumptions in terms of basis points in each case is based on the average long-term changes that have occurred in the recent past and on potential future changes, and is therefore estimated as a mean change.

As at 31 December 2019, the weighted average maturity of the defined benefit obligations was 20.3 years (31 December 2019: 20.6 years). The following table shows the maturity structure of the forecast pension payments:

in € m

	31.12.2020	31.12.2019
Forecast pension payments with maturities of up to one year	68	67
Forecast pension payments with maturities of one year to five years	279	272
Forecast pension payments with maturities of five years to ten years	389	386

The Helaba Group is involved in joint defined benefit plans with a number of other employers (multi-employer plans) and these defined benefit plans cannot be recognised as such because there is insufficient reliable information available. The plans are therefore treated as defined contribution plans in accordance with IAS 19. They involve membership of pay-as-you-go pension schemes in the form of regulated pension funds that switched to an "as funded" basis on 1 January 2002. The funds concerned are the regional supplementary pension funds and Versorgungsanstalt des Bundes und der Länder, all of which have similar statutes in terms of content. With the switch to the "as funded" basis, the existing defined benefit obligations were converted to a defined contribution system. The statutes authorise the collection of additional contributions if necessary in order to fund agreed benefits; alternatively, benefits can be reduced if there is insufficient cover in the fund (recovery money, recovery clause). There is no allocation of assets and liabilities according to originator. The pension fund publishes information on its business performance and risk trends solely in an annual report. It does not disclose any further information. As in the previous year, expenses amounting to € 1 m were incurred in connection with these plans.

There are also defined contribution plans arising from Helaba's membership of BVV Versicherungsverein des Bankgewerbes a. G. Curtailment of the benefits under the pension terms will be offset by additional contributions on the part of the employer. Further defined contribution plans are externally funded through direct insurance with insurers subject to public law. As far as possible, these arrangements are through SV Sparkassen-Versicherung and Provinzial Lebensversicherung AG. The foreign branches in London and New York also have their own defined contribution plans funded through external pension providers. The total expenses in the reporting period for defined contribution plans were € 4 m (2019: € 4 m).

The employer subsidy for pension insurance in 2020 amounted to € 36 m (2019: € 37 m).

Other employee benefits due in the long term

Provisions for other employee benefits due in the long term are recognised for employee benefits that are not entirely payable within twelve months after the reporting period. These items mainly comprise provisions for long-service awards, early retirement agreements, partial retirement agreements and deferred bonuses. Such items are measured in line with IAS 19, although using a simplified method, according to which remeasurements of the net obligation are recognised through consolidated profit or loss.

Other provisions

Other provisions are recognised in accordance with IAS 37 if the Helaba Group has incurred a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will result in an outflow of resources and the amount can be reliably estimated. The timing or amount of the obligation is uncertain. The amount recognised as a provision is the best possible estimate as at the reporting date of the expense that will be necessary to settle the obligation. Non-current provisions are recognised at present value if the time value of money is material. Provisions are discounted using a standard market discount rate commensurate with the risk involved.

The following table shows the changes in other provisions and provisions for other long-term employee benefits:

in € m

	Provisions for other long-term employee benefits	Provisions for other off-balance sheet obligations	Restructuring provisions	Provisions for litigation risks	Provisions for tax proceedings	Sundry provisions
As at 1.1.2020	**69**	**0**	**94**	**20**	**–**	**194**
Utilisation	–23	–	–15	–3	–	–119
Reversals	–0	–0	–0	–2	–	–14
Reclassifications	12	–	–8	–0	–	0
Interest cost	0	–	0	–	–	–0
Additions	11	0	0	2	–	144
Changes due to currency translation and other adjustments	–0	–	–	–0	–	–1
As at 31.12.2020	**68**	**1**	**71**	**17**	**–**	**204**

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

in € m

	Provisions for other long-term employ-ee benefits	Provisions for other off-balance sheet obligations	Restructuring provisions	Provisions for litigation risks	Provisions for tax proceedings	Sundry provisions
As at 31.12.2018	**74**	**0**	**18**	**24**	**–**	**200**
Adjustments due to first-time application of new financial reporting requirements (IFRS 16)	–	–	–	–	–	–5
As at 1.1.2019	**74**	**0**	**18**	**24**	**–**	**195**
Changes in basis of consolidation	–	–	–	3	–	0
Utilisation	–27	–	–3	–7	–	–112
Reversals	–1	–0	–0	–4	–	–34
Reclassifications	7	–	–7	–	–	–0
Interest cost	1	–	0	–	–	0
Additions	15	0	86	4	–	145
Changes due to currency translation and other adjustments	0	–	–	–0	–	0
As at 31.12.2019	**69**	**0**	**94**	**20**	**–**	**194**

Provisions for other off-balance sheet liabilities result from liabilities outside the scope of application of the IFRS 9 impairment model that are subject to the recognition and measurement regulations of IAS 37. Please refer to Note (37) for further information on provisions for loan commitments and financial guarantees within the scope of application of the IFRS 9 impairment model.

The restructuring provisions largely relate to the “Scope” efficiency programme launched in Helaba in the reporting year, for which a provision of € 59 m was recognised as at the reporting date (31 December 2019: € 71 m).

Claims are pursued against the Helaba Group before the courts and in arbitration proceedings. Provisions for litigation risks have been recognised if it is estimated that the probability of a successful claim is greater than 50 %. The amount of the provision is the amount that the Bank is likely to have to pay in the event of a successful claim. The provisions for litigation risks recognised by the Helaba Group also take into account amounts to cover litigation costs (court costs and other expenses in connection with litigation, such as legal and other fees).

Helaba has recognised provisions for litigation risks mainly to cover lawsuits brought by investors in closed funds. Investors who believe that their expectations with regard to a particular investment have not been met base their claims on non-compliance with consumer protection regulations. Depending on the circumstances in each individual case, the Bank will examine the possibility of settling a claim in terms of the nature and scope of a potential settlement. Helaba will not provide a detailed description here of individual cases or proceedings, nor a breakdown of the overall amount for the provision for litigation risks. Claimants could otherwise draw conclusions about the Bank’s litigation and settlement strategy.

The provisions for litigation risks are reviewed quarterly to ensure they are appropriate. The provisions may be increased or reversed on the basis of management assessments taking into account the legal situation. The final costs incurred in connection with litigation risks could differ from the recognised provisions because an assessment of probability and the determination of figures for uncertain liabilities arising from litigation to a large degree requires measurements and estimates that could prove to be inaccurate as litigation proceedings progress.

Cases that do not meet the criteria for the recognition of provisions are reviewed to establish whether they need to be disclosed under contingent liabilities and, where appropriate, are included in the information disclosed in Note (47).

The sundry provisions mainly relate to obligations in connection with share transactions, flat-rate employment taxes, interest on retrospective tax payments as well as risks related to potential compensation claims in the deposit business or to the reimbursement of loan processing fees.

Additions to and reversals of provisions for other long-term employee benefits are normally recognised under personnel expenses; those relating to other off-balance sheet liabilities, to restructuring provisions and to provisions for litigation expenses are reported under other net operating income. Additions to sundry provisions are normally included in general and administrative expenses or other net operating income, depending on the underlying circumstances, but reversals of these provisions are recognised under other net operating income. The interest cost (from unwinding of discount) is reported under net interest income.

Of the total for other provisions, current provisions accounted for € 182 m (31 December 2019: € 209 m).

(35) 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 31 December 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
Free 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. As at

31 December 2020, the bond amounts recognised in the consolidated statement of financial position stood at € 354 m (31 December 2019: € 354 m).

The retained earnings amounting to € 4,942 m (31 December 2019: € 4,778 m, prior-year figure reduced by € 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 € 296 m. If these reserves are used 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 original plan to distribute an amount of € 90 m from the consolidated net profit for 2019 to the owners based on their shareholdings and capital contributions was withdrawn in line with a pronouncement by the European Central Bank (ECB) because of the COVID-19 pandemic. The amount was instead treated as profit carried forward. An amount of € 14 m was paid in December 2020 to service the AT1 bonds. A dividend distribution of € 90 m is planned in relation to the 2020 financial year.

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	Share of other comprehensive income of equity-accounted entities	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**	**−0**	**94**	**−17**	**35**	**−28**	**−359**
Other comprehensive income for the reporting period	−207	−10	44	−0	46	–	2	−3	−128
As at 31.12.2019	**−647**	**−8**	**38**	**−0**	**140**	**−17**	**37**	**−31**	**−488**
Other comprehensive income for the reporting period	−55	4	23	−0	23	–	−13	−5	−23
Reclassifications within equity	–	–	−1						−1
As at 31.12.2020	**−701**	**−4**	**61**	**−1**	**163**	**−17**	**25**	**−37**	**−511**

Capital Management

The Helaba Group 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 and 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 %. In 2019, both the capital conservation buffer and the buffer for other systemically important banks (the buffer for systemic importance relevant to Helaba) reached their final levels.

To add to these generally applicable requirements, the ECB lays down further institution-specific requirements for institutions subject to the SSM. The minimum CET1 capital ratio required to be maintained by the Helaba Regulatory Group in 2020 under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 5.48 % (2019: 6.25 %) plus the applicable capital buffer requirements. The CET1 capital ratio requirement as at 31 December 2020 therefore came to 8.75 % (31 December 2019: 9.875 %).

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.

As at 31 December 2020, the breakdown of the own funds of the Helaba banking group was as follows (each amount shown after regulatory adjustments):

in € m

	31.12.2020	31.12.2019
Tier 1 capital	**9,447**	**9,153**
Common Equity Tier 1 capital (CET1)	8,882	8,483
Additional Tier 1 capital	564	670
Tier 2 capital	**2,089**	**2,229**
Own funds, total	**11,536**	**11,382**

The following capital requirements and ratios were applicable as at 31 December 2020:

in € m

	31.12.2020	31.12.2019
Default risk (including equity investments and securitisations)	4,282	4,213
Market risk (including CVA risk)	287	297
Operational risk	274	272
Total own funds requirement	**4,843**	**4,782**
CET1 capital ratio	14.7%	14.2%
Tier 1 capital ratio	15.6%	15.3%
Total capital ratio	19.1%	19.0%

The Tier 1 and total capital ratios comply with the target ratios specified by Helaba in its capital planning. 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. However, based on a new 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 the leverage ratio into account in its management systems.

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 Regulatory Group's disclosure report in accordance with section 26a KWG (offenlegung.helaba.de).

Disclosures on Financial Instruments and Off-Balance Sheet Transactions

(36) Risk Management

The Group's risk strategy focuses on the assumption of risks with a view to making profits and takes account of the company's economic and regulatory capital. The identified risks are continuously measured and monitored for risk management purposes. The methods used are subject to constant improvement. With regard to the organisation of risk management, the individual risk types as well as risk concentrations, please refer to the risk report, which forms an integral part of the management report.

(37) Credit Risks Attributable to Financial Instruments

The Helaba Group applies the three-stage IFRS 9 impairment model to the following financial instruments and measurement categories:

- Financial assets in the AC measurement category
- Debt instruments in the FVTOCI (recycling) measurement category
- Lease receivables
- Receivables in accordance with IFRS 15 (including contract assets)
- Loan commitments within the scope of IFRS 9 and financial guarantees not measured at fair value through profit or loss.

In accordance with the expected credit loss model, a loss allowance is recognised in the amount of the expected credit loss for all financial instruments falling within this scope, depending on the model stage to which the financial instrument concerned is allocated.

Cumulative loss allowances on financial assets in the AC measurement category are deducted from the gross carrying amounts on the assets side of the statement of financial position. In the case of financial assets in the FVTOCI (recycling) measurement category, they are reported within accumulated OCI. The cumulative provisions for losses on loan commitments and financial guarantees are reported separately as a provision for off-balance sheet liabilities under provisions on the liabilities side of the statement of financial position. Impairment losses and reversals of impairment losses are recognised as additions to, and reversals of, this provision.

Loss allowances at stage 1

When a financial instrument is first recognised, it is normally allocated to stage 1 regardless of its initial credit risk. Exceptions are financial instruments that need to be classified as POCI assets (because there is already objective evidence of impairment at the time of initial recognition), lease receivables and IFRS 15 contract assets, which are always allocated to stage 2 in application of the simplified approach under IFRS 9.

The loss allowance at stage 1 is recognised in an amount equal to the twelve-month expected credit loss (12M ECL). This amount is derived from the lifetime expected credit losses and comprises the portion of the losses resulting from default events anticipated in the twelve months following the reporting date.

Loss allowances at stage 2

Financial instruments for which the credit risk has increased significantly compared with the credit risk expected on initial recognition are allocated to stage 2. Lease receivables, together with contract assets as specified in IFRS 15, are also allocated to stage 2. IFRS 9 offers an option whereby financial instruments with a very low absolute credit risk can be left in stage 1 regardless of any relative deterioration since initial recognition. The Helaba Group only exercises this option for bonds and other fixed-income investment-grade securities. The investment-grade range covers all rating classes up to, and including, rating class 11 of the internal credit rating scale.

To assess whether there has been a significant increase in credit risk since initial recognition, Helaba uses a relative quantitative transfer criterion based on the established internal rating process. In this approach, the latest probability of default over the residual maturity of the financial instrument is compared with the probability of default anticipated for this period at the time of initial recognition. The predicted default risk will be determined using rating-module-specific migration matrices and a distribution assumption (quantile), such that a rating threshold value can be established as a quantitative transfer criterion for each financial instrument. The probability of default is adjusted using macroeconomic factors if significant economic changes are expected that are not sufficiently reflected in the probability of default. The transfer of an instrument to loan workout will also be used as a qualitative criterion for assessing whether the instrument needs to be moved to stage 2. This is required, for example, if payments are more than 30 days past due. If a payment is more than 30 days past due, this is considered a major credit event affecting creditworthiness, which means that the corresponding item is automatically transferred to stage 2.

The definition of default event used to determine probabilities of default is the same as the regulatory definition in article 178 of the CRR.

The criteria for a transfer from stage 1 to stage 2 apply in the same way for a transfer back to stage 1: a financial instrument can be transferred back to stage 1 if the credit risk associated with the financial instrument has reduced again to the extent that the criterion of a significant increase in credit risk is no longer satisfied.

At stage 2, a loss allowance is recognised in an amount equal to the lifetime expected credit losses (lifetime ECLs) for the financial instrument concerned.

The lifetime ECL is generally determined for each individual financial instrument. A portfolio approach is only carried out to take into consideration information not previously reflected in the ECL calculation models and that should be factored into the recognition of loss allowances.

The following main parameters, assumptions and estimation methods are used to establish lifetime ECLs:

- Probability of default (PD): the lifetime PD represents the borrower's probability of default for the entire remaining term of the transaction concerned. The calculation of the lifetime PD is based on migration matrices available for every rating module. The migration matrices describe the probability that a borrower will migrate from one rating class into another within the next twelve months. They can be used to determine both the one-year PD and – based on matrix multiplication – the lifetime PD. The migration probabilities are mainly derived from past experience, but also take information on the current situation as well as forward-looking information into account.
- Exposure at default (EAD): the EAD is mainly based on the expected present value of the projected and extraordinary cash flows during the remaining term of the transaction. This includes both expected unscheduled repayments as well as cancellation probabilities for transactions where the cancellation before the end of the contract term is considered possible. Both parameters are calculated as average values of historical data.
- Credit conversion factor (CCF): the CCF is taken into account as part of the EAD calculation in the context of loan commitments. The CCF represents the projected drawdown of the provided credit line if a default occurs within the next year. Based on historical and economic customer behaviour, the CCF is calculated as the ratio between the loan amount to be drawn until the default event, and the provided credit line as at the respective reporting date. In order to be able to determine the provided credit line for more than one period in the event of a default, a life CCF (LCCF) must be taken into consideration. The LCCF represents the expected drawdown of a provided credit line over time provided that no counterparty default occurs. The LCCF is calculated from historical data: it is the percentage of drawdowns of the overall credit line in the respective period.
- Loss given default (LGD): the LGD is calculated for the secured and unsecured portions of the EAD. The calculation of the secured EAD portion includes estimated changes in the fair value of collateral; these estimates might be adjusted if pronounced macroeconomic fluctuations are anticipated. Initially, the LGD is calculated for twelve months. In order to calculate LGDs covering more than one year, both the EAD and the collateral value are extrapolated over future periods. IFRS 9 requires reporting entities to make estimates reflecting their expectations; to fulfil this requirement, the Helaba Group does not take into account any downturn components or collateral margins considered inappropriately high for economic purposes. Moreover, the consideration of collateral is also based on economic criteria. For instance, all recoverable collateral is taken into account irrespective of its eligibility for regulatory purposes.
- When determining the remaining term of financial instruments, the Helaba Group bases its calculations on the maximum contractual term, taking into account borrowers' renewal options. In the case of combined financial instruments, i.e. financial instruments consisting of a combination of loan and revolving credit (such as current account overdrafts), the contractual term is generally an inadequate reflection of the actual term – therefore, an estimated term is used for these scenarios.

Forward-looking information is taken into account in the calculation of the lifetime ECL by also reviewing specific scenarios. For further information in this regard, please refer to the details in the section covering the impact of the COVID-19 pandemic.

All parameters used to determine the ECL are subject to estimation uncertainty, meaning that the actual losses incurred at Helaba may deviate from the expected losses recognised 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.

Loss allowances at stage 3

A financial instrument is allocated to stage 3 if there is objective evidence of impairment, as follows:

- significant financial difficulty on the part of the issuer or the borrower;
- failure of the issuer or borrower to make interest payments or repayments of principal in accordance with contract;
- concessions by the lender that have only been granted because of the financial difficulties of the issuer or borrower (forbearance);
- significant probability that the issuer or borrower will become insolvent or have to undergo financial restructuring;
- disappearance of an active market for the asset because of the issuer's or borrower's financial difficulties;
- observable data indicating a measurable decline in estimated future cash flows from a group of financial assets even though a decline cannot yet be identified for the individual asset concerned.

In this context, the Helaba Group has harmonised its definition of indicators constituting objective evidence with the regulatory definition of a default event in accordance with article 178 CRR. A financial asset is therefore deemed to be in default and is allocated to stage 3 if one of more of the following criteria are satisfied:

- Repayment by the borrower in full, without recourse by the lender to recovery of collateral, is unlikely.
- A significant liability of the borrower to the Helaba Group is more than 90 days past due.

However, in individual cases, the connection between stage 3 and the regulatory definition of a default event may no longer apply where Helaba has granted substantial modifications or originated new primary business with defaulted borrowers who are already in a cure period. New business is allocated to stage 1 unless it has to be classified as a POCI asset.

If the objective evidence of impairment no longer applies, the instrument is transferred back from stage 3 into stage 2 or stage 1. The objective evidence of impairment no longer applies as soon as the default event is over. Simultaneously, an internally established cure period applies, taking regulatory requirements into account. During the cure period, all items remain in stage 3.

The amount of the loss allowance to be recognised for financial instruments in stage 3 is also equivalent to the lifetime ECL. The loss allowance is then calculated on the basis of individual cash flow estimates, taking into account various scenarios and the probability of such scenarios materialising. For global limits, the lifetime ECL as determined at stage 2 is used, but with the given default probability of 100 %.

Uncollectible loans and receivables in which it is virtually certain that there will be no further receipt of payments after recovery of all collateral and receipt of other proceeds are derecognised taking into account recognised loss allowances, or through profit or loss (direct write-offs).

POCI assets

Financial instruments for which there is already objective evidence of impairment on initial recognition are subject to a separate measurement approach known as the purchased or originated credit-impaired (POCI) approach. With reference to newly issued financial instruments and financial instruments after substantial modifications, the Helaba Group verifies upon initial recognition whether all contractually agreed payments can be expected to be received without the potential recovery of collateral. If a financial instrument is classified as a POCI asset on initial recognition, this classification must be maintained until the financial instrument is derecognised, regardless of any change in the associated credit risk. POCI financial assets are therefore not subject to the transfer criteria in the general three-stage model.

Modifications

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. Any contractual changes, including those in the COVID-19 context, are reviewed to establish whether they constitute a modification.

The modification rules apply to financial instruments measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVTOCI (recycling) measurement category) as well as loan commitments and financial guarantees within the scope of the impairment rules. A distinction must be made between substantial and non-substantial modifications. Within the Helaba Group, financial instruments in the AC measurement category as well as financial assets in the FVTOCI category are considered modified substantially if specific qualitative criteria are fulfilled in the context of contract adjustments; these criteria include change of borrower, currency changes, and the subsequent stipulation of contractual components not in line with the SPPI criteria. In the case of financial assets in stages 1 and 2, a quantitative test is also carried out: if the present value of the cash flows after modification (determined by discounting using the original effective interest rate) varies by more than 10 % from the present value of the originally agreed cash flows, then the financial instrument concerned is also deemed to have been substantially modified. Substantial modifications of stage 1 and stage 2 financial assets mean that the asset in question is derecognised through profit or loss and that another financial asset – with amended contract conditions – is initially recognised. Non-substantial modifications do not lead to the derecognition of the assets concerned; instead, the gross carrying amount of the asset is adjusted through profit or loss to the present value of the modified cash flows in a calculation using the original effective interest rate. Gains or losses resulting from substantial modifications are reported under gains or losses on derecognition of financial instruments not measured at fair value through profit or loss (see Note (13)), whereas gains or losses from non-substantial modifications are recognised in a separate line item in the consolidated income statement (see Note (6)). In the case of stage 3 financial assets and POCI assets, modification effects are recognised by utilising loss allowances. If loss allowances first need to be adjusted in line with the effect from a modification, this may have an impact on the net loss allowances reported in the income statement.

If a stage 2 or stage 3 financial instrument is not substantially modified, it is transferred back to stage 1 in line with the general stipulations. The quantitative transfer criterion is still based on the expected default probability at initial recognition (i.e. not at the modification date).

The amortised cost before modification in respect of financial assets that were not substantially modified in the reporting period and for which the cumulative loss allowances on the date of contractual modification were measured in the amount of the lifetime ECL (stages 2 and 3) and, in cases where the simplified approach was used, in respect of financial assets that were more than 30 days past due amounted to € 433 m (31 December 2019: € 83 m; prior-year adjusted). The corresponding modification gains or losses amounted to € 0 m (31 December 2019: € 0 m). The portfolio contains modified assets with a gross carrying amount of € 3 m (31 December 2019: € 1 m) that were assigned to stages 2 or 3 at the date of modification, but transferred to stage 1 in the reporting year.

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 as at the reporting date in respect of financial instruments subject to the rules in IFRS 9:

in € m

	31.12.2020	31.12.2019
Cumulative loss allowances	**–557**	**–289**
In respect of demand deposits and overnight money balances with central banks and banks	–0	–0
In respect of financial assets measured at amortised cost	–553	–286
Loans and receivables	–553	–286
In respect of financial assets measured at fair value through other comprehensive income	–4	–3
Bonds and other fixed-income securities	–2	–2
Loans and receivables	–1	–1
Loan loss provisions	**55**	**47**
For loan commitments	25	21
For financial guarantees	30	26

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. Initially, all Helaba's borrowers who were displaying evidence of heightened credit risk as a result of the effects of the COVID-19 pandemic were separately identified and placed on a COVID-19 watchlist in order to ensure that lending was handled in a manner that was appropriate to this exceptional situation, focusing purposefully on the risk involved. The protracted nature of the crisis means that the economic recovery process will take longer than anticipated at the beginning of the COVID-19 pandemic. In view of these developments, Helaba has decided to return to the implementation of its normal lending process and transfer all lending on the COVID-19 watchlist to the standard process. For the purposes of transferring lending to the standard process, all exposures on the COVID-19 watchlist were individually reviewed on the basis of an up-to-date risk assessment to establish whether they needed to be classified as an exposure subject to workout and therefore allocated to stage 2. In this review, an analysis was carried out, taking into account the situation specific to the business and industry concerned, to establish whether the lockdown and consequential effects from the pandemic were not just temporary, i.e. whether a permanent deterioration in financial circumstances should be anticipated.

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 was subject to the statutory moratorium for consumer loans, effective up to 30 June 2020, pursuant to article 240 section 3 of the Introductory Act to the German Civil Code (Einführungsgesetz zum Bürgerlichen Gesetzbuch, EGBGB) and in 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). The vdp repayment moratorium granted deferrals only in the form of a suspension of repayments effective up to 31 December 2020. The suspended repayments must be repaid on the scheduled maturity date of the loan agreement concerned. Both moratoriums were believed to be in compliance with EBA requirements and did not therefore lead to classification of the action as a forbearance measure during the period in which the moratoriums applied. As at 31 December 2020, the gross carrying amount of loans that were subject to an approved EBA-compliant moratorium amounted to € 254 m. All approved moratoriums had already expired as at the reporting date.

Since the outbreak of the COVID-19 pandemic, governments and institutions have been providing support with liquidity assistance, subsidies and aid programmes. As at 31 December 2020, Helaba had on its books new loans of € 490 m with COVID-19-related public-sector guarantees (KfW development bank programmes, federal state guarantees). The exemption from liability in the KfW programmes is 80 % or 90 %, depending on the programme. Programmes with full exemption from liability are recognised off the statement of financial position as fiduciary activities (see Note (49)).

In addition, as at 31 December 2020 there were exposures with a gross carrying amount of € 1,108 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.

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 probability of default (PD) and loss given default (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. Quarterly 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. 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. 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, as well as the probability that they may materialise (negative with a probability of 20 %, positive with a probability of 10 % and a base scenario with a probability of 70 %). 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.

The deterioration of the anticipated macroeconomic conditions accompanying the pandemic was analysed as a specific group of scenarios. The core assumption in the various scenarios relates to how the COVID-19 pandemic is likely to progress and the resulting economic consequences. The negative scenario assumes a more hesitant economic recovery compared with the baseline scenario. For the primary market of Germany, the negative scenario assumes an unemployment rate of 7.2 % and a fall in gross domestic product of 1.4 % over a full year.

in %

	31.12.2020		
	Positive	Base	Negative
Gross domestic product (Germany)	6.2	4.2	–1.4
Unemployment rate (Germany)	5.8	6.2	7.2

Because of the analysis as a specific scenario, 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 € 85 m. A further analysis was carried out to establish the impact of focusing on the negative scenario. These changes would lead to a change in the loss allowance requirement amounting to an additional charge of € 14 m. A focus on the positive scenario would lead to a positive impact on the loss allowance of € 11 m.

As at 31 December 2020, only a proportion of the heightened risk was reflected in the individual calculations of loss allowances as a result of rating deteriorations and default events. For example, at € 8,931 m, the share of financial assets and off-balance sheet commitments at stage 2 equated to 4.2 % of the total volume (31 December 2019: € 4,979 m or 2.4 %). The volume of transactions at stage 3 amounted to € 894 m, equating to 0.4 % of the total volume, compared with € 552 m or 0.3 % as at the prior-year reporting date. Actual rating deteriorations or default events are therefore well below the rise in default risk anticipated by management in response to the pandemic, as a result of which the stage 2 portfolio-based loss allowance of € 31 m recognised as at 31 December 2019 because of the COVID-19 pandemic has been increased by € 140 m. This additional requirement was estimated using a scenario analysis based on COVID-19-critical exposures and the International Real Estate and the Aircraft rating modules in which assumptions were made about rating deteriorations, collateral value markdowns and lifetime ECLs. COVID-19-critical exposures relate to borrowers whose income statements and statements of financial position are being significantly impacted by the pandemic or are likely to be so in the near future.

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. The recalibration is scheduled to go live at the end of 2021. On the basis of an updated impact analysis, the parameter-based risk requirement is reduced to € 12 m (31 December 2019: € 29 m). 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 31 December 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	**26,038**	**–**	**–**	**–**	**26,038**	**–0**	**–**	**–**	**–**	**–0**
Demand deposits at central banks	25,619	–	–	–	25,619	–0	–	–	–	–0
Demand deposits and overnight money balances at banks	418	–	–	–	418	–0	–	–	–	–0
Financial assets measured at amortised cost	**124,386**	**7,280**	**732**	**2**	**132,400**	**–43**	**–355**	**–155**	**0**	**–553**
Loans and receivables	124,386	7,280	732	2	132,400	–43	–355	–155	0	–553
Total	**150,424**	**7,280**	**732**	**2**	**158,437**	**–43**	**–355**	**–155**	**0**	**–553**

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**	**–0**	**–**	**–**	**–**	**–0**
Demand deposits at central banks	12,932	–	–	–	12,932	–0	–	–	–	–0
Demand deposits and overnight money balances at banks	1,204	–	–	–	1,204	–0	–	–	–	–0
Financial assets measured at amortised cost[1)]	**126,273**	**3,854**	**483**	**2**	**130,612**	**–39**	**–121**	**–126**	**–0**	**–286**
Loans and receivables[1)]	126,273	3,854	483	2	130,612	–39	–121	–126	–0	–286
Total	**140,409**	**3,854**	**483**	**2**	**144,748**	**–39**	**–121**	**–126**	**–0**	**–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.

Cumulative loss allowances of € 1 m (31 December 2019: € 1 m) were attributable to financial assets in stage 2 under the simplified approach with a gross carrying amount of € 78 m (31 December 2019: € 32 m). There is no separate presentation below for reasons of materiality.

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
Financial assets measured at amortised cost					
Loans and receivables					
As at 1.1.2020	**–39**	**–121**	**–126**	**–0**	**–286**
Changes in basis of consolidation	–	0	–	–	–0
Total change in loss allowances due to transfers between stages	0	4	–4	–	–
Transfer to stage 1	–7	7	–	–	–
Transfer to stage 2	7	–8	0	–	–
Transfer to stage 3	0	4	–4	–	–
Additions	–81	–336	–93	–0	–509
Newly originated/acquired financial assets	–21	–17	–1	–	–39
Other additions	–59	–319	–92	–0	–470
Interest effects in stage 3 from updates of gross carrying amount	–	–	–3	–	–3
Reversals	79	93	40	0	212
Reversals from redemptions (derecognition)	6	8	5	0	20
Other reversals	73	85	34	0	193
Utilisations	–	–	32	–	32
Changes due to currency translation and other adjustments	–4	5	0	–	1
As at 31.12.2020	**–43**	**–355**	**–155**	**0**	**–553**

The changes in loss allowances in the prior-year period were as follows:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets measured at amortised cost					
Loans and receivables					
As at 1.1.2019	**−46**	**−66**	**−185**	**−2**	**−299**
Total change in loss allowances due to transfers between stages	−9	13	−4	–	–
Transfer to stage 1	−14	14	0	–	–
Transfer to stage 2	5	−5	0	–	–
Transfer to stage 3	0	4	−4	–	–
Additions	−79	−157	−109	−0	−345
Newly originated / acquired financial assets	−31	−4	−1	−0	−36
Other additions	−48	−153	−108	−0	−309
Interest effects in stage 3 from updates of gross carrying amount	–	–	−6	–	−6
Reversals	95	89	74	2	260
Reversals from redemptions (derecognition)	6	2	1	0	9
Other reversals	89	87	73	2	251
Utilisations	–	–	105	–	105
Changes due to currency translation and other adjustments	−0	−0	−1	−0	−1
As at 31.12.2019	**−39**	**−121**	**−126**	**−0**	**−286**

The gross carrying amounts of the financial assets measured at amortised cost include bonds and other fixed-income securities, loans and receivables, together with demand deposits and overnight money balances with central banks and banks. The changes in the gross carrying amounts in the reporting period were as follows:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Demand deposits and overnight money balances at central banks and banks					
As at 1.1.2020	**14,136**	**–**	**–**	**–**	**14,136**
Changes in basis of consolidation	1	–	–	–	1
Newly originated/acquired financial assets	38,684	–	–	–	38,684
Change in current account balance	11,794	–	–	–	11,794
Derecognitions including redemptions	–39,484	–	–	–	–39,484
Changes due to currency translation and other adjustments	906	–	–	–	906
As at 31.12.2020	**26,038**	**–**	**–**	**–**	**26,038**
Financial assets measured at amortised cost					
Loans and receivables					
As at 1.1.2020	**126,273**	**3,854**	**483**	**2**	**130,612**
Changes in basis of consolidation	2	–1	1	–	2
Newly originated/acquired financial assets	66,773	550	33	–	67,356
Change in current account balance	–586	1,138	–3	–0	548
Transfers between stages	–6,587	5,940	647	–	–0
Transfer to stage 1	2,403	–2,396	–7	–	–
Transfer to stage 2	–8,791	8,875	–84	–	–0
Transfer to stage 3	–199	–539	738	–	–
Derecognitions including redemptions	–65,021	–1,254	–98	–0	–66,374
Write-offs	–	–	–40	–	–40
Changes due to currency translation and other adjustments	3,532	–2,947	–290	0	295
As at 31.12.2020	**124,386**	**7,280**	**732**	**2**	**132,400**

The changes in gross carrying amounts in the prior-year period were as follows:

in € m

	Stage 1[1]	Stage 2[1]	Stage 3	POCI[1]	Total
Demand deposits and overnight money balances at central banks and banks					
As at 1.1.2019	**6,959**	**–**	**–**	**–**	**6,959**
Changes in basis of consolidation	6	–	–	–	6
Newly originated / acquired financial assets	17,699	–	–	–	17,699
Change in current account balance	6,203	–	–	–	6,203
Derecognitions including redemptions	−16,757	–	–	–	−16,757
Changes due to currency translation and other adjustments	26	–	–	–	26
As at 31.12.2019	**14,136**	**–**	**–**	**–**	**14,136**
Financial assets measured at amortised cost					
Bonds and other fixed-income securities					
As at 1.1.2019	**4**	**–**	**–**	**–**	**4**
Derecognitions including redemptions	−4	–	–	–	−4
Changes due to currency translation and other adjustments	−0	–	–	–	−0
As at 31.12.2019	**–**	**–**	**–**	**–**	**–**
Loans and receivables					
As at 1.1.2019	**103,055**	**3,403**	**586**	**6**	**107,050**
Changes in basis of consolidation	15,482	–	–	–	15,482
Newly originated / acquired financial assets	65,629	228	44	0	65,901
Change in current account balance	2,647	73	−11	−0	2,709
Transfers between stages	−2,932	2,819	113	–	–
Transfer to stage 1	3,564	−3,444	−120	–	–
Transfer to stage 2	−6,457	6,503	−46	–	–
Transfer to stage 3	−39	−240	279	–	–
Modifications without derecognition	0	–	–	–	0
Derecognitions including redemptions	−58,233	−1,744	−196	−1	−60,174
Write-offs	–	−1	−67	–	−68
Changes due to currency translation and other adjustments	625	−924	14	−3	−288
As at 31.12.2019	**126,273**	**3,854**	**483**	**2**	**130,612**

[1] Prior-year figures adjusted: As at both 1 January and 31 December, loans and receivables had included € 8 m reported as POCI assets, of which € 3 m should have been reported at stage 1 and € 5 m at stage 2. In this regard, there was no material change over the course of the year.

The following table shows the gross carrying amounts and cumulative loss allowances in respect of financial assets measured at amortised cost, broken down by counterparty sector and industry.

in € m

	Gross carrying amount		Cumulative loss allowances	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Demand deposits and overnight money balances at central banks and banks	**26,038**	**14,136**	**–0**	**–0**
Central banks	25,619	12,932	–0	–0
Central giro institutions	17	1	–	–
Sparkassen	216	984	–0	–0
Other banks	185	219	–0	–0

Table continued on next page.

in € m

	Gross carrying amount		Cumulative loss allowances	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Financial assets measured at amortised cost	**132,400**	**130,612**	**–553**	**–286**
Loans and receivables	**132,400**	**130,612**	**–553**	**–286**
Central banks	59	65	–	–
Central giro institutions	256	371	–0	–0
Sparkassen	6,028	5,737	–0	–0
Other banks	11,579	10,477	–1	–1
Other financial corporations	10,329	10,043	–12	–9
Non-financial corporations	65,355	64,288	–497	–239
Agriculture, forestry and fishing	2	1	–0	–0
Mining and quarrying	89	75	–0	–0
Manufacturing	5,403	4,654	–48	–56
Electricity, gas, steam and air-conditioning supply	5,850	5,257	–11	–19
Water supply, sewerage, waste management and remediation activities	3,225	3,240	–1	–1
Construction	651	592	–6	–7
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,122	1,209	–7	–4
Transportation and storage	5,770	5,685	–60	–10
Accommodation and food service activities	97	86	–1	–0
Information and communication	2,146	4,311	–4	–3
Real estate activities	33,083	30,846	–326	–118
Professional, scientific and technical activities	1,291	1,514	–7	–5
Other service activities	2,396	2,305	–20	–4
Public administration, defence, social insurance	1,506	1,633	–0	–0
Education	382	426	–0	–0
Human health and social work activities	1,285	1,317	–3	–4
Arts, entertainment and recreation	402	411	–1	–1
Other service activities	652	726	–2	–7
Government	30,841	31,909	–0	–0
Households	7,951	7,722	–43	–37
Total	**158,437**	**144,748**	**–553**	**–286**

The following table shows the carrying amounts of financial assets measured at amortised cost broken down by allocation to internal rating class:

in € m

	31.12.2020					31.12.2019[1)]				
	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										
Gross carrying amount	**26,038**	**–**	**–**	**–**	**26,038**	**14,136**	**–**	**–**	**–**	**14,136**
Internal classes 0 – 3	25,994	–	–	–	25,994	13,837	–	–	–	13,837
Internal classes 4 – 7	23	–	–	–	23	21	–	–	–	21
Internal classes 8 – 11	26	–	–	–	26	18	–	–	–	18
No allocation to an internal rating class	–5	–	–	–	–5	260	–	–	–	260
Cumulative loss allowances	**–0**	**–**	**–**	**–**	**–0**	**–0**	**–**	**–**	**–**	**–0**
Net carrying amount	**26,038**	**–**	**–**	**–**	**26,038**	**14,136**	**–**	**–**	**–**	**14,136**

Table continued on next page.

in € m

	31.12.2020					31.12.2019[1)]				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets measured at amortised cost										
Loans and receivables										
Gross carrying amount	**124,386**	**7,280**	**732**	**2**	**132,400**	**126,273**	**3,854**	**483**	**2**	**130,612**
Internal classes 0 – 3	48,302	4	–	–	48,306	49,130	4	–	–	49,134
Internal classes 4 – 7	29,125	313	–	–	29,439	31,470	328	–	–	31,798
Internal classes 8 – 11	33,539	2,434	–	1	35,974	32,090	493	–	–	32,583
Internal classes 12 – 15	10,455	2,311	–	0	12,766	10,741	1,554	–	–	12,295
Internal classes 16 – 20	1,063	1,733	–	0	2,796	630	907	–	–	1,537
Internal class 21	729	415	–	0	1,144	889	533	–	–	1,422
Internal classes 22 – 24 (defaulted)	–	–	732	0	732	–	–	482	2	484
No allocation to an internal rating class	1,172	70	–	–	1,243	1,323	35	1	–	1,359
Cumulative loss allowances	**–43**	**–355**	**–155**	**0**	**–553**	**–39**	**–121**	**–126**	**–0**	**–286**
Net carrying amount	**124,343**	**6,925**	**577**	**2**	**131,847**	**126,234**	**3,733**	**357**	**2**	**130,326**

[1)] Prior-year figures adjusted: In the previous year, loans and receivables of € 8 m had been reported as POCI assets in the internal classes 22 – 24, of which € 2 m should have been reported in the internal classes 8 – 11 (stage 1: € 1 m; stage 2: € 1 m) and € 6 m in the internal classes 12 – 15 (stage 1: € 2 m; stage 2: € 4 m).

The Helaba Group determines the credit rating using a 25-point rating scale. The following table shows the reconciliation from the rating classes to the ratings of S&P, Moody's and Fitch, together with the internal average probabilities of default:

	Average probability of default	Mapping to external ratings		
	in %	S&P	Moody's	Fitch
Internal classes 0 – 3	0.00 – 0.03	AAA to A+	Aaa to A1	AAA to AA–
Internal classes 4 – 7	0.04 – 0.09	A+ to A–	A2 to Baa1	A+ to A–
Internal classes 8 – 11	0.12 – 0.39	BBB+ to BBB–	Baa1 to Ba1	BBB+ to BBB–
Internal classes 12 – 15	0.59 – 1.98	BB+ to BB–	Ba1 to B1	BB+ to BB–
Internal classes 16 – 20	2.96 – 15.00	B+ to B–	B1 to C	B+ to B–
Internal class 21	20	CCC to C	Caa to C	CCC to C
Internal classes 22 – 24 (defaulted)	100	Default	Default	Default

The internal rating classes 0 to 11 are designated "investment grade", while all other classes are designated "non-investment grade".

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 31 December 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	20,299	–	–	–	20,299	–2	–	–	–	–2
Loans and receivables	677	7	–	–	683	–1	–0	–	–	–1
Total	**20,976**	**7**	**–**	**–**	**20,982**	**–3**	**–0**	**–**	**–**	**–4**

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 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.

The following table shows the changes in the gross carrying amounts of financial assets measured at fair value through other comprehensive income in the reporting year:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities					
As at 1.1.2020	**22,931**	**–**	**–**	**–**	**22,931**
Newly originated / acquired financial assets	6,341	–	–	–	6,341
Derecognitions including redemptions	–8,482	–	–	–	–8,482
Changes due to currency translation and other adjustments	–720	–	–	–	–720
As at 31.12.2020	**20,069**	**–**	**–**	**–**	**20,069**
Fair value changes recognised in OCI	230	–	–	–	230
Fair value as at 31.12.2020	**20,299**	**–**	**–**	**–**	**20,299**
Loans and receivables					
As at 1.1.2020	**639**	**–**	**–**	**–**	**639**
Newly originated / acquired financial assets	105	–	–	–	105
Transfers between stages	–7	7	–	–	–
Transfer to stage 2	–7	7	–	–	–
Derecognitions including redemptions	–66	–	–	–	–66
Changes due to currency translation and other adjustments	0	0	–	–	0
As at 31.12.2020	**671**	**7**	**–**	**–**	**678**
Fair value changes recognised in OCI	5	–1	–	–	5
Fair value as at 31.12.2020	**677**	**7**	**–**	**–**	**683**

In the prior year, the changes in the gross carrying amounts of assets measured at fair value through the other comprehensive income were as follows:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities					
As at 1.1.2019	**21,831**	**–**	**–**	**–**	**21,831**
Changes in basis of consolidation	2,758	–	–	–	2,758
Newly originated/acquired financial assets	6,003	–	–	–	6,003
Transfers between stages	−104	104	–	–	–
Transfer to stage 1	66	−66	–	–	–
Transfer to stage 2	−170	170	–	–	–
Derecognitions including redemptions	−7,514	−50	–	–	−7,564
Changes due to currency translation and other adjustments	−43	−54	–	–	−97
As at 31.12.2019	**22,931**	**–**	**–**	**–**	**22,931**
Fair value changes recognised in OCI	191	–	–	–	191
Fair value as at 31.12.2019	**23,122**	**–**	**–**	**–**	**23,122**
Loans and receivables					
As at 1.1.2019	**483**	**–**	**–**	**–**	**483**
Newly originated/acquired financial assets	201	–	–	–	201
Derecognitions including redemptions	−46	–	–	–	−46
Changes due to currency translation and other adjustments	1	–	–	–	1
As at 31.12.2019	**639**	**–**	**–**	**–**	**639**
Fair value changes recognised in OCI	10	–	–	–	10
Fair value as at 31.12.2019	**649**	**–**	**–**	**–**	**649**

The following table shows the carrying amounts and loss allowances recognised in OCI by counterparty sector and industry:

in € m

	Carrying amount (fair value)		Cumulative loss allowances (recognised in OCI)	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Bonds and other fixed-income securities	**20,299**	**23,122**	**–2**	**–2**
Central giro institutions	682	511	–0	–0
Other banks	12,952	15,153	–2	–2
Other financial corporations	376	539	–0	–0
Non-financial corporations	149	96	–0	–0
Government	6,140	6,823	–0	–0
Loans and receivables	**683**	**649**	**–1**	**–1**
Other financial corporations	116	107	–0	–0
Non-financial corporations	564	540	–1	–1
Agriculture, forestry and fishing	13	14	–0	–0
Mining and quarrying	15	5	–0	–0
Manufacturing	251	247	–0	–1
Electricity, gas, steam and air-conditioning supply	49	40	–0	–0
Wholesale and retail trade; repair of motor vehicles and motorcycles	29	25	–0	–0
Transportation and storage	68	77	–0	–0
Information and communication	18	18	–0	–0
Real estate activities	73	70	–0	–0
Professional, scientific and technical activities	49	41	–0	–0
Other service activities	–	3	–	–0
Government	3	2	–	–
Total	**20,982**	**23,771**	**–4**	**–3**

The following table shows the gross carrying amounts of financial assets measured at fair value through other comprehensive income broken down by allocation to internal rating class:

in € m

	31.12.2020					31.12.2019				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities										
Gross carrying amount	**20,069**	**–**	**–**	**–**	**20,069**	**22,931**	**–**	**–**	**–**	**22,931**
Internal classes 0 – 3	10,408	–	–	–	10,408	13,222	–	–	–	13,222
Internal classes 4 – 7	8,109	–	–	–	8,109	8,343	–	–	–	8,343
Internal classes 8 – 11	1,545	–	–	–	1,545	1,358	–	–	–	1,358
Internal classes 12 – 15	7	–	–	–	7	8	–	–	–	8
No allocation to an internal rating class	1	–	–	–	1	0	–	–	–	0
Cumulative loss allowances	**–2**	**–**	**–**	**–**	**–2**	**–2**	**–**	**–**	**–**	**–2**
Net carrying amount	**20,067**	**–**	**–**	**–**	**20,067**	**22,929**	**–**	**–**	**–**	**22,929**
Total fair value	**20,299**	**–**	**–**	**–**	**20,299**	**23,122**	**–**	**–**	**–**	**23,122**
Loans and receivables										
Gross carrying amount	**671**	**7**	**–**	**–**	**678**	**639**	**–**	**–**	**–**	**639**
Internal classes 0 – 3	13	–	–	–	13	53	–	–	–	53
Internal classes 4 – 7	245	–	–	–	245	235	–	–	–	235
Internal classes 8 – 11	404	–	–	–	404	337	–	–	–	337
Internal classes 12 – 15	10	–	–	–	10	14	–	–	–	14
Internal classes 16 – 20	–	7	–	–	7	–	–	–	–	–
Cumulative loss allowances	**–1**	**–0**	**–**	**–**	**–1**	**–1**	**–**	**–**	**–**	**–1**
Net carrying amount	**670**	**7**	**–**	**–**	**677**	**638**	**–**	**–**	**–**	**638**
Total fair value	**677**	**7**	**–**	**–**	**683**	**649**	**–**	**–**	**–**	**649**

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 31 December 2020:

in € m

	Nominal amount					Provisions				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments	26,567	1,065	110	0	27,741	8	13	4	0	25
Financial guarantees	7,242	579	41	10	7,872	3	14	13	–	30
Total	**33,809**	**1,644**	**150**	**10**	**35,613**	**11**	**27**	**17**	**0**	**55**

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	0	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**	**0**	**21**
Total change in provision due to transfers between stages	2	–2	–0	–	–
Transfer to stage 1	4	–4	–0	–	–
Transfer to stage 2	–1	2	–1	–	–
Transfer to stage 3	–0	–0	0	–	–
Additions	13	21	11	–	45
New loan commitments originated	4	2	0	–	7
Other additions	9	19	11	–	38
Reversals	–18	–14	–10	–0	–42
Utilisations (drawdown under loan commitment)	–7	–7	–7	–0	–22
Other reversals	–10	–7	–2	–0	–20
Changes due to currency translation and other adjustments	–0	0	–0	–	–0
As at 31.12.2020	**8**	**13**	**4**	**0**	**25**
Financial guarantees					
As at 1.1.2020	**3**	**11**	**9**	**3**	**26**
Total change in provision due to transfers between stages	2	–4	2	–	–
Transfer to stage 1	3	–3	–	–	–
Transfer to stage 2	–1	1	–	–	–
Transfer to stage 3	–0	–2	2	–	–
Additions	4	13	9	3	29
New financial guarantees originated	1	–	–	–	1
Other additions	3	13	9	3	28
Reversals	–5	–6	–7	–6	–24
Changes due to currency translation and other adjustments	0	–0	–0	–	–0
As at 31.12.2020	**3**	**14**	**13**	**–**	**30**

The changes in provisions for loan commitments and financial guarantees in the prior year are shown in the following table:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2019	**8**	**6**	**8**	**0**	**22**
Total change in provision due to transfers between stages	2	−2	0	–	–
Transfer to stage 1	3	−3	–	–	–
Transfer to stage 2	−1	1	−0	–	–
Transfer to stage 3	−0	−0	0	–	–
Additions	27	19	52	0	98
New loan commitments originated	14	–	–	0	14
Other additions	13	19	52	0	84
Reversals	−27	−15	−57	−0	−99
Utilisations (drawdown under loan commitment)	−8	−8	−10	−0	−26
Other reversals	−19	−7	−47	−0	−73
Changes due to currency translation and other adjustments	−0	0	−0	–	−0
As at 31.12.2019	**10**	**8**	**3**	**0**	**21**
Financial guarantees					
As at 1.1.2019	**3**	**5**	**6**	**3**	**17**
Changes in basis of consolidation	0	–	–	–	0
Total change in provision due to transfers between stages	−1	−1	2	–	–
Transfer to stage 1	0	−0	–	–	–
Transfer to stage 2	−1	1	–	–	–
Transfer to stage 3	−0	−2	2	–	–
Additions	3	16	15	–	34
New financial guarantees originated	1	–	–	–	1
Other additions	2	16	15	–	33
Reversals	−2	−9	−14	−0	−25
Changes due to currency translation and other adjustments	0	0	–	–	0
As at 31.12.2019	**3**	**11**	**9**	**3**	**26**

The following table shows the changes in the nominal amounts of loan commitments and financial guarantees in the reporting period:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2020	**27,329**	**662**	**20**	**1**	**28,012**
New loan commitments originated	13,433	247	3	–	13,682
Change in current account balance	–182	72	–7	–1	–119
Transfers between stages	–722	605	117	–	–
Transfer to stage 1	671	–671	–0	–	–
Transfer to stage 2	–1,343	1,349	–6	–	–
Transfer to stage 3	–50	–73	123	–	–
Drawdowns under loan commitments	–12,740	–806	–21	–	–13,567
Changes due to currency translation and other adjustments	–550	286	–3	–	–267
As at 31.12.2020	**26,567**	**1,065**	**110**	**0**	**27,741**
Financial guarantees					
As at 1.1.2020	**7,058**	**464**	**39**	**7**	**7,568**
New financial guarantees originated	1,513	152	2	–	1,666
Transfers between stages	–20	17	3	–	–
Transfer to stage 1	22	–22	–	–	–
Transfer to stage 2	–42	42	–0	–	–
Transfer to stage 3	–1	–3	4	–	–
Changes due to currency translation and other adjustments	–1,309	–53	–3	2	–1,363
As at 31.12.2020	**7,242**	**579**	**41**	**10**	**7,872**

The following table shows the changes in nominal amounts in the prior-year period:

in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2019	**27,154**	**410**	**45**	**1**	**27,610**
New loan commitments originated	13,643	–	–0	1	13,644
Change in current account balance	171	–84	–7	0	80
Transfers between stages	–523	512	11	–	–
Transfer to stage 1	452	–452	–0	–	–
Transfer to stage 2	–968	973	–5	–	–
Transfer to stage 3	–7	–9	16	–	–
Drawdowns under loan commitments	–12,913	–375	–32	–0	–13,320
Changes due to currency translation and other adjustments	–203	199	3	–1	–2
As at 31.12.2019	**27,329**	**662**	**20**	**1**	**28,012**
Financial guarantees					
As at 1.1.2019	**6,426**	**305**	**28**	**12**	**6,771**
Changes in basis of consolidation	11	–	–	–	11
New financial guarantees originated	1,477	0	0	–	1,477
Transfers between stages	–122	112	10	–	–
Transfer to stage 2	–121	121	–	–	–
Transfer to stage 3	–1	–9	10	–	–
Changes due to currency translation and other adjustments	–734	47	1	–5	–691
As at 31.12.2019	**7,058**	**464**	**39**	**7**	**7,568**

Helaba entered into loan commitments and financial guarantees with customers in the following counterparty sectors and industries:

in € m

	Nominal amount		Provisions	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Loan commitments	**27,741**	**28,012**	**25**	**21**
Central giro institutions	5	6	0	0
Sparkassen	660	319	0	0
Other banks	577	503	0	0
Other financial corporations	4,142	3,811	1	1
Non-financial corporations	18,114	18,319	21	18
Government	2,816	3,579	0	0
Households	1,427	1,475	3	2
Financial guarantees	**7,872**	**7,568**	**30**	**26**
Central giro institutions	2	1	0	0
Sparkassen	72	75	0	0
Other banks	161	151	0	0
Other financial corporations	2,884	3,180	1	1
Non-financial corporations	4,680	4,083	30	25
Government	68	70	–	–
Households	6	8	0	0
Total	**35,613**	**35,580**	**55**	**47**

The following table shows the nominal amounts of loan commitments and financial guarantees by allocation to internal rating class:

in € m

	31.12.2020					31.12.2019				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments										
Nominal amount	**26,567**	**1,065**	**110**	**0**	**27,741**	**27,329**	**662**	**20**	**1**	**28,012**
Internal classes 0 – 3	5,993	1	–	0	5,994	6,648	0	–	–	6,648
Internal classes 4 – 7	7,354	75	–	0	7,429	7,325	4	–	–	7,329
Internal classes 8 – 11	9,946	143	–	0	10,089	9,609	106	–	–	9,715
Internal classes 12 – 15	2,166	279	–	0	2,445	2,729	358	–	–	3,087
Internal classes 16 – 20	287	562	–	0	849	281	162	–	–	443
Internal class 21	25	1	–	–	26	77	31	–	–	108
Internal classes 22 – 24 (defaulted)	–	–	110	–	110	–	–	17	1	18
No allocation to an internal rating class	796	4	–	–	800	660	1	3	–	664
Provisions	**8**	**13**	**4**	**0**	**25**	**10**	**8**	**3**	**0**	**21**
Financial guarantees										
Nominal amount	**7,242**	**579**	**41**	**10**	**7,872**	**7,058**	**464**	**39**	**7**	**7,568**
Internal classes 0 – 3	324	–	–	–	324	331	–	–	–	331
Internal classes 4 – 7	3,807	3	–	–	3,810	4,058	–	–	–	4,058
Internal classes 8 – 11	2,247	79	–	–	2,326	2,104	89	–	–	2,193
Internal classes 12 – 15	678	279	–	–	957	538	127	–	–	665
Internal classes 16 – 20	30	197	–	–	228	14	195	–	–	209
Internal class 21	151	21	–	–	171	11	53	–	–	64
Internal classes 22 – 24 (defaulted)	–	–	41	10	50	–	–	39	7	46
No allocation to an internal rating class	4	–	0	–	4	2	–	–	–	2
Provisions	**3**	**14**	**13**	**–**	**30**	**3**	**11**	**9**	**3**	**26**

Non-performing exposures and forbearance

In addition to the mandatory disclosures in accordance with IFRS 9, the Helaba Group provides information on non-performing exposures and forborne exposures (in accordance with EBA definitions) to provide a comprehensive picture of the credit risks. Items are designated non-performing exposures if one of the following criteria is met:

- a material exposure is more than 90 days past due,
- an exposure is unlikely to be repaid in full without the need for recovery of collateral.

Regardless of these criteria, exposures deemed to be defaulted in accordance with article 178 of the CRR are always classified as non-performing exposures. The same materiality threshold relating to the 90 day past due criterion is applied equally both to default events in accordance with the CRR and to non-performing exposures in accordance with section 16 of the German Solvency Regulation (Solvabilitätsverordnung, SolvV). A financial asset is classified as past due if the party to the agreement fails to make the contractually agreed (partial) payments in respect of the financial instrument on time. The past due period begins on the day after the due date of the contractually agreed partial payment. Besides the indicators listed in article 178 of the CRR, the following indicators are used to identify exposures that will probably not be fully redeemed: ban on business operations issued by a supervisory authority, rating-related terminations, or the borrower's loss of regular sources of income.

The Helaba Group has harmonised the internal application of the terms "non-performing exposures" and "default event" in line with article 178 of the CRR. The harmonisation of the objective evidence with the regulatory definition of a default event also ensures that the requirements match the criteria for the allocation of an exposure to stage 3. However, in individual cases, this standardised approach may no longer apply where Helaba grants substantial modifications or issues new financial instruments to defaulted borrowers who are already in a cure period. New business is allocated to stage 1 unless it has to be classified as a POCI asset. Furthermore, if a POCI asset recovers, this may lead to differences between non-performing exposures and financial instruments in default.

Deferred or renegotiated loans and advances are determined in accordance with the definition of forborne exposures issued by the European Banking Authority (EBA). A forborne exposure refers to debt instruments in connection with which forbearance action has been applied. Such action includes concessions or restructuring as a result of existing or anticipated financial difficulties on the part of the debtor. Forbearance action includes any rights agreed upon at contract inception enabling the debtor to amend the credit terms if such amendments are due to (pending) financial difficulties of the debtor. Before a contract may be classified as forborne, concessions to the debtor must have been made.

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 concerned is designated as "non-performing forborne" and transferred to stage 3. If the objective evidence of impairment no longer applies, the instrument is transferred from stage 3. The objective evidence of impairment no longer applies as soon as the default event is over. Simultaneously, an internally established cure period applies, taking regulatory requirements into account. During the cure period, all items remain in stage 3. If the forbearance action does not lead to a default event, the instrument concerned is designated as "performing forborne" and transferred to stage 2 based on the qualitative transfer criteria. If the debt instrument recovers during the cure period to the extent that it is no longer deemed an exposure subject to workout and the 'significant increase in credit risk' condition is no longer satisfied on the basis of the quantitative transfer criterion, it is transferred from stage 2 to stage 1.

The following table shows the financial assets measured at amortised cost broken down into performing and non-performing exposures, together with the value of the debt instruments within these exposures that are in default or subject to forbearance action:

in € m

	Gross carrying amount				Cumulative loss allowances			
	Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures	
	31.12.2020	31.12.2019[1)]	31.12.2020	31.12.2019[1)]	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Demand deposits and overnight money balances at central banks and banks	**26,038**	**14,136**	**–**	**–**	**–0**	**–0**	**–**	**–**
Financial assets measured at amortised cost	**131,666**	**130,127**	**734**	**485**	**–398**	**–160**	**–155**	**–126**
Loans and receivables	131,666	130,127	734	485	–398	–160	–155	–126
thereof: Forborne exposures	1,210	488	449	309	–24	–24	–84	–78
thereof: Defaulted	–	–	732	485	–	–	–155	–126
Total	**157,704**	**144,263**	**734**	**485**	**–398**	**–160**	**–155**	**–126**

[1)] Prior-year figures adjusted: In the previous year, gross carrying amounts of loans and receivables amounting to € 8 m that were performing exposures and not in default had been reported as POCI assets under non-performing exposures, defaulted.

The following table shows the financial assets measured at fair value through other comprehensive income by classification as performing / non-performing, defaulted or forborne:

in € m

	Carrying amount (fair value)				Cumulative loss allowances (recognised in OCI)			
	Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Bonds and other fixed-income securities	20,299	23,122	–	–	–2	–2	–	–
Loans and receivables	683	649	–	–	–1	–1	–	–
Total	**20,982**	**23,771**	**–**	**–**	**–4**	**–3**	**–**	**–**

The following table shows the performing status as well as the occurrence of default events for off-balance sheet liabilities within the scope of application of the IFRS 9 impairment model. In accordance with the FINREP requirements of the EBA, the Helaba Group classifies off-balance sheet liabilities by forbearance status only for loan commitments:

in € m

	Nominal amount				Provisions			
	Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Loan commitments	**27,632**	**27,991**	**110**	**21**	**21**	**18**	**4**	**3**
thereof: Forborne exposures	249	22	53	6	4	0	2	1
thereof: Defaulted	–	–	110	21	–	–	4	3
Financial guarantees	**7,821**	**7,522**	**51**	**46**	**17**	**14**	**13**	**12**
thereof: Defaulted	–	–	51	46	–	–	13	12
Total	**35,453**	**35,513**	**160**	**67**	**38**	**32**	**17**	**15**

Collateral

In order to secure its loans, the Helaba Group holds, in particular, charges over real estate, as well as guarantees and warranties. Financial collateral arrangements that are customary in the industry are also used. Regular remeasurements and reviews to assess whether collateral can be recovered, used or applied to other purposes are carried out to ensure the quality of collateral held. The bulk of guarantees are provided by public-sector institutions, but guarantees are also received from the banking sector.

The estimated fair value of the collateral is based on a valuation of that collateral. Depending on the type and volume of the loans in question, the collateral is constantly monitored and updated in accordance with the credit guidelines. The maximum amount of the collateral held that can be taken into account in a transaction is the fair value of the collateral, reduced to the carrying amount of the secured financial asset. The maximum amount of loan commitments and financial guarantees is derived by reducing the collateral value to the nominal amount or the maximum guarantee amount. If a financial instrument is covered by more than one item of collateral, the value reduction is applied to the collateral with the worst quality. Collateral in the form of a charge over real estate is considered to be the highest quality collateral available and is therefore always preferred.

The following values are used to determine the maximum exposure to credit risk within the meaning of IFRS 7.35K (a) as at the reporting date: for financial assets measured at amortised cost, the carrying amounts as presented in Note (21); and for financial assets measured at fair value through other comprehensive income, the fair value as presented in the statement of financial position. The maximum credit risk from loan commitments within the scope of application of the impairment regulations corresponds to the nominal amount. The same applies to the maximum guarantee amounts of financial guarantees.

The following table shows the maximum amounts of the collateral held by the Helaba Group as at 31 December 2020 for financial instruments within the scope of application of the IFRS 9 impairment model:

in € m

			Maximum amount of collateral or financial guarantees to be taken into account					
	Gross carrying amount/ nominal amount/ maximum guarantee amount	Cumulative loss allowances / provisions	Residential real estate	Commercial real estate	Cash collateral and own debt instruments	Other debt instruments and other assets	Financial guarantees received	Total
Demand deposits and overnight money balances at central banks and banks	**26,038**	**–0**	**–**	**–**	**–**	**–**	**–**	**–**
Financial assets measured at amortised cost	**132,400**	**–553**	**11,033**	**17,931**	**575**	**3,402**	**5,708**	**38,648**
Loans and receivables	132,400	–553	11,033	17,931	575	3,402	5,708	38,648
thereof: Stage 3 and POCI assets	734	–155	50	124	3	164	62	404
Financial assets measured at fair value through other comprehensive income	**20,747**	**–4**	**–**	**–**	**–**	**–**	**–**	**–**
Bonds and other fixed-income securities	20,069	–2	–	–	–	–	–	–
Loans and receivables	678	–1	–	–	–	–	–	–
Loan commitments	**27,741**	**–25**	**233**	**90**	**4**	**53**	**505**	**884**
thereof: Stage 3 and POCI assets	110	–4	0	0	0	0	29	29
Financial guarantees	**7,872**	**–30**	**3**	**40**	**36**	**10**	**14**	**103**
thereof: Stage 3 and POCI assets	51	–13	–	–	0	–	–	0
Total	**214,798**	**–612**	**11,268**	**18,060**	**615**	**3,465**	**6,227**	**39,636**

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

in € m

	Gross carrying amount/ nominal amount/ maximum guarantee amount	Cumulative loss allowances/provisions	Maximum amount of collateral or financial guarantees to be taken into account					
			Residential real estate[2]	Commercial real estate[2]	Cash collateral and own debt instruments	Other debt instruments and other assets	Financial guarantees received	Total
Demand deposits and overnight money balances at central banks and banks	**14,136**	**–0**	**–**	**–**	**–**	**–**	**–**	**–**
Financial assets measured at amortised cost	**130,612**	**–286**	**10,417**	**18,268**	**712**	**3,481**	**5,460**	**38,338**
Loans and receivables	130,612	–286	10,417	18,268	712	3,481	5,460	38,338
thereof: Stage 3 and POCI assets[1]	485	–126	48	84	2	8	22	164
Financial assets measured at fair value through other comprehensive income	**23,570**	**–3**	**–**	**–**	**–**	**–**	**–**	**–**
Bonds and other fixed-income securities	22,931	–2	–	–	–	–	–	–
Loans and receivables	639	–1	–	–	–	–	–	–
Loan commitments	**28,012**	**–21**	**226**	**198**	**0**	**49**	**400**	**873**
thereof: Stage 3 and POCI assets	21	–2	1	0	–	0	0	1
Financial guarantees	**7,568**	**–26**	**3**	**23**	**9**	**3**	**8**	**46**
thereof: Stage 3 and POCI assets	46	–12	–	0	0	–	–	0
Total	**203,898**	**–336**	**10,646**	**18,489**	**721**	**3,533**	**5,868**	**39,257**

[1] Prior-year figures adjusted: The gross carrying amount for POCI assets has been corrected by a reduction of € 8 m and the collateral to be taken into account by a reduction of € 7 m (residential real estate: reduced by € 2 m; commercial real estate: reduced by € 4 m; cash collateral and own debt instruments: reduced by € 1 m).
[2] Prior-year figures adjusted: In the financial assets measured at amortised cost, residential real estate pledged as collateral had been reported under commercial real estate. The amount of € 2,527 m has been reallocated.

The following table shows the financial instruments within the scope of application of impairment regulations, for which no loss allowance was recognised due to sufficient collateralisation:

in € m

	31.12.2020	31.12.2019
Gross carrying amount of financial assets measured at amortised cost	**22,304**	**21,654**
Loans and receivables	22,304	21,654
Nominal amount of loan commitments	**756**	**774**
Maximum guarantee amount of financial guarantees	**122**	**66**
Total	**23,182**	**22,494**

The amount contractually outstanding for financial assets that were wholly or partially derecognised (written-off directly) in the reporting period due to uncollectibility, but in respect of which the Helaba Group is still pursuing collection (through legal enforcement), was € 26 m as at 31 December 2019 (31 December 2019: € 98 m). Legal enforcement measures are carried out until the Helaba Group's legal claims against the debtor have been extinguished, for instance by way of final settlement or external debt waivers.

Credit risks and collateral in respect of financial instruments outside the scope of application of IFRS 9 impairment requirements

As at the reporting date, the maximum exposure to credit risk within the meaning of IFRS 7.36 (a) corresponded to the carrying amount of the financial assets as disclosed in the statement of financial position, plus the other obligations as disclosed in Note (47). These amounts do not factor in any deduction of collateral or other credit enhancements.

The following table shows the financial assets measured at fair value through profit or loss as well as other off-balance sheet commitments (fair values or nominal amounts) and the corresponding collateral including the maximum amounts to be taken into account as at 31 December 2020:

in € m

		Maximum amount of collateral or financial guarantees to be taken into account					
	Fair value/ nominal amount	Residential real estate	Commercial real estate	Cash collateral and own debt instruments	Other debt instruments and other assets	Financial guarantees received	Total
Demand deposits and overnight money balances at central banks and banks	**320**	**–**	**–**	**–**	**–**	**–**	**–**
Trading assets	**5,421**	**–**	**134**	**–**	**–**	**1**	**135**
Bonds and other fixed-income securities	4,413	–	–	–	–	–	–
Loans and receivables	1,008	–	134	–	–	1	135
Financial assets measured mandatorily at fair value through profit or loss	**1,563**	**–**	**–**	**–**	**35**	**–**	**35**
Bonds and other fixed-income securities	1,214	–	–	–	–	–	–
Loans and receivables	304	–	–	–	35	–	35
Receivables from the purchase of endowment insurance policies	46	–	–	–	–	–	–
Financial assets designated voluntarily at fair value	**3,955**	**–**	**–**	**–**	**–**	**11**	**11**
Bonds and other fixed-income securities	139	–	–	–	–	–	–
Loans and receivables	3,816	–	–	–	–	11	11
Total financial assets	**11,259**	**–**	**134**	**–**	**35**	**12**	**181**
Other obligations	**2,462**	**1**	**4**	**6**	**1**	**–**	**12**

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

in € m

	Fair value/ nominal amount[1]	Maximum amount of collateral or financial guarantees to be taken into account					
		Residential real estate	Commercial real estate	Cash collateral and own debt instruments	Other debt instruments and other assets	Financial guarantees received	Total
Demand deposits and overnight money balances at central banks and banks	**334**	**–**	**–**	**–**	**–**	**–**	**–**
Trading assets	**6,930**	**–**	**9**	**–**	**–**	**1**	**10**
Bonds and other fixed-income securities	5,951	–	–	–	–	–	–
Loans and receivables	979	–	9	–	–	1	10
Financial assets measured mandatorily at fair value through profit or loss	**2,335**	**–**	**–**	**–**	**15**	**0**	**15**
Bonds and other fixed-income securities	1,945	–	–	–	–	–	–
Loans and receivables	319	–	–	–	15	0	15
Receivables from the purchase of endowment insurance policies	71	–	–	–	–	–	–
Financial assets designated voluntarily at fair value	**3,963**	**–**	**–**	**–**	**–**	**20**	**20**
Bonds and other fixed-income securities	136	–	–	–	–	–	–
Loans and receivables	3,827	–	–	–	–	20	20
Total financial assets	**13,562**	**–**	**9**	**–**	**15**	**21**	**45**
Other obligations	**3,310**	**1**	**772**	**3**	**1**	**–**	**777**

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

Collateral for derivatives (cash collateral), master netting agreements and the maximum exposure to credit risk for derivatives, which equates to fair value, are presented in Note (42).

In the case of OTC derivative transactions, the Helaba Group applies a credit valuation adjustment (CVA) for default risk in order to cover any expected losses. This CVA is determined by assessing the potential credit risk for a given counterparty. This assessment takes into account any collateral held, any offsetting effects under master agreements, the expected loss in the event of a default and the credit risk based on market data, including CDS spreads. As at 31 December 2020, the CVAs for both trading book and banking book derivatives with positive fair values amounted to € 172 m (31 December 2019: € 136 m).

For further information on credit risks, please refer to the risk report, which forms an integral part of the management report.

(38) Provision of Collateral

Assets pledged as security

The collateral is provided on terms which are customary for the relevant repo, securities and financing transactions.

Securities are pledged as collateral in connection with repos and securities lending transactions (with cash collateral) and may be re-sold or pledged as collateral to others by the recipient even if the Helaba Group (as the original provider of the collateral) is not in default. The disposal or pledge of such collateral is subject to standard contractual conditions. Please refer to Note (39) for further information on the definition and structure of repos and securities lending transactions. As a result of these transactions, as in the previous year, no financial assets were furnished as collateral in which the recipient of the collateral had a contractual right to re-sell the assets or pledge them to other parties as collateral even if the Helaba Group were not in default.

In addition, the Bank holds loans and advances backed by property charges and municipal authority loans and advances as well as other cover assets in its collateral pool in accordance with sections 12 and 30 of the German Pfandbrief Act (Pfandbriefgesetz, PfandBG). As at 31 December 2020, cover assets amounted to € 50,925 m (31 December 2019: € 50,019 m) with mortgage and public Pfandbriefe of € 38,255 m in circulation (31 December 2019: € 38,407 m). These also included registered securities, which are reported under liabilities due to banks and liabilities due to customers.

As at the reporting date, the following assets (carrying amounts after loss allowances) had been pledged or transferred as collateral for the Helaba Group's own liabilities (for details on the transfer of financial assets without derecognition, please refer to Note (39)):

in € m

	31.12.2020	31.12.2019
Financial assets	**23,650**	**14,933**
Financial assets measured at amortised cost	11,008	9,081
Loans and receivables	11,008	9,081
Trading assets	2,759	1,485
Bonds and other fixed-income securities	2,759	1,483
Loans and receivables	0	2
Financial assets measured at fair value through other comprehensive income	9,883	4,367
Bonds and other fixed-income securities	9,802	4,367
Loans and receivables	82	–
Non-financial assets	**1,421**	**1,529**
Investment property	1,268	1,349
Property and equipment	153	161
Property held for sale	–	19
Total	**25,071**	**16,461**

Financial assets (securities and cash collateral) were provided as collateral in connection with the following business transactions:

in € m

	31.12.2020	31.12.2019
Collateral for funding transactions with central banks	11,511	3,661
Securities collateral for transactions via exchanges and clearing houses	1,857	1,708
Cash collateral for exchange-traded derivative transactions	35	36
Cash collateral for OTC derivative transactions incl. central counterparties	9,941	9,047
Securities provided as collateral for funding transactions with the European Investment Bank (EIB)	151	319
Collateral provided for other purposes	156	162
Total	**23,650**	**14,933**

The collateral provided for other purposes was mainly related to securities collateral furnished in accordance with section 202b of the New York Banking Law, which was a precondition for the operation of banking business by the US branch.

Assets received as security

Collateral is received on terms that are customary for the relevant repo, securities and financing transactions.

The fair value of collateral received in connection with repurchase agreements (repos) that permit the Helaba Group to sell on or pledge such collateral even if the party providing the collateral does not default amounted to € 85 m (31 December 2019: € 16 m). Such collateral with a fair value of € 85 m (31 December 2019: € 10 m) has been sold on, or has been the subject of onward pledging.

Please refer to Note (37) for disclosures on collateral received in connection with lending operations. Please refer to Note (42) for disclosures on collateral and offsetting agreements.

In connection with Helaba's Pfandbrief business, there are arrangements in which loans and advances eligible for the collateral pool, including the rights to the corresponding collateral, are also legally transferred to Helaba but the beneficial ownership of the loans and advances remains with the transferring bank in accordance with the terms and conditions of the transfer agreement. The transferring bank continues to account for these loans and advances to the customers concerned, which are entered in the cover register. As at 31 December 2020, Helaba's collateral pool included such legal transfers with a nominal value of € 1,854 m (31 December 2019: € 1,433 m).

In the context of ECB open market operations, collateral with a value of € 6,913 m was accepted on an off-balance sheet basis so that it could be deposited as collateral in connection with two drawdowns of funding in the tender procedure.

(39) Transfer of Financial Instruments

Financial assets are derecognised when the contractual rights associated with an asset expire or are transferred such that substantially all the risks and rewards incidental to ownership are passed to another party or when the control or power over the asset is transferred to another party. If substantially all the risks and rewards incidental to ownership are not transferred or control or power over the asset is not passed to another party, the remaining economic involvement in the financial instrument ("continuing involvement") is recognised in accordance with IFRS 9. In addition, financial assets in the AC and FVOCI categories are derecognised if they have been substantially modified, i.e. if the contractual cash flows have been modified or the legal position affecting the cash flows has changed such that, de facto, there is a new transaction in place.

Financial liabilities are derecognised when the liabilities are settled. The same applies to financial liabilities measured at amortised cost in the case of substantial modifications leading to new liabilities. Please refer to Note (37) for further disclosures on modifications.

Transfer without derecognition

In connection with "genuine" repo and securities lending transactions, Helaba Group transfers bonds and other fixed-income securities, but retains the main credit, interest rate and currency risks as well as the opportunities for capital appreciation associated with the ownership of these financial assets. Thus, the requirements for derecognition in accordance with IFRS 9 are not fulfilled, and the financial assets continue to be recognised in the consolidated statement of financial position and measured in accordance with the corresponding measurement category, provided the items are bonds and other fixed-income securities owned by the Helaba Group. In the context of securities repurchase and lending transactions, securities accepted from third parties as part of reverse repos or borrowed bonds and other fixed-income securities, which may not be recognised in the consolidated statement of financial position, may also be transferred.

The transferee or borrower, as the case may be, may sell on or pledge the transferred securities at any time. Nevertheless, the Helaba Group generally continues to receive the contractually agreed cash flows from these securities.

The Helaba Group enters into securities repurchase agreements in the form of standardised repo or reverse repo deals in which the Helaba Group is either the seller/borrower (repo) or buyer/lender (reverse repo). Such arrangements are a contractual agreement to transfer securities accompanied by a simultaneous agreement to repurchase the transferred (or equivalent) securities on a specified date in the future in return for the payment of an amount agreed in advance. The transactions are settled using standard framework contracts, and do not contain any limitations.

The financial assets reported as reverse repos in the loans and receivables class are in effect the Helaba Group's entitlement to repayment of the cash it paid out as the buyer in return for the transfer of securities. This class is also used to report cash collateral furnished by the Helaba Group, as borrower, in connection with securities lending transactions.

The liabilities from securities repurchase transactions result from the amount paid by the transferee for the transferred bonds and other fixed-income securities. This amount corresponds to the fair value of the transferred securities less a safety margin on the date on which the transaction is entered into. When the bonds and other fixed-income securities are transferred back at the end of the term of the securities repurchase agreement, this amount, plus agreed interest, must be repaid to the transferee. The corresponding liabilities in connection with securities lending transactions arise out of the obligation to repay the cash collateral received. The main counterparties in the Helaba Group's securities lending transactions comprise affiliated and non-affiliated Sparkassen. Cash collateral for lent bonds and other fixed-income securities is generally only required from counterparties outside the Sparkassen-Finanzgruppe. The liabilities from securities repurchase transactions and from cash collateral received in connection with securities lending are recognised under trading liabilities or under financial liabilities measured at amortised cost.

Because transferred bonds and other fixed-income securities are assigned to the FVTPL or FVTOCI measurement categories, the carrying amounts of the transferred items represent their fair values.

As at 31 December 2020, no bonds or other fixed-income securities were transferred as part of securities repurchase transactions (31 December 2019: € 0 m). The corresponding liabilities under securities repurchase transactions as at 31 December 2020 amounted to € 0 m. As at 31 December 2019, bonds and other fixed-income securities with a fair value of € 0 m had been transferred as part of securities lending transactions (31 December 2019: € 93 m). Securities lending transactions in the Helaba Group as at 31 December 2019 only involved unsecured transactions.

Transfer with derecognition

Contracts for the sale and acquisition of shares in companies (equity investments and affiliates) include the warranties customary with such transactions, in particular in respect of the tax and legal position. Provisions of € 25 m (31 December 2019: € 14 m) have been recognised for such warranties.

(40) Fair Values

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).

Fair values of financial instruments

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, these 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
Commodity options	Black model, Turnbull/Wakeman	Commodity prices, yield curves, commodity volatilities/correlations
Credit derivatives	Black model	Yield curves, credit spreads, credit volatilities
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 under 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

	31.12.2020				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2[1]	Level 3[1]	Total[1]
Cash on hand, demand deposits and overnight money balances with central banks and banks	**–**	**320**	**–**	**320**	**–**	**334**	**–**	**334**
Demand deposits and overnight money balances at banks	–	320	–	320	–	334	–	334
Trading assets	**4,424**	**16,406**	**344**	**21,173**	**5,883**	**12,938**	**483**	**19,304**
Positive fair values of derivatives	3	15,586	140	15,730	6	12,175	167	12,348
Bonds and other fixed-income securities	4,398	15	–	4,413	5,851	40	60	5,951
Loans and receivables	–	804	203	1,008	–	723	256	979
Equity shares and other variable-income securities	23	–	–	23	26	–	–	26
Other financial assets mandatorily measured at fair value through profit or loss	**1,178**	**6,409**	**619**	**8,206**	**1,850**	**5,931**	**652**	**8,433**
Positive fair values of derivatives	–	6,274	157	6,430	–	5,714	162	5,876
Bonds and other fixed-income securities	1,167	41	7	1,214	1,849	96	–	1,945
Loans and receivables	–	40	264	304	–	18	301	319
Equity shares and other variable-income securities	11	55	82	148	1	103	53	157
Shareholdings	–	–	65	65	–	–	65	65
Receivables from the purchase of endowment insurance policies	–	–	46	46	–	–	71	71
Financial assets designated voluntarily at fair value	**139**	**3,476**	**340**	**3,955**	**3**	**3,542**	**418**	**3,963**
Bonds and other fixed-income securities	139	–	–	139	3	133	–	136
Loans and receivables	–	3,476	340	3,816	–	3,409	418	3,827
Negative fair values of hedging derivatives under hedge accounting	**–**	**1,258**	**–**	**1,258**	**–**	**1,102**	**–**	**1,102**
Financial assets measured at fair value through other comprehensive income	**18,670**	**1,773**	**576**	**21,018**	**21,307**	**1,983**	**513**	**23,803**
Bonds and other fixed-income securities	18,670	1,629	–	20,299	21,307	1,815	–	23,122
Loans and receivables	–	144	539	683	–	168	481	649
Shareholdings	–	–	36	36	–	–	32	32
Financial assets	**24,410**	**29,643**	**1,879**	**55,931**	**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

	31.12.2020				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading liabilities	**126**	**17,526**	**141**	**17,793**	**60**	**18,244**	**169**	**18,473**
Negative fair values of derivatives	10	12,351	141	12,502	14	9,997	169	10,180
Securitised liabilities	31	481	–	512	35	1,102	–	1,137
Deposits and loans	–	4,695	–	4,695	–	7,145	–	7,145
Liabilities arising from short-selling	85	–	–	85	11	–	–	11
Other financial liabilities	–	0	–	0	–	–	–	–
Negative fair values of non-trading derivatives	**1**	**7,287**	**34**	**7,322**	**–**	**6,714**	**45**	**6,759**
Financial liabilities designated voluntarily at fair value	**–**	**11,416**	**1,456**	**12,872**	**–**	**11,193**	**1,606**	**12,799**
Securitised liabilities	–	5,066	1,028	6,094	–	4,974	1,050	6,024
Deposits and loans	–	6,350	428	6,778	–	6,219	556	6,775
Negative fair values of hedging derivatives under hedge accounting	**–**	**1,671**	**–**	**1,671**	**–**	**1,907**	**–**	**1,907**
Financial liabilities	**126**	**37,900**	**1,631**	**39,658**	**60**	**38,058**	**1,820**	**39,938**

For the financial assets, the following table shows transfers from Level 1 and Level 2 to other levels as a result of a change in fair value quality. Other changes are attributable to additions, derecognition or measurement changes.

in € m

	31.12.2020				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	**0**	**–**	**5**	**–**	**22**	**–**	**3**	**–**
Bonds and other fixed-income securities	0	–	5	–	22	–	3	–
Other financial assets mandatorily measured at fair value through profit or loss	**13**	**–**	**1**	**–**	**24**	**–**	**2**	**–**
Bonds and other fixed-income securities	13	–	1	–	24	–	2	–
Financial assets designated voluntarily at fair value	**–**	**–**	**139**	**–**	**–**	**–**	**–**	**–**
Bonds and other fixed-income securities	–	–	139	–	–	–	–	–
Financial assets measured at fair value through other comprehensive income	**98**	**–**	**86**	**–**	**17**	**–**	**–**	**4**
Bonds and other fixed-income securities	98	–	86	–	17	–	–	–
Loans and receivables	–	–	–	–	–	–	–	4
Financial assets	**112**	**–**	**230**	**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	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	93	0	36	−4	−6	3
Net trading income	76	0	6	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	16	−0	30	−4	−6	3
Gains or losses recognised in other comprehensive income	–	–	−4	–	4	–
Additions	10	7	544	36	2	–
Disposals/liquidations	−34	−65	−636	−2	−5	−29
Changes in basis of consolidation	–	–	–	–	9	–
Changes due to currency translation	–	–	−0	−0	0	–
Changes in accrued interest	−3	0	0	–	–	–
Amortisation of premiums/discounts	−18	–	−9	–	–	–
Transfers from Level 2	–	5	63	–	–	–
Transfers to Level 2	−80	–	−104	–	–	–
Other changes in the portfolio	–	–	0	−0	–	–
As at 31.12.2020	**297**	**7**	**1,346**	**82**	**101**	**46**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	68	−0	11	−4	−6	3

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	Share-holdings	Receivables from endowment insurance policies
As at 1.1.2019	**302**	**34**	**557**	**34**	**112**	**95**
Gains or losses recognised in the consolidated income statement	−8	3	16	−0	−8	4
Net trading income	−37	−0	−2	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	29	3	18	−0	−8	4
Gains or losses recognised in other comprehensive income	–	–	4	–	−8	–
Additions	11	93	1,336	23	4	–
Disposals/liquidations	−30	−95	−611	−4	−1	−28
Changes in basis of consolidation	131	25	158	–	−2	–
Changes due to currency translation	0	–	0	0	−0	–
Changes in accrued interest	3	−0	3	–	–	–
Amortisation of premiums/discounts	−9	−0	−4	–	–	–
Transfers from Level 2	4	–	7	–	–	–
Transfers to Level 2	−75	–	−9	–	–	–
Other changes in the portfolio	–	–	−1	0	−0	–
As at 31.12.2019	**329**	**60**	**1,456**	**53**	**97**	**71**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	64	−0	5	0	−8	3

1) Prior-year figures adjusted: In the previous year, loans and receivables that ought to have been allocated to Level 3 because of the inputs used were instead allocated to Level 2. The balance as at 1 January 2019 has been increased by € 1 m, the gains or losses on other financial assets mandatorily measured at fair value through profit or loss increased by € 1 m and the changes in the basis of consolidation increased by € 32 m. The balance as at 31 December 2019 is therefore € 34 m higher. Gains or losses on financial assets in the portfolio recognised in the consolidated income statement have also been adjusted by € 1 m.

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	67	21	2
Net trading income	75	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	–8	21	2
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	–	0	–
Gains or losses recognised in other comprehensive income	–	–9	–2
Additions	13	42	–
Disposals/liquidations	–37	–62	–107
Changes in accrued interest	–0	0	–3
Amortisation of premiums/discounts	–2	–2	–14
Transfers to Level 2	–79	–14	–
Other changes in the portfolio	–	–	–3
As at 31.12.2020	**176**	**1,028**	**428**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	–42	–21	–3

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	−38	29	2
Net trading income	−36	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	−2	29	2
Gains or losses recognised in other comprehensive income	–	−2	−0
Additions	17	260	169
Disposals/liquidations	−32	−39	−10
Changes in basis of consolidation	35	119	399
Changes due to currency translation	0	–	–
Changes in accrued interest	−0	−1	1
Amortisation of premiums/discounts	−2	1	−7
Transfers from Level 2	0	–	–
Transfers to Level 2	−66	–	−37
Other changes in the portfolio	−0	−0	1
As at 31.12.2019	**214**	**1,050**	**556**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	−35	−24	−3

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:

in € m

	Assets at Level 3	Liabilities at Level 3	Valuation technique	Key inputs not observable in a market	Range
Derivatives	**297**	**176**			
Equity-/index-related derivatives	77	78	Option pricing model	Dividend estimate with remaining term > 3 years	0.0 – 96.7
	56	55	Option pricing model	Equity shares correlation	29.9 % – 88.2 %
Interest-rate derivatives	164	42	Option pricing model	Interest correlation	–36.5 % – 100.0 %
Equity shares and other variable-income securities	**82**				
Private equity funds	82		Fund valuation	Net asset values	n.a.
Securitised liabilities		**1,028**			
Interest certificates		1,028	Option pricing model	Interest correlation	–36.5 % – 100.0 %
Loans and receivables	**1,346**				
Promissory note loans	816		DCF approach	Credit spread	0.0 % – 3.0 %
	418		Option pricing model	Credit spread	0.0 % – 0.3 %
	103		Option pricing model	Interest correlation	–36.5 % – 100.0 %
				Credit spread	0.0 % – 0.3 %
Mezzanine receivables	2		Fund valuation	Fair value	n.a.
Other	8		Various	n.a.	n.a.
Deposits and loans		**428**	**Option pricing model**	**Interest correlation**	**–36.5 % – 100.0 %**
Shareholdings	**101**				
	51		Income capitalisation approach	Discount rate	5.9 % – 7.5 %
				Expected cash flows	n.a.
	50		Various	Fair value and other	n.a.
Receivables from the purchase of endowment insurance policies	**46**		**Insurance valuation model**	**Surrender values**	**n.a.**
Total	**1,872**	**1,631**			

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	**330**	**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	**2,067**	**1,821**			

[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. 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, equity share or commodity 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. As was the case in the previous year, the determined sensitivities were negligible.

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 results in an increase or decline in the fair values of the items concerned by approximately € 10 m (31 December 2019: € 6 m).

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 or decreased by 10 %, the fair values determined using these input factors change by up to € 8 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 € 8 m (31 December 2019: € 8 m); if the discount rate were lowered by one percentage point, the fair values would rise by € 11 m (31 December 2019: € 11 m). Furthermore, the fair value for some investments in unlisted companies is determined predominantly using the net asset value method. In some cases, selling prices are available and these can be updated to provide an appropriate price for the latest reporting date. The input factors used for these fair values 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.

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	**–**	**26,038**	**–**	**26,038**	**26,038**	**–0**
Demand deposits at central banks	–	25,619	–	25,619	25,619	–0
Demand deposits and overnight money balances at banks	–	418	–	418	418	0
Financial assets measured at amortised cost	**–**	**88,850**	**48,104**	**136,953**	**131,847**	**5,106**
Loans and receivables	–	88,850	48,104	136,953	131,847	5,106
Financial assets	**–**	**114,887**	**48,104**	**162,991**	**157,884**	**5,106**
Financial liabilities measured at amortised cost	**4,712**	**121,212**	**43,427**	**169,351**	**167,731**	**1,620**
Securitised liabilities	4,712	45,646	–	50,359	49,869	489
Deposits and loans	–	75,332	43,228	118,561	117,453	1,108
Other financial liabilities	–	233	199	432	409	23
Financial liabilities	**4,712**	**121,212**	**43,427**	**169,351**	**167,731**	**1,620**

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[1]	**–**	**14,136**	**–**	**14,136**	**14,136**	**0**
Demand deposits at central banks[1]	–	12,932	–	12,932	12,932	0
Demand deposits and overnight money balances at banks	–	1,204	–	1,204	1,204	−0
Financial assets measured at amortised cost[2]	**–**	**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[1), 2)]	**–**	**104,281**	**44,343**	**148,624**	**144,462**	**4,162**
Financial liabilities measured at amortised cost[2), 3)]	**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[2), 3)]	**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 adjusted: 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. The rise in the deposits and loans was attributable to the Helaba Group's participation in the ECB's TLTRO III programme. The fair values determined for these transactions are allocated to Level 3.

Fair values of investment property

The fair values for property disclosed in Note (28) have been determined using internationally recognised valuation techniques. The vast majority of the residential buildings, commercial properties, parking facilities and undeveloped land areas in the Group's portfolio are valued by independent experts on the basis of market values, mainly by using the discounted cash flow method. In this method, the fair value is calculated by determining the present value of the rental income achievable over the long term, taking into account management costs and forecast property vacancy rates. For the purposes of the calculation, the properties are structured according to a location and property appraisal and subdivided into clusters. This is based on the following parameters: market (macro location), site (micro location), property and cash flow quality. Properties are thus grouped, each of the properties within a particular group sharing similar characteristics. The groups differ in terms of position, quality of management unit and therefore also in terms of their respective risk.

The following details were determined and applied on the basis of the resulting clusters:

- annual rates of increase for rent;
- non-allocatable operating costs;
- effective vacancy rates;
- discount rates.

The following details were determined and applied on the basis of the properties:

- market rent as at the valuation date;
- maintenance, management and other expenses;
- trends in the rent per square metre of rentable area based on an extrapolation of market rents and current rents;
- trends in vacant property levels based on cluster-specific assumptions regarding target vacancy level;
- trends in expenses for maintenance, management, non-allocatable operating costs, other costs and any ground rent.

The cash flow is determined in two stages. The first stage comprises a detailed forecast period of ten years in which the cash inflows from the current target rent based on full occupancy are reduced by the effect of the current vacancy level in the first year and then the assumed structural vacancy levels in years two to ten. The resulting amount reduced by management costs, non-allocatable operating costs, maintenance and repair costs and ground rent produces the available cash flow (before taxes and debt servicing) which can then be discounted. In the eleventh year, the methodology assumes a hypothetical disposal of the property and the sale price is used as a residual value in the calculation. The total of the present values from the cash flows in the detailed forecast period and from the hypothetical resale of the property represent the fair value of the property concerned.

The discount rate comprises a risk-free interest rate together with mark-ups and discounts for existing property, location and market risks.

(41) 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 31 December 2020 were as follows:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Equity-/index-related transactions	**4,897**	**5,273**	**290**	**272**	**290**	**271**
OTC products	4,681	4,860	286	266	279	257
Equity options	4,681	4,860	286	266	279	257
Purchases	2,417	2,542	286	266	–	–
Sales	2,265	2,318	–	–	279	257
Exchange-traded products	216	413	3	6	11	14
Equity/index futures	29	86	–	–	–	–
Equity/index options	186	327	3	6	11	14
Interest-rate-related transactions	**496,907**	**487,029**	**21,931**	**17,848**	**19,773**	**16,656**
OTC products	488,405	473,053	21,931	17,848	19,773	16,656
Forward rate agreements	2,000	–	–	–	–	–
Interest rate swaps	432,932	413,962	19,928	16,215	14,236	12,043
Interest rate options	53,290	58,516	2,003	1,633	5,535	4,613
Purchases	21,297	24,295	1,807	1,476	60	59
Sales	31,993	34,221	196	157	5,475	4,554
Other interest rate contracts	183	575	0	0	3	0
Exchange-traded products	8,502	13,976	0	0	–	0
Interest rate futures	8,425	13,716	0	0	–	0
Interest rate options	77	260	–	–	–	–
Currency-related transactions	**63,368**	**76,488**	**1,178**	**1,189**	**1,415**	**1,901**
OTC products	63,368	76,488	1,178	1,189	1,415	1,901
Currency spot and futures contracts	38,389	50,002	486	513	594	595
Cross-currency swaps	24,313	25,736	683	667	812	1,297
Currency options	667	750	9	9	9	9
Purchases	336	378	9	9	–	–
Sales	331	372	–	–	9	9
Credit derivatives	**5,337**	**3,197**	**17**	**17**	**17**	**17**
OTC products	5,337	3,197	17	17	17	17
Commodity-related transactions	**93**	**43**	**2**	**0**	**0**	**1**
OTC products	93	43	2	0	0	1
Commodity options	93	43	2	0	0	1
Total	**570,602**	**572,030**	**23,419**	**19,326**	**21,495**	**18,846**

Derivatives have been entered into with the following counterparties:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Central banks and banks in Germany	132,586	108,354	7,258	6,026	5,763	4,950
Central banks and banks in the EU (excluding Germany)	102,347	126,031	4,980	4,659	13,087	11,419
Central banks and banks in the rest of the world (excluding EU)	1,928	3,701	32	37	240	206
Governments, Germany	21,475	25,154	8,142	5,909	1,117	1,089
Governments, EU (excluding Germany)	–	–	0	–	–	–
Other counterparties in Germany	29,029	33,989	1,621	1,568	551	487
Other counterparties in the EU (excluding Germany)	269,519	259,168	1,088	973	712	659
Other counterparties (rest of world, excluding EU)	4,999	1,244	294	148	13	22
Exchange-traded derivatives	8,718	14,389	3	6	11	14
Total	**570,602**	**572,030**	**23,419**	**19,326**	**21,495**	**18,846**

Notional amounts broken down by term to maturity as at 31 December 2020:

in € m

	Up to three months	Three months to one year	One year to five years	More than five years	Total
Equity-/index-related transactions	162	668	4,053	13	4,897
Interest-rate-related transactions	24,150	43,266	195,329	234,161	496,907
Currency-related transactions	23,941	13,543	20,258	5,625	63,368
Credit derivatives	–	230	5,047	61	5,337
Commodity-related transactions	93	–	–	–	93
Total	**48,346**	**57,708**	**224,687**	**239,861**	**570,602**

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

in € m

	Up to 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**

(42) Offsetting Financial Instruments

The Helaba Group offsets financial assets and financial liabilities in accordance with IAS 32. It recognises netted amounts if, in respect of the financial assets and financial liabilities concerned, there is a legally enforceable right of set-off at all times in the normal course of business and it intends to settle the instruments on a net basis or to realise the financial asset and settle the financial liability simultaneously.

In accordance with the disclosure requirements in IFRS 7 relating to offsetting financial instruments, the tables below show a reconciliation from the gross to the net risk exposure for financial instruments. The disclosures relate both to financial instruments that have been offset and also to those that are subject to a master netting agreement.

Offsetting in derivatives transactions involves the positive and negative values of derivatives as well as the associated cash collateral, which is reported under loans and advances to customers or liabilities due to customers.

The Helaba Group has also entered into master netting agreements with counterparties in the derivatives and securities repurchase business. These agreements include conditional netting rights. If the conditions are met – for example if a counterparty defaults for reasons related to its credit rating – the transactions are settled on a net basis.

Cash collateral items do not include any other conditional offsetting options under property charges or in connection with other loan collateral not covered by master netting agreements.

in € m

	Actual netting			Conditional netting rights on basis of master netting agreements		
	Gross amount before netting	Gross amount of financial instruments netted in SoFP	Carrying amount	Collateral in form of financial instruments	Cash collateral	Net amount after taking into account conditional netting rights
Financial assets						
Positive fair values of derivatives	30,139	−6,721	23,419	−10,840	−4,699	7,879
Securities repurchase transactions	87	–	87	−11	–	76
Current account receivables	37,278	−14,176	23,102	–	–	23,102
Total	**67,505**	**−20,897**	**46,608**	**−10,851**	**−4,699**	**31,058**
Financial liabilities						
Negative fair values of derivatives	29,730	−8,234	21,495	−10,840	−9,812	843
Current account payables	13,652	−12,662	989	–	–	989
Total	**43,381**	**−20,897**	**22,484**	**−10,840**	**−9,812**	**1,832**

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

in € m

	Actual netting			Conditional netting rights on basis of master netting agreements		
	Gross amount before netting	Gross amount of financial instruments netted in SoFP	Carrying amount	Collateral in form of financial instruments	Cash collateral	Net amount after taking into account conditional netting rights
Financial assets						
Negative fair values of derivatives	24,517	−5,191	19,326	−9,289	−3,915	6,122
Securities repurchase transactions	16	–	16	−16	–	0
Current account receivables	19,620	−8,592	11,028	–	–	11,028
Total	**44,153**	**−13,783**	**30,370**	**−9,305**	**−3,915**	**17,150**
Financial liabilities						
Negative fair values of derivatives	24,408	−5,562	18,846	−9,289	−8,632	925
Securities repurchase transactions	58	–	58	−56	–	2
Current account payables	9,012	−8,221	791	–	–	791
Total	**33,478**	**−13,783**	**19,695**	**−9,345**	**−8,632**	**1,718**

(43) Foreign Currency Volumes

The provisions in IAS 21 are applied in translating transactions denominated in foreign currency in the financial statements of the companies included in the consolidated financial statements and in translating the financial statements of foreign operations with a functional currency that is different from the reporting currency.

All monetary items denominated in foreign currency and equity instruments (equity shares and other variable-income securities, shareholdings) measured at fair value in foreign currency are translated at the closing rate (the spot rate on the reporting date). Non-monetary items measured at amortised cost (such as property and equipment) are translated using the exchange rate applicable on initial recognition. Currency translation differences, with the exception of differences resulting from equity instruments measured at fair value through other comprehensive income, are recognised in consolidated profit or loss.

In order to translate financial statements prepared in foreign currency for operations included in the consolidated financial statements (subsidiaries, branch offices), the temporal method is used initially to translate from the foreign currency into the functional currency where these currencies are different. Figures are then translated into the reporting currency (euros) using the modified closing-rate method. In this method, all monetary and non-monetary assets and liabilities are translated into the reporting currency using the ECB reference rate on the reporting date. Income and expenses for the reporting period are translated using the average rate for the period. All resulting currency translation differences are recognised in a separate equity item (currency translation reserve) until the foreign operation is derecognised or discontinued.

The foreign currency assets and liabilities shown under this item relate to non-derivative financial instruments. The foreign currency exposures are hedged by corresponding derivatives.

in € m

	Foreign currency assets		Foreign currency liabilities	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
USD	15,756	15,958	5,957	11,888
GBP	6,460	6,528	1,208	1,416
CHF	996	1,124	296	366
JPY	923	1,013	88	132
Other currencies	1,847	1,515	401	442
Total	**25,981**	**26,138**	**7,950**	**14,244**

(44) Breakdown of Maturities

For the breakdown of the remaining terms of financial liabilities, the undiscounted cash flows were allocated to the individual maturity buckets in accordance with the contractually agreed maturity dates. If there was no fixed contractual agreement for the date of repayment, the earliest possible time or termination date was used. This applies in particular to overnight money raised and demand deposits as well as savings deposits with an agreed period of notice.

The non-derivative financial liabilities presented under trading liabilities have been included in the maturities breakdown with their carrying amounts, and the loan commitments have been included at their nominal value. Trading derivatives were allocated with their carrying amounts to the shortest maturity bucket; the loan commitments were allocated to the earliest bucket in which the commitment could be drawn down. Liabilities from warranties and guarantee agreements in accordance with Note (47) can generally become payable at any time up to the maximum guaranteed amount.

The maturity structure of the financial liabilities as at 31 December 2020 was as follows:

in € m

	Payable on demand	Up to three months	Three months to one year	One year to five years	More than five years
Financial liabilities measured at amortised cost	**44,781**	**9,864**	**15,927**	**64,185**	**36,897**
Securitised liabilities	21	4,762	5,532	26,241	14,037
Deposits and loans	44,532	5,036	10,371	37,891	22,798
Other financial liabilities	228	67	24	53	61
Trading liabilities	**13,237**	**1,535**	**2,990**	**–**	**31**
Negative fair values of derivatives held for trading	12,502	–	–	–	–
Securitised liabilities	–	66	415	–	31
Deposits and loans	650	1,470	2,575	–	–
Liabilities arising from short-selling	85	–	–	–	–
Other financial liabilities	–	0	–	–	–
Negative fair values of non-trading derivatives	**–**	**375**	**861**	**2,603**	**3,342**
Negative fair values of hedging derivatives under hedge accounting	**–**	**130**	**113**	**785**	**761**
Financial assets designated voluntarily at fair value	**–**	**687**	**2,613**	**2,747**	**6,749**
Securitised liabilities	–	515	1,938	1,261	2,304
Deposits and loans	–	172	675	1,486	4,444
Loan commitments	**24,508**	**769**	**802**	**1,662**	**–**
Financial guarantees	**7,837**	**–**	**0**	**4**	**31**
Total	**90,363**	**13,361**	**23,305**	**71,986**	**47,811**

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

in € m

	Payable on demand	Up to three months	Three months to one year	One year to five years	More than five years
Financial liabilities measured at amortised cost	**36,154**	**13,197**	**27,130**	**48,247**	**35,722**
Securitised liabilities	–	8,829	13,717	24,789	13,455
Deposits and loans	35,978	4,308	13,391	23,456	22,267
Other financial liabilities	176	60	22	2	0
Trading liabilities	**11,042**	**2,844**	**4,552**	**–**	**35**
Negative fair values of derivatives held for trading	10,180	–	–	–	–
Securitised liabilities	–	161	941	–	35
Deposits and loans	851	2,683	3,611	–	–
Liabilities arising from short-selling	11	–	–	–	–
Negative fair values of derivatives held for trading	**–**	**308**	**627**	**2,723**	**3,012**
Negative fair values of hedging derivatives under hedge accounting	**–**	**242**	**149**	**975**	**919**
Financial assets designated voluntarily at fair value	**–**	**817**	**1,978**	**3,328**	**6,693**
Securitised liabilities	–0	785	1,386	1,349	2,457
Deposits and loans	0	32	592	1,979	4,236
Other financial liabilities	–	–	–	1	–
Loan commitments	**24,218**	**687**	**1,926**	**1,181**	**–**
Financial guarantees	**7,569**	**–**	**–1**	**–**	**–**
Total	**78,983**	**18,095**	**36,361**	**56,454**	**46,381**

(45) Subordinated Financial Instruments

Assets are reported as subordinated if, in the case of liquidation or insolvency of the debtor, they can be repaid only after the claims of the other creditors have been satisfied.

Subordinated financial liabilities comprise profit participation issues (with and without certificate), silent participations as well as subordinated loans and bonds, which must be classified as debt in accordance with the criteria specified in IAS 32.

As a general rule, subordinated financial liabilities are classified as financial liabilities measured at amortised cost. Micro fair value hedges or the fair value option are used for some subordinated liabilities in order to avoid accounting mismatches.

in € m

	31.12.2020	31.12.2019
Financial assets measured at amortised cost	**75**	**35**
Loans and receivables	75	35
Other financial assets mandatorily measured at fair value through profit or loss	**2**	**3**
Loans and receivables	2	3
Subordinated financial assets	**77**	**38**
Financial liabilities measured at amortised cost	**2,824**	**2,823**
Securitised liabilities	**1,452**	**1,452**
Profit participation certificates	20	20
Securitised silent participations	527	528
Subordinated bonds	905	904
Deposits and loans	**1,372**	**1,371**
Unsecuritised profit participation rights	61	61
Unsecuritised silent participations	18	18
Subordinated loans	1,293	1,292
Financial liabilities designated voluntarily at fair value	**44**	**47**
Deposits and loans	**44**	**47**
Subordinated loans	44	47
Subordinated financial liabilities	**2,868**	**2,870**

(46) Issuing Activities

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 held as at 31 December 2020 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.

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[1)]	2020	2019	2020	2019	2020	2019[1)]
Balance 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	95,137	94,203	1,613	3,400	1,447	2,064	98,196	99,667
Additions from reissue of previously repurchased instruments	1,503	1,090	–	–	78	82	1,581	1,172
Redemptions	−100,526	−82,085	−2,134	−3,081	−1,407	−3,229	−104,067	−88,395
Repurchases	−5,521	−1,268	−95	−64	−115	−169	−5,730	−1,501
Changes in accrued interest	−20	−19	–	–	−4	−8	−24	−27
Changes in value recognised through profit or loss	258	336	1	18	71	66	330	420
Credit-risk-related changes in fair value recognised in OCI	–	–	–	–	−14	0	−14	0
Changes due to currency translation and other adjustments	−676	104	−11	11	13	1	−674	116
Balance as at 31.12.	**49,869**	**59,715**	**512**	**1,137**	**6,094**	**6,024**	**56,475**	**66,876**

[1)] Prior-year figures adjusted: In the previous year, redemptions of € 2,766 m had been reported as repurchases.

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

The Helaba Group's contingent liabilities and other obligations are mainly potential future payment obligations of the Group attributable to credit lines that have been granted but have not yet been drawn down and to financial guarantees that have been provided. The figures shown reflect potential liabilities and assume that the credit lines extended are utilised in full and that the financial guarantees are called upon.

in € m

	31.12.2020	31.12.2019
Loan commitments	**27,741**	**28,012**
Financial guarantees	**7,872**	**7,568**
Other obligations	**2,462**	**3,310**
Liabilities from guarantees and warranty agreements (excluding financial guarantees)	162	197
Placement and underwriting obligations	1,110	2,072
Obligations to make further retrospective payments	–	0
Contribution obligations	158	150
Contractual obligations for the acquisition of property and equipment, intangible assets and other assets	78	282
Contractual obligations in connection with investment property	566	451
Litigation risk obligations	0	–
Sundry obligations	387	158
Total	**38,075**	**38,890**

As a result of the acquisition of an entity, Helaba, in its capacity as the legal successor, took over obligations that, on the date of initial recognition, seemed highly unlikely to materialise and that were also subject to rights of recourse under the purchase agreement.

On the reporting date, € 149 m of the contribution obligations was attributable to 28 commercial partnerships, while € 9 m was attributable to four corporations. No contribution obligations existed in respect of affiliated companies.

The Bank is a partner with unlimited liability in GLB GmbH & Co. OHG, Frankfurt am Main.

The Bank is also jointly liable for ensuring that other members belonging to the Deutscher Sparkassen- und Giroverband e.V. (DSGV) meet their obligations to make additional contributions. If a claim were made against a former guarantor of DekaBank under the grandfathering provisions applicable to the guarantor liability in accordance with the Brussels Accord I, Helaba would be obliged to pay pro-rata internal liability compensation. The owners of DekaBank on 18 July 2005 are liable for the fulfilment of all liabilities of DekaBank existing at that date. The liability applies without any time limitation for liabilities that had been agreed up to 18 July 2001.

The Bank is a member of the protection scheme of the Sparkassen-Finanzgruppe through its membership of the reserve fund of the Landesbanken and Girozentralen in Germany. Frankfurter Sparkasse AG is a member of the Sparkassen Support Fund of the Sparkassen- und Giroverband Hessen-Thüringen. The purpose of these protection schemes is to guarantee the institution, i.e. to protect the continued existence of the affiliated institutions as going concerns. With effect from 3 July 2015, the protection scheme operated by the German Sparkassen-Finanzgruppe was adjusted in line with the requirements of the German Deposit Protection Act (Einlagensicherungsgesetz, EinSiG). If the institutional protection should fail in exceptional circumstances, the customer is entitled to reimbursement of his/her deposits up to an amount of € 100,000. The relevant EinSiG provisions apply. If a situation should arise in which a scheme has to provide financial support or pay compensation, Helaba could be required to pay additional or special contributions to the protection scheme.

In addition, Helaba and Frankfurter Sparkasse are members of the reserve fund of the Sparkassen- und Giroverband Hessen-Thüringen. This fund provides additional protection on top of the existing protection schemes; it provides protection not only to institutions but also to creditors. Landesbank Hessen-Thüringen and the Sparkassen will make gradual contributions to the fund until 0.5 % of the assessment base (the banks' risk assets) has been reached. An institution's obligation to pay contributions is established on the basis of risk, taking into account bonus and penalty factors. Sparkassen- und Giroverband Hessen-Thüringen will be liable to make up any shortfall should a claim be made against the fund before the full amount has been contributed in cash.
Certain banks affiliated with the Group have additional obligations as members of protection schemes in accordance with the provisions applicable to such arrangements.

If Sparkassen-Immobilien-Vermittlungs-GmbH or OFB Projektentwicklung GmbH becomes insolvent, Helaba has agreed to make the compensation payments to the relevant supplementary pension fund.

As in the previous year, contingent liabilities of € 205 m may arise if capital contributions have to be repaid.

The sundry obligations include obligations of € 55 m (31 December 2019: € 46 m) to the European Single Resolution Fund. The Bank and Frankfurter Sparkasse have elected to fully utilise the option to make some of the annual contribution in the form of an irrevocable payment undertaking backed in full by cash collateral.

The Reserve Fund of the Landesbanken and Girozentralen and the deposit security reserve fund of the Landesbausparkassen also give their member banks an option to pay part of their contributions in the form of irrevocable payment undertakings backed by cash collateral. The Bank and the Landesbausparkasse have utilised this option for contributions of € 42 m (31 December 2019: € 30 m).

(48) Letters of Comfort

Entity	Registered offices
Grundstücksgesellschaft Gateway Gardens GmbH	Frankfurt am Main

(49) Fiduciary Transactions

in € m

	31.12.2020	31.12.2019
Loans and advances to banks	710	508
Loans and advances to customers	562	309
Equity shares and other variable-income securities	92	95
Shareholdings	71	67
Other assets	15	13
Trust assets	**1,450**	**992**
Deposits and loans from banks	465	255
Deposits and loans from customers	761	518
Other financial liabilities	224	219
Trust liabilities	**1,450**	**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 of € 210 m forwarded to Sparkassen and customers to mitigate the effects of the COVID-19 pandemic (KfW-Schnellkredit 2020).

Other Disclosures

(50) Leases

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

Leases in which the Helaba Group is the lessee

The Helaba Group generally accounts for all leases in which it is the lessee by recognising in the statement of financial position right-of-use assets (i.e. assets representing the right to use the leased assets in question) and liabilities for the associated payment obligations at present value. The initial measurement of the lease liabilities includes the following lease payments:

- fixed lease payments
- variable lease payments that depend on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease

Lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. Otherwise, Helaba's incremental borrowing rate is used for discounting purposes. The incremental borrowing rate comprises a risk-free interest rate component for obtaining liquidity in the relevant maturity band and a risk premium related to the Helaba Group's credit quality. A distinction is made between secured lease assets (real estate) and unsecured financing (other clusters). Adjustments for foreign currencies and different currency zones are taken into account, where appropriate. The lease liabilities are reported under financial liabilities measured at amortised cost. During the term of the lease, the lease liability is reduced in accordance with the principles of financial mathematics. The interest expense component is reported in net interest income.

Right-of-use assets are measured at cost, comprising the following on initial measurement:

- initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs incurred
- estimated costs to be incurred in reinstating the asset at the end of the lease as required by the terms and conditions of the lease

Right-of-use assets are reported under the relevant category of property and equipment. If a right-of-use asset satisfies the criteria for investment property, it is reported in this asset category. Right-of-use assets are subsequently measured at amortised cost. Generally, depreciation is recognised in respect of right-of-use assets on a straight-line basis over the term of the lease concerned. In those instances in which a purchase option has been factored into the measurement of the right-of-use asset, or the underlying asset will be transferred to Helaba at the end of the lease term, the right-of-use asset is depreciated on a straight-line basis over the normal useful life of the underlying asset concerned. If there is evidence of impairment, the right-of-use asset must also be tested for impairment in accordance with the rules specified in IAS 36. If there are changes to the lease payments after the commencement date, the right-of-use asset must be adjusted by the amount resulting from the remeasurement of the lease liability.

If the underlying asset in a lease is of low value (generally € 5,000 or less when new) and / or the lease is short term (maximum term of twelve months and no purchase option available), Helaba makes use of the available practical expedients and recognises the payments as an expense in the consolidated income statement on a straight-line basis. In addition, the requirements are not applied to leases for intangible assets. In the case of contracts that include both lease and non-lease components, Helaba makes use of the option not to separate these components.

A range of leases include extension and termination options. When determining a lease term, Helaba takes into account all relevant facts and circumstances that create an economic incentive for Helaba (the lessee) to exercise the option to extend the lease or not to exercise the option to terminate the lease. Changes to a lease term because such options are exercised or not exercised are only included when determining a lease term if it is reasonably certain that Helaba (the lessee) will exercise or not exercise the option concerned.

The IFRS 16 financial reporting standard requires estimates and judgements to be made with regard to certain matters. In particular, an assessment must be made as to whether options will be exercised with an impact on the term of the lease.

The following table shows the separately presented right-of-use assets that are recognised under non-current assets in connection with leases:

in € m

	Investment property		Owner-occupied land and buildings		Operating and office equipment		Machinery and technical equipment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cost										
Balance as at 1.1.	**57**	**51**	**197**	**185**	**8**	**4**	**0**	**–**	**262**	**240**
Changes in basis of consolidation	–	–	1	–	0	–	–	–	2	–
Additions	4	6	21	15	2	4	0	0	26	25
Additions from original acquisition/ construction	4	6	21	15	2	4	0	0	26	25
Disposals	−1	–	−9	−3	−0	−0	–	–	−10	−3
Changes due to currency translation and other adjustments	–	–	−0	0	0	0	−0	0	−0	0
Balance as at 31.12.	**60**	**57**	**210**	**197**	**9**	**8**	**0**	**0**	**279**	**262**
Accumulated depreciation										
Balance as at 1.1.	**−4**	**–**	**−36**	**–**	**−3**	**–**	**−0**	**–**	**−43**	**–**
Depreciation	−4	−4	−34	−36	−3	−3	−0	−0	−41	−43
Disposals	0	–	0	0	0	–	–	–	0	0
Changes due to currency translation and other adjustments	–	–	0	−0	0	−0	0	–	0	−0
Balance as at 31.12.	**−7**	**−4**	**−69**	**−36**	**−6**	**−3**	**−0**	**−0**	**−82**	**−43**
Accumulated impairment losses										
Balance as at 1.1.	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Reversals of impairment losses	–	–	0	–	–	–	–	–	0	–
Changes due to currency translation and other adjustments	–	–	−0	–	–	–	–	–	−0	–
Balance as at 31.12.	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**
Carrying amounts as at 31.12.	**52**	**53**	**141**	**161**	**4**	**5**	**0**	**0**	**197**	**219**

The right-of-use assets reported under investment property largely relate to heritable building rights in the GWH Group. Heritable building rights are land rights. The buildings constructed on the land are owned by the holder of the heritable building rights. The owner of the land receives an annual rent over the term of the heritable building rights agreement. At the end of the term of the agreement, the buildings constructed on the land may be transferred to the owner of the land in return for an appropriate consideration. As at 31 December 2020, the Helaba Group held 127 agreements with terms between 19 and 80 years. The right-of-use assets reported under owner-occupied land and buildings mostly relate to the leasing of land and buildings used in banking operations. The leases may include extension and/or termination options. In some of the variants, there are price adjustment clauses.

The financial liabilities measured at amortised cost in the statement of financial position include lessee liabilities (including liabilities under short-term leases and liabilities under leases in which the underlying asset is of low value) amounting to € 196 m (31 December 2019: € 221 m).

The following table shows the maturity structure of lease liabilities based on undiscounted cash flows:

in € m

	31.12.2020	31.12.2019
Up to three months	8	8
More than three months and up to one year	19	22
More than one year and up to five years	92	111
More than five years	99	105
Total	**217**	**246**

Further lease disclosures for the Helaba Group as lessee:

in € m

	31.12.2020	31.12.2019
Interest expense from the unwinding of discount on lease liabilities	–1	–3
Expense for short-term leases (term of less than twelve months) included in general and administrative expenses	–1	–1
Income included in other net operating income from the subleasing of right-of-use assets (excluding right-of-use assets reported under investment property)	–0	–0
Expense for variable lease payments included in general and administrative expenses	–0	–0
Income included in other net operating income from the subleasing of right-of-use assets (excluding right-of-use assets reported under investment property)	7	8
Total amount of cash outflows for leases in the period	50	38
Potential future lease payments not included in lease liabilities	56	62
Lease liabilities from short-term leases (term of less than twelve months)	–0	–0

Leases in which the Helaba Group is the lessor

Lessors must classify leases as either finance leases or operating leases. A lease is classified as an operating lease if substantially all the risks and rewards incidental to ownership of the leased asset remain with the lessor. On the other hand, leases in which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee are classified as finance leases. Where the Helaba Group enters into operating leases, the beneficial ownership in the asset used for leasing remains with the Group company concerned. The assets used for leasing are recognised in the statement of financial position under property and equipment or under investment property. The assets used for leasing are recognised in accordance with the principles described for the categories concerned. The lease income is recognised in profit or loss under other net operating income on a straight-line basis over the term of the lease unless an alternative distribution of the income is appropriate in individual cases. If a lease is classified as a finance lease, a receivable due from the lessee in an amount equivalent to the value of the net investment in the lease is recognised at the commencement date under financial assets measured at amortised cost. The lease payments received are split into an interest component recognised in profit or loss and a component covering repayment of principal. The interest component is reported in net interest income.

Details of finance leases

in € m

	31.12.2020	31.12.2019
Gross investment value	**–**	**1**
Total lease payments to be received	–	1
Lease payments to be received (up to one year)	–	1
Net investment value	**–**	**1**

The gross investment value is equivalent to the sum of the minimum lease payments from the finance lease and the non-guaranteed residual values to which the lessor is entitled. The minimum lease payments include the guaranteed residual values to be paid by the lessee. The unrealised financial income corresponds to the difference between the gross investment value and the net investment value.

In the previous year, there were no cumulative loss allowances in connection with finance leases.

The amounts from finance leases recognised in the consolidated income statement were less than € 1 m, as in the previous year.

Details of operating leases

The following minimum lease payments are expected in the course of the next few years from non-cancellable operating leases:

in € m

	31.12.2020	31.12.2019
Up to one year	95	85
More than one year and up to two years	31	18
More than two years and up to three years	26	15
More than three years and up to four years	24	13
More than four years and up to five years	19	11
More than five years	87	89
Total	**283**	**231**

The following table shows the amounts from operating leases recognised in the consolidated income statement:

in € m

	31.12.2020	31.12.2019
Lease income for the period included in other net operating income relating to fixed and in-substance lease payments	391	373
Lease income for the period from variable lease payments included in other net operating income that depend on an index or a rate	0	–

The operating leases mainly relate to leases for land and buildings.

(51) Report on Business Relationships with Structured Entities

The banking business and other operating activities of the Group companies give rise to various business relationships with structured entities within the meaning of IFRS 12. A structured entity is an entity that has been designed so that the exercise of voting or similar rights under company law is not the dominant factor in deciding who controls the entity as defined by IFRS 10.

The sponsorship of a structured entity as described in IFRS 12.27 may arise as part of the banking functions provided for customers. This affects situations in which the Helaba Group has initiated a special purpose entity or service entity, has been involved in and supported the establishment and initiation of the entity, and in which the Group's current business relationship with this unconsolidated structured entity is still so close that a third party would justifiably assume that the entity was affiliated with the Group.

Disclosures on unconsolidated structured entities

The following table shows the loans and advances as at 31 December 2020 to unconsolidated structured entities within the meaning of IFRS 12:

in € m

	Securitisation special purpose entities	Asset management entities	Other structured entities	Total
Assets	**2,806**	**451**	**2,993**	**6,249**
Financial assets measured at amortised cost	2,797	314	2,989	6,099
Loans and receivables	2,797	314	2,989	6,099
Trading assets	2	10	1	14
Positive fair values of derivatives held for trading	2	10	1	14
Other financial assets mandatorily measured at fair value through profit or loss	7	120	3	129
Bonds and other fixed-income securities	7	–	–	7
Equity shares and other variable-income securities	–	120	3	122
Other assets	–	7	–	7
Off-balance sheet liabilities	**1,387**	**30**	**400**	**1,817**
Loan commitments	1,362	30	400	1,792
Financial guarantees	25	–	–	25
Size of structured entities	**5,078**	**166,936**	**128,907**	**300,921**

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

in € m

	Securitisation special purpose entities	Asset management entities	Other structured entities	Total
Assets	**2,721**	**500**	**3,191**	**6,412**
Financial assets measured at amortised cost	2,703	340	3,185	6,228
Loans and receivables	2,703	340	3,185	6,228
Trading assets	2	15	4	21
Positive fair values of derivatives held for trading	2	15	4	21
Other financial assets mandatorily measured at fair value through profit or loss	–	138	2	140
Equity shares and other variable-income securities	–	138	2	140
Financial assets measured at fair value through other comprehensive income	16	–	–	16
Bonds and other fixed-income securities	16	–	–	16
Other assets	–	7	–	7
Off-balance sheet liabilities	**1,203**	**32**	**441**	**1,676**
Loan commitments	1,178	32	441	1,651
Financial guarantees	25	–	–	25
Size of structured entities	**14,099**	**157,846**	**103,911**	**275,856**

The asset management entities predominantly relate to the investment assets managed by Helaba Invest Kapitalanlagegesellschaft mbH, the breakdown of which was as follows:

in € m

	31.12.2020	31.12.2019
Retail funds 36 (31 December 2019: 36)	5,045	5,328
Institutional funds 332 (31 December 2019: 323)	127,585	117,080
Total	**132,630**	**122,408**

In particular, the securitisation entities business comprises service functions for securitisation entities in the OPUSALPHA Group. The lines of liquidity provided for the entities in the OPUSALPHA Group, including flat-rate premiums of 2 %, amounted to € 3,146 m (31 December 2019: € 2,657 m), of which € 2,079 m had been drawn down as at 31 December 2020 (31 December 2019: € 1,797 m). The liquidity provision commitments relate to the maximum planned purchase commitments; Helaba is exposed to subordinated liabilities should the discounts on purchases and risks borne by third parties be insufficient. The table above shows the Group's default risk from asset exposures plus any current interest and fees due to the Group as at 31 December 2020 after taking into account issues of € 876 m (31 December 2019: € 702 m). From the current perspective, there are no plans to provide support for the structured entities beyond the normal banking financing functions and corresponding services.

There were also irrevocable loan commitments for customer factoring entities (operating mainly in the area of aircraft financing) amounting to € 85 m (31 December 2019: € 111 m).

The recognised loans and advances to other structured entities related to a number of financing transactions for property and special purpose entities. These structured entities predominantly act as property entities for leasing or real estate transactions.

Disclosures on consolidated structured entities

If a structured entity is included in the basis of consolidation in accordance with IFRS 10, the business relationships with other consolidated entities are subject to the normal consolidation requirements. The structured entities consolidated as at 31 December 2020 included investment funds in which Helaba or a subsidiary held a majority or all of the shares / units. Other entities consolidated in accordance with IFRS 10 were a property entity related to real estate partly used by Helaba itself (Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG) and a funding entity for purchasing entities in the OPUSALPHA securitisation structure (OPUSALPHA Funding LTD). The consolidation in accordance with IFRS 10 additionally required the inclusion of four entities (HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG, HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG, EGERIA Verwaltungsgesellschaft mbH and CORDELIA Verwaltungsgesellschaft mbH) that formed part of the structures of closed-end funds with investments in acquired rights under life insurance policies.

(52) Significant Restrictions on Assets or on the Transfer of Funds

In addition to the information in the disclosures on legal restrictions affecting control over financial instruments (see Notes (38) and (39)), there were restrictions for the following entities as at the reporting date on current dividend distributions because of contractual arrangements or rules in the articles of association:

- Bürgschaftsbank Thüringen GmbH, Erfurt
- Bürgschaftsbank Hessen GmbH, Wiesbaden
- Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel
- Hessen Kapital I GmbH, Frankfurt am Main
- Hessen Kapital II GmbH, Frankfurt am Main
- MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Frankfurt am Main
- Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt

At Frankfurter Sparkasse, a statutory requirement in the German Act Establishing Frankfurter Sparkasse as a Public-Law Institution (Gesetz zur Errichtung der Frankfurter Sparkasse als Anstalt des öffentlichen Rechts, Fraspa-Gesetz) specifies an obligation to appropriate 33 % of the net income reported in the annual financial statements of Frankfurter Sparkasse to reserves.

In the case of nine consolidated subsidiaries, there is a block on dividends amounting to a total of € 30 m (31 December 2019: € 29 m) based on the stipulations in section 253 (6) sentence 2 HGB. This results from the measurement of provisions for pension obligations in the separate financial statements, which have had to be discounted since 2016 with average discount rates for the last ten years.

The consolidation of special purpose entities in accordance with IFRS 10 is frequently not based on holding the majority of voting rights. Accordingly, in the case of these consolidated special purpose entities, there is no basis in law requiring unconditional, immediate appropriation of profits or transfer of assets for the benefit of Helaba. The total volume of assets in consolidated special purpose entities in accordance with IFRS prior to consolidation amounted to € 1,656 m (31 December 2019: € 1,711 m). This total figure included an amount of € 1,378 m (31 December 2019: € 1,381 m) related to the consolidated funding entity in the OPUSALPHA securitisation structure.

The business activities of Landesbausparkasse Hessen-Thüringen and WIBank, and the activities in the Pfandbrief business operated by the Bank, are subject to special legal frameworks, namely the German Building and Loan Associations Act (Bausparkassengesetz, BSpKG), the Act Governing WIBank (Gesetz über die Wirtschafts- und Infrastrukturbank Hessen) and the German Pfandbrief Act (Pfandbriefgesetz, PfandBG). Most of the assets and liabilities in these business operations are therefore subject to restrictions because the operations are focused on the object of the entity in each case and the appropriation of funds is tied to statutory requirements. In some cases, the way funding is used is also restricted. For example, in the case of certain development programmes, such as those related to the construction of social housing or the development of infrastructure, the provider of the development funding (such as national or international development banks, federal or state governments) limits the purpose for which the funds may be used to ensure that the funding is properly targeted to achieve the desired development impact. In the case of the “Wohnungswesen und Zukunftsinvestition” and “Hessischer Investitionsfonds” special funds, two funds focusing on housing / investing for the future and capital investment in the State of Hesse respectively, there are also restrictions on the use of the return inflows derived from the application of the funding. In their respective financial statements as at 31 December 2020, WIBank reported total assets of € 25,879 m (31 December 2019: € 24,905 m) and LBS total assets of € 6,196 m (31 December 2019: € 6,166 m).

Regulatory requirements relating to the recognition of own funds specified certain contractual details for issues of subordinated liabilities and silent participations. Under these requirements, the Helaba Group’s right of termination is limited if certain conditions are met and the consent of the regulator must be obtained. The contractual rules for some issues require a replenishment following any loss before any actual repayment is made. Currently, there are no such replenishment obligations.

(53) 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 table.

As at 31 December 2020, Helaba held the following assets in respect of related parties:

in € m

	Unconsoli-dated sub-sidiaries	Investments in joint ven-tures and associates	Helaba shareholders	Other related parties	Total
Cash on hand, demand deposits and overnight money balances with central banks and banks	**0**	**–**	**–**	**–**	**0**
Financial assets measured at amortised cost	**1**	**203**	**8,904**	**14**	**9,123**
Loans and receivables	1	203	8,904	14	9,123
Trading assets	**–**	**–**	**1,718**	**–**	**1,718**
Positive fair values of derivatives held for trading	–	–	1,718	–	1,718
Bonds and other fixed-income securities	–	–	0	–	0
Other financial assets mandatorily measured at fair value through profit or loss	**12**	**8**	**1**	**–**	**21**
Shareholdings	12	8	1	–	21
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**	**–**	**396**	**–**	**401**
Bonds and other fixed-income securities	–	–	352	–	352
Loans and receivables	–	–	44	–	44
Shareholdings	5	–	–	–	5
Shares in equity-accounted entities	**–**	**9**	**–**	**–**	**9**
Other assets	**–**	**–**	**115**	**–**	**115**
Total assets	**17**	**220**	**11,895**	**14**	**12,147**

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

in € m

	Unconsoli-dated sub-sidiaries	Investments in joint ventures and associates	Helaba shareholders	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**	**0**	**1,186**
Positive fair values of derivatives held for trading	–	–	1,179	0	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**	**0**	**25**
Positive fair values of derivatives held for trading	–	–	–	0	0
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	**–**	**0**	**115**	**–**	**115**
Total assets	**26**	**181**	**11,132**	**1**	**11,340**

The liabilities and off-balance sheet commitments to related parties as at 31 December 2020 were as follows:

in € m

	Unconsoli-dated sub-sidiaries	Investments in joint ven-tures and associates	Helaba shareholders	Other related parties	Total
Financial liabilities measured at amortised cost	**51**	**51**	**4,397**	**4**	**4,504**
Deposits and loans	51	51	4,397	4	4,504
Other financial liabilities	0	–	0	–	0
Trading liabilities	**–**	**–**	**70**	**–**	**70**
Negative fair values of derivatives held for trading	–	–	70	–	70
Negative fair values of non-trading derivatives	**–**	**–**	**–**	**0**	**0**
Financial liabilities designated voluntarily at fair value	**–**	**–**	**78**	**–**	**78**
Deposits and loans	–	–	78	–	78
Provisions	**0**	**0**	**1**	**18**	**20**
Total liabilities	**51**	**51**	**4,547**	**23**	**4,672**
Loan commitments	2	120	1,432	5	1,559
Financial guarantees	0	0	1	–	1
Total off-balance sheet commitments	**2**	**120**	**1,434**	**5**	**1,561**

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

in € m

	Unconsolidated subsidiaries	Investments in joint ventures and associates	Helaba shareholders	Other related parties	Total
Financial liabilities measured at amortised cost	**58**	**35**	**3,142**	**21**	**3,256**
Deposits and loans	58	35	3,141	21	3,255
Other financial liabilities	0	–	1	–	1
Trading liabilities	**–**	**–**	**60**	**–**	**60**
Negative fair values of derivatives held for trading	–	–	60	–	60
Financial liabilities designated voluntarily at fair value	**–**	**–**	**79**	**–**	**79**
Deposits and loans	–	–	79	–	79
Provisions	**0**	**0**	**3**	**26**	**29**
Total liabilities	**58**	**35**	**3,284**	**47**	**3,424**
Loan commitments	6	112	1,828	0	1,947
Financial guarantees	0	0	3	–	3
Total off-balance sheet commitments	**6**	**112**	**1,831**	**0**	**1,950**

Receivables from other related parties comprise loans of € 0 m to members of the Executive Board (31 December 2019: € 0 m) and loans of € 0 m to members of the Supervisory Board (31 December 2019: € 0 m).

Standard banking transactions with related parties gave rise to income and expenses in the lending, deposits, investment and derivatives businesses. Net interest income of € 88 m was generated from related parties (2019: € 115 m). Standard banking services produced net fee and commission income of € 46 m (2019: € 40 m). In addition, derivative transactions are entered into with related parties, mainly to hedge interest rate risk. Interest income of € 40 m (2019: € 30 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.

The remuneration paid to the Executive Board of Helaba was broken down as follows:

in € m

	31.12.2020	31.12.2019
Benefits due in short term	3.8	4.6
Post-employment benefits (defined contribution plans)	–	–
Other benefits due in the long term	1.9	1.7
Benefits payable on termination of employment	–	–
Total	**5.6**	**6.3**

Additions of € 1.9 m were also made to the pension provisions for members of the Executive Board (2019: € 1.1 m). This amount represented the current service cost.

As in the previous year, a total of € 0.8 m was paid to the Supervisory Board and € 0.1 m was paid to the members of the Advisory Board. In addition, the employee representatives on the Supervisory Board (including deputy members) received a combined amount of € 1.9 m in salary payments as company employees. This amount was unchanged compared with the previous year. An amount of € 4 m was paid to former members of the Executive Board and their surviving dependants, the same amount as in the prior year. Provisions of € 78 m have been recognised for pension obligations in accordance with IAS 19 for this group of persons (31 December 2019: € 71 m).

(54) Members of the Supervisory Board

Gerhard Grandke
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main/Erfurt
– Chairman –

Dr. Werner Henning
Chief Administrative Officer
County District of Eichsfeld
Heiligenstadt
– First Vice-Chairman –

Dr. Thomas Schäfer
Minister of State
Ministry of Finance of the State of Hesse
Wiesbaden
– Second Vice-Chairman –
– until 28 March 2020 –

Michael Boddenberg
Minister of State
Ministry of Finance of the State of Hesse
Wiesbaden
– since 26 June 2020 –
– Second Vice-Chairman since 3 July 2020 –

Dr. Christoph Krämer
Chairman of the Executive Board
Sparkasse Iserlohn
Iserlohn
– Third Vice-Chairman –
– until 31 December 2020 –

Klaus Moßmeier
Chairman of the Executive Board
Kreis- und Stadtsparkasse Unna-Kamen
Unna
– Third Vice-Chairman –
– since 1 January 2021 –

Dr. Karl-Peter Schackmann-Fallis
Executive Member of the Board
Deutscher Sparkassen- und
Giroverband e.V.
Berlin
– Fifth Vice-Chairman –

Dr. Sascha Ahnert
Chairman of the Executive Board
Stadt- und Kreis-Sparkasse Darmstadt
Darmstadt
– since 12 November 2020 –

Dr. Annette Beller
Member of the Management Board
B. Braun Melsungen AG
Melsungen

Christian Blechschmidt
Chairman of the Executive Board
Sparkasse Unstrut-Hainich
Mühlhausen

Nancy Faeser
Member of the State
Parliament of Hesse
Wiesbaden

Günter Högner
Chairman of the Executive Board
Nassauische Sparkasse
Wiesbaden

Oliver Klink
Chairman of the Executive Board
Taunussparkasse
Bad Homburg v.d.H.

Frank Lortz
Vice-President of the
State Parliament of Hesse
Wiesbaden

Dr. Birgit Roos
Chairwoman of the Executive Board
Sparkasse Krefeld
Krefeld
– since 2 April 2020 –

Uwe Schmidt
Chief Administrative Officer
District of Kassel
Kassel

Dr. Hartmut Schubert
Secretary of State
Ministry of Finance of the
State of Thuringia
Erfurt

Wolfgang Schuster
Chief Administrative Officer
County District of Lahn-Dill
Wetzlar

Dr. Eric Tjarks
Chairman of the Executive Board
Sparkasse Bensheim
Bensheim
– until 31 July 2020 –

Dr. Heiko Wingenfeld
Mayor
City of Fulda
Fulda

Arnd Zinnhardt
Königstein

Employee representatives

Thorsten Derlitzki
Vice-President
Frankfurt am Main
– Fourth Vice-Chairman –

Frank Beck
Vice-President
Frankfurt am Main

Thorsten Kiwitz
President
Frankfurt am Main

Christiane Kutil-Bleibaum
President
Düsseldorf

Annette Langner
Vice-President
Frankfurt am Main

Susanne Noll
Bank employee
Frankfurt am Main

Jürgen Pilgenröther
Bank employee
Frankfurt am Main

Birgit Sahliger-Rasper
Bank employee
Frankfurt am Main

Thomas Sittner
Bank employee
Frankfurt am Main

(55) Members of the Executive Board

Herbert Hans Grüntker – CEO – – until 31 May 2020 –	Dezernent (Board member) with responsibility for Central Staff and Group Strategy, Internal Audit, Human Resources, Legal Services, Economics / Research, Process Management and Information Technology, WIBank
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 and Frankfurter Bankgesellschaft
Dr. Detlef Hosemann	Dezernent (Board member) with responsibility for Risk Control, Credit Risk Management, Restructuring / Workout, Compliance, Information Technology, and Organisation
Hans-Dieter Kemler	Dezernent (Board member) with responsibility for Corporate Banking, Capital Markets, Treasury, Sales Controlling Corporates & Markets, and Helaba Invest
Frank Nickel – since 1 June 2020 –	Dezernent (Board member) with responsibility for Savings Banks and SME, Public Sector, WIBank, LBS, and Sales Controlling S-Group
Christian Rhino – seit 1. Februar 2021 –	Helaba Chief Information Officer and Chief Operating Officer (CIO and COO) and Dezernent (Board member) with responsibility for Information Technology, Operations and Organisation
Christian Schmid	Dezernent (Board member) with responsibility for Real Estate Finance, Asset Finance, Portfolio and Real Estate Management, GWH Wohnungsgesellschaft mbH Hessen, OFB Projektentwicklung GmbH, and Branch Management London
Dr. Norbert Schraad – until 31 May 2020 –	Dezernent (Board member) with responsibility for Corporate Finance, CRM Wholesale Business, CRM Midcaps, General Manager Sales NRW / Düsseldorf Branch, CRM Public Authorities / Municipal Corporations, CRM International, Sales Service

(56) Positions on Supervisory Boards and Other Executive Bodies

Positions held by the members of the Executive Board

Office holder	Corporation	Function
Thomas Groß	DSGF Deutsche Servicegesellschaft für Finanzdienstleister mbH, Cologne	Member
	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	President
	Frankfurter Sparkasse, Frankfurt am Main	Chairman
	GWH Immobilien Holding GmbH, Frankfurt am Main	Member
Dr. Detlef Hosemann	Frankfurter Sparkasse, Frankfurt am Main	Member
	GWH Immobilien Holding GmbH, Frankfurt am Main	Vice-Chairman
Hans-Dieter Kemler	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	Member
	Frankfurter Sparkasse, Frankfurt am Main	First Vice-Chairman
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Chairman
Frank Nickel	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	Member
	Frankfurter Sparkasse, Frankfurt am Main	Member
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Vice-Chairman
	Thüringer Aufbaubank, Erfurt	Member
Christian Rhino	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	Member
Christian Schmid	GWH Immobilien Holding GmbH, Frankfurt am Main	Chairman

Positions held by other employees

Office holder	Corporation	Function
Dr. Tobias Fischer	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Member
Dr. Matthias Katholing	GWH Immobilien Holding GmbH, Frankfurt am Main	Member
Klaus Kirchberger	TTL Beteiligungs- und Grundbesitz-AG, Munich	Vice-Chairman
Peter Koch	BfW – Bank für Wohnungswirtschaft AG, Mannheim	Vice-Chairman
Holger Mai	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Vorsitzender
Dirk Mewesen	Helaba Asset Services Unlimited Company, Dublin, Ireland	Member
Dr. Ulrich Pähler	Helaba Asset Services Unlimited Company, Dublin, Ireland	Vice-Chairman
Dr. Michael Reckhard	Bürgschaftsbank Hessen GmbH, Wiesbaden	Member
Klaus Georg Schmidbauer	Bürgschaftsbank Thüringen GmbH, Erfurt	Member
Peter Marc Stober	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Member
André Stolz	Nassauische Sparkasse, Wiesbaden	Member
Erich Vettiger	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Vice-Chairman
Dr. Ingo Wiedemeier	Finanz Informatik GmbH & Co. KG, Frankfurt am Main	Member

(57) Report on Events After the Reporting Date

There were no significant events after 31 December 2020.

(58) List of Shareholdings of Landesbank Hessen-Thüringen Girozentrale in Accordance with Section 315a in Conjunction with Section 313 (2) HGB

Fully consolidated subsidiaries

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG – Total	Holding in % as per Section 16 (4) AktG – Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
1	1822direkt Gesellschaft der Frankfurter Sparkasse mbH, Frankfurt am Main	100.00	0.00		7.1	0	€	1)
2	Airport Office One GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.0	–5	€	2)
3	ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	100.00	100.00		–23.2	–1,047	€	2)
4	BHT Baugrund Hessen-Thüringen GmbH, Frankfurt am Main	100.00	0.00		0.0	1,713	€	1), 3)
5	CORDELIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	153	€	1), 4)
6	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89	0.00		36.7	2,409	€	
7	Dritte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.2	–43	€	2)
8	Dritte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	–82	€	2)
9	EGERIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	278	€	1), 4)
10	Erste OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.0	57	€	2)
11	Erste Veritas Frankfurt GmbH & Co. KG, Frankfurt am Main	100.00	94.90		203.2	–2,997	€	2)
12	Family Office der Frankfurter Bankgesellschaft AG, Frankfurt am Main	100.00	0.00		1.2	–928	€	
13	FHP Friedenauer Höhe Fünfte GmbH & Co. KG, Berlin	100.00	0.00		–0.4	–261	€	2)
14	FHP Friedenauer Höhe Projekt GmbH, Berlin	100.00	0.00		0.1	15	€	
15	FHP Friedenauer Höhe Zweite GmbH & Co. KG, Berlin	100.00	0.00		–0.4	–242	€	2)
16	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00	0.00		16.8	808	€	
17	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00	100.00		124.7	3,657	CHF	
18	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		930.7	45,000	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
19	Galerie Lippe GmbH & Co. KG, Frankfurt am Main	94.90	0.00		–15.5	–2,149	€	2)
20	GGM Gesellschaft für Gebäude-Management mbH, Frankfurt am Main	100.00	0.00		0.3	670	€	1), 3)
21	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00	0.00		0.3	–12,569	€	1), 3)
22	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH, Frankfurt am Main	100.00	0.00		0.9	809	€	
23	Grundstücksverwaltungsgesellschaft KAISERLEI GmbH & Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100.00	0.00		4.2	4,022	€	2)
24	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	100.00	0.00		23.4	2,204	€	1)
25	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00	5.10		94.0	6,233	€	
26	GWH Bauprojekte GmbH, Frankfurt am Main	100.00	0.00		13.6	0	€	1)
27	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		950	59,599	€	1)
28	GWH Komplementär I. GmbH, Frankfurt am Main	100.00	0.00		0.0	–7	€	
29	GWH Projekt Braunschweig I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		n.a.	n.a.		
30	GWH Projekt Dortmund I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		n.a.	n.a.		
31	GWH Projekt Dresden I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		n.a.	n.a.		
32	GWH Projekt Dresden II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		n.a.	n.a.		
33	GWH Projekt Dresden III GmbH & Co. KG, Frankfurt am Main	100.00	0.00		n.a.	n.a.		
34	GWH Projekt Heppenheim I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		n.a.	n.a.		
35	GWH Projekt I. GmbH & Co. KG, Frankfurt am Main	100.00	0.00		n.a.	n.a.		
36	GWH WertInvest GmbH, Frankfurt am Main	100.00	0.00		0.9	–82	€	
37	GWH Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	100.00	0.00		387.8	67,580	€	
38	HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG, Pullach	48.27	0.00		11.2	135	€	
39	HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG, Pullach	63.10	0.00		11.7	108	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
40	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00	0.00		1.1	1,104	€	2)
41	Helaba Asset Services Unlimited Company, Dublin, Ireland	100.00	100.00		57.0	4,292	€	
42	Helaba Digital GmbH & Co. KG, Frankfurt am Main	100.00	100.00		4.2	−231	€	2)
43	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	100.00		13.0	0	€	1)
44	Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG, Pullach	5.92	0.00		−124.2	7,027	€	4)
45	HeWiPPP II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.7	60	€	2)
46	Honua'ula Partners LLC, Wilmington, USA	100.00	0.00		−194.4	−34,208	USD	
47	HP Holdco LLC, Wilmington, USA	100.00	100.00		0.0	0	USD	
48	HTB Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.1	−1	€	
49	IMAP M&A Consultants AG, Mannheim	75.10	0.00		1.0	4,041	€	
50	Kalypso Projekt GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.4	−96	€	2)
51	Main Capital Funding II Limited Partnership, St. Helier, Jersey	0.00	0.00		13.0	248	€	4)
52	Main Capital Funding Limited Partnership, St. Helier, Jersey	0.00	0.00		4.9	32	€	4)
53	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	99.99	0.00		11.7	1,336	€	
54	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	94.90	0.00		26.8	1,258	€	
55	MKB PARTNERS, LLC, Wilmington, USA	100.00	0.00		6.7	2	USD	
56	Montindu S.A./N.V., Brussels, Belgium	100.00	99.97		15.4	213	€	
57	Neunte P 1 Projektgesellschaft mbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.1	−95	€	2)
58	OFB Beteiligungen GmbH, Frankfurt am Main	100.00	0.00		6.1	72	€	
59	OFB Bleidenstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−1.6	−1,963	€	2)
60	OFB Limes Haus II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.5	297	€	2)
61	OFB Löwenhöhe GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.3	−306	€	2)
62	OFB Projektentwicklung GmbH, Frankfurt am Main	100.00	100.00		1.1	41,866	€	1),3)
63	OPUSALPHA FUNDING LTD, Dublin, Ireland	0.00	0.00		0.0	0	€	4)

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
64	Projekt Erfurt B38 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.7	−158	€	2)
65	Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−20	€	2)
66	Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−47	€	2)
67	PVG GmbH, Frankfurt am Main	100.00	100.00		0.4	0	€	1),3)
68	Ramiba Verwaltung GmbH, Pullach	0.00	0.00		−0.1	−61	€	4)
69	SQO Stadt Quartier Offenburg GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−2.6	1,504	€	2)
70	Systeno GmbH, Frankfurt am Main	100.00	0.00		6.8	1,102	€	
71	unIQus Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		11.0	62	€	2)
72	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
73	Verso Grundstücksentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.9	1,013	€	2)
74	Verso Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.8	2,307	€	2)
75	Vierte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	32	€	2)
76	Vierte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−48	€	2)
77	Zweite OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.8	453	€	2)
78	Zweite OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.6	3,999	€	2)

No.	Name and location of the entity	Holding in % Total	Holding in % Thereof directly	Fund volume in € m	Original currency	
79	HI-C-FSP-Fonds, Frankfurt am Main	100.00	0.00	107.0		4)
80	HI-FBI-Fonds, Frankfurt am Main	100.00	0.00	155.9		4)
81	HI-FSP-Fonds, Frankfurt am Main	100.00	0.00	159.7		4)
82	HI-H-FSP-Fonds, Frankfurt am Main	100.00	0.00	502.5		4)
83	HI-HT-KOMP.-Fonds, Frankfurt am Main	100.00	100.00	40.1		4), 5)
84	HI-HTNW-Fonds, Frankfurt am Main	100.00	100.00	495.2		4), 5)

The following joint ventures and associates have also been accounted for using the equity method:

Joint ventures accounted for using the equity method

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Holding in % as per Section 16 (4) AktG Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
85	CP Campus Projekte GmbH, Frankfurt am Main	50.00	0.00		0.7	317	€	
86	Einkaufszentrum Wittenberg GmbH, Leipzig	50.00	0.00		–1.1	176	€	
87	Eschborn Gate GmbH, Frankfurt am Main	50.00	0.00		7.2	4	€	
88	FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	50.00	0.00		–0.4	–241	€	
89	FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	50.00	0.00		–0.3	–193	€	
90	FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	50.00	0.00		–1.4	–507	€	
91	FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	50.00	0.00		–0.5	–293	€	
92	G & O Alpha Hotelentwicklung GmbH, Frankfurt am Main	50.00	0.00		0.2	3,702	€	
93	G & O Alpha Projektentwicklungs-GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	41	€	
94	G & O Baufeld Alpha 2. BA GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	195	€	
95	G & O Gateway Gardens Dritte GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	170	€	
96	G & O Gateway Gardens Erste GmbH & Co. KG, Frankfurt am Main	50.00	0.00		1.8	1,052	€	
97	G & O MK 14.3 GmbH & Co. KG, Frankfurt am Main	50.00	0.00		–0.0	–46	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
98	G & O MK 17.7 Nord GmbH & Co. KG, Frankfurt am Main	50.00	0.00		−0.5	−494	€	
99	G & O MK 17.7 Süd GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.1	55	€	
100	gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	75.00	0.00		2.7	2,368	€	
101	GIZS GmbH & Co. KG, Frankfurt am Main	33.33	33.33		19.0	−3,178	€	
102	G&O MK 15 Bauherren GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.2	859	€	
103	GOB Dritte E & A Grundbesitz GmbH, Frankfurt am Main	50.00	0.00		0.2	1,260	€	
104	GOB Projektentwicklung Fünfte GmbH & Co. KG, Frankfurt am Main	8.84	0.00		−0.1	−62	€	
105	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33	0.00		2.0	−884	€	
106	Horus AWG GmbH, Frankfurt am Main	50.00	0.00		−0.1	22	€	
107	Multi Park Mönchhof Main GmbH & Co. KG, Neu-Isenburg	50.00	0.00		0.2	1,218	€	
108	OFB & Procom Objekt Neu-Ulm GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	−14	€	
109	Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt am Main	30.00	0.00		−0.7	−1,522	€	
110	sono west Projektentwicklung GmbH & Co. KG, Frankfurt am Main	70.00	0.00		0.8	18,852	€	
111	Stresemannquartier GmbH & Co. KG, Berlin	50.00	0.00		0.1	−18	€	
112	Westhafen Haus GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	50.00	0.00		0.0	−2	€	

Associates accounted for using the equity method

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
113	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	54.51	0.00		2.4	–602	€
114	WoWi Media GmbH & Co. KG, Hamburg	23.72	0.00	19.24	2.8	–3	€

Non-consolidated subsidiaries

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
115	ASTARTE Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	–3	€
116	BGT GmbH, Frankfurt am Main	100.00	100.00		0.0	0	€
117	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt FBM Freizeitbad Mühlhausen KG i.L., Frankfurt am Main	100.00	100.00		2.7	786	€
118	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Wiesbaden	100.00	100.00		1.6	626	€
119	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		5.2	–0	€
120	FAM-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.2	1	€
121	FHP Projektentwicklung GmbH & Co. KG, Berlin	100.00	0.00		0.0	–4	€
122	GIMPRO Beteiligungs- und Geschäftsführungsgesellschaft mbH i. L., Frankfurt am Main	100.00	0.00		0.1	–5	€
123	GLD Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	1	€
124	Helaba Digital Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	1	€
125	Helaba Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.2	0	€
126	Helaba Projektbeteiligungsgesellschaft für Immobilien mbH, Frankfurt am Main	100.00	100.00		5.9	–0	€
127	Helaba Representação Ltda., São Paulo, Brazil	100.00	99.00		0.1	0	BRL

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
128	KOFIBA-Verwaltungsgesellschaft mbH i.L., Berlin	100.00	100.00		0.0	–1	€	
129	Kornmarkt Arkaden Verwaltung GmbH, Frankfurt am Main	100.00	0.00		0.0	–0	€	
130	Main Funding GmbH, Frankfurt am Main	0.00	0.00		0.3	3	€	
131	Main Funding II GmbH, Frankfurt am Main	0.00	0.00		0.1	5	€	
132	OFB Berlin Projekt GmbH, Berlin	100.00	0.00		0.0	–1	€	
133	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		5.7	–283	€	
134	Sparkassen-Immobilien-Vermittlungs-GmbH, Frankfurt am Main	100.00	100.00		1.8	887	€	
135	TE Beta GmbH, Frankfurt am Main	100.00	100.00		0.4	103	€	
136	TE Gamma GmbH, Frankfurt am Main	100.00	100.00		0.1	7	€	
137	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.6	–0	€	
138	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH) i.L., Wiesbaden	66.67	66.67		0.6	10	€	
139	Unterstützungseinrichtung der Landesbank Hessen-Thüringen GmbH i. L., Frankfurt am Main	100.00	100.00		0.0	–26	€	
140	wall park GmbH & Co. KG, Frankfurt am Main	100.00	100.00		0.0	–2	€	
141	wall park Grundstücksgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	5	€	

Joint ventures not accounted for using the equity method

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Holding in % as per Section 16 (4) AktG Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
142	FHP Friedenauer Höhe Verwaltungs GmbH, Berlin	50.00	0.00		0.0	–1	€	
143	G & O Alpha Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	4	€	
144	G & O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	2	€	
145	gatelands Verwaltungs GmbH, Schönefeld	75.00	0.00		0.0	2	€	
146	GIZS Verwaltungs-GmbH, Frankfurt am Main	33.33	33.33		0.0	8	€	
147	GOB Projektentwicklungsgesellschaft E & A mbH, Frankfurt am Main	50.00	0.00		0.0	3	€	
148	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Frankfurt am Main	50.00	50.00		0.8	381	€	
149	Hessen Kapital I GmbH, Wiesbaden	100.00	100.00		34.1	–4,676	€	
150	Hessen Kapital II GmbH, Wiesbaden	100.00	100.00		6.5	–1,461	€	
151	Komuno GmbH, Frankfurt am Main	59.80	0.00		2.0	–1,336	€	
152	Marienbader Platz Projektentwicklungs-gesellschaft mbH, Frankfurt am Main	50.00	0.00		0.1	1	€	
153	Multi Park Verwaltungs GmbH, Neu-Isenburg	50.00	0.00		0.0	–4	€	
154	Procom & OFB Projektentwicklung GmbH i.L., Hamburg	50.00	0.00		0.0	–0	€	
155	Projekt Feuerbachstraße Verwaltung GmbH, Frankfurt am Main	70.00	0.00		0.0	1	€	
156	Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Frankfurt am Main	30.00	0.00		0.0	0	€	
157	Rotunde - Besitz- und Betriebsgesellschaft der S-Finanzgruppe mbH & Co. KG, Erfurt	34.00	34.00	25.00	4.3	65	€	
158	Rotunde Verwaltungsgesellschaft mbH, Erfurt	34.00	34.00	25.00	0.0	–0	€	

Associates not accounted for using the equity method

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	 Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
159	Bürgschaftsbank Hessen GmbH, Wiesbaden	21.03	21.03		21.8	985	€
160	Bürgschaftsbank Thüringen GmbH, Erfurt	31.50	31.50		27.2	637	€
161	FinTech Community Frankfurt GmbH, Frankfurt am Main	25.00	25.00		0.2	52	€
162	GbR VÖB-ImmobilienAnalyse, Bonn	0.00	0.00	20.00	n.a.	n.a.	
163	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	37.11	37.11		85.4	4,265	€
164	MBG H Mittelständische Beteiligungs-gesellschaft Hessen mbH, Wiesbaden	32.52	32.52		10.5	−855	€
165	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.56	38.56		26.8	928	€
166	Sparkassen-Marktservice Beteiligungs GmbH & Co. KG, Frankfurt am Main	50.00	40.00		4.1	−3,705	€
167	Sparkassen-Marktservice Verwaltungs GmbH, Frankfurt am Main	50.00	40.00		0.0	−0	€
168	TF H III Technologiefonds Hessen Gesellschaft mit beschränkter Haftung, Wiesbaden	25.00	25.00		6.6	−2,306	€

List of other shareholdings

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
169	ABE CLEARING S.A.S à capital variable, Paris, France	2.04	2.04		31.2	3,267	€
170	Advent International GPE IX-A SCSp, Luxembourg, Luxembourg	0.43	0.43		182.2	–20,567	€
171	Advent International GPE V-B Limited Partnership, George Town, Cayman Islands	1.99	1.99	0.30	20.0	–630	€
172	Advent International GPE VI Limited Partnership, George Town, Cayman Islands	0.24	0.24		684.2	–20,074	€
173	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	1.14	1.14		253.2	10,621	€
174	Almack Mezzanine II Unleveraged LP, London, United Kingdom	5.83	5.83		4.7	–28	€
175	AlphaHaus GmbH & Co. KG i.L., Erzhausen	5.50	0.00		1.1	12	€
176	Antenne Thüringen GmbH & Co. KG, Weimar	3.50	3.50		2.5	1,614	€
177	Arabesque S-Ray GmbH, Frankfurt am Main	2.19	0.00		16.0	–3,469	€
178	AVW Assekuranzvermittlung der Wohnungswirtschaft GmbH & Co. KG, Bosau	11.76	0.00	11.63	0.2	17,408	€
179	Bauverein für Höchst a. M. und Umgebung eG, Frankfurt am Main	0.03	0.00		28.6	762	€
180	BC European Capital VIII-8, St. Peter Port, Guernsey	1.83	1.83	0.17	273.3	–874	€
181	BCEC X Luxembourg 1 SCSp, Luxembourg, Luxembourg	7.37	7.37		223.0	56,644	€
182	BIL Leasing GmbH & Co. Objekt Verwaltungsgebäude Halle KG i.L., Munich	100.00	0.00	0.21	0.0	–8	€
183	BOF III CV Investors LP, Wilmington, USA	4.16	4.16		6.6	92	€
184	Campus Kronberg GmbH & Co. KG, Hamburg	6.00	0.00		60.3	–157	€
185	Capnamic Ventures Fund II GmbH & Co. KG, Cologne	4.27	4.27	4.35	45.7	–237	€
186	CapVest Equity Partners II, L.P., Hamilton, Bermuda	3.48	3.48		0.6	91	€
187	CapVest Equity Partners IV (Feeder) SCSp, Findel, Luxembourg	2.35	2.35		n.a.	n.a.	
188	Carlyle Europe Partners V - EU SCSp, Luxembourg, Luxembourg	0.31	0.31		970.5	–46,658	€
189	Castra Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	2.85	0.00		–21.4	–532	€
190	Clareant Mezzanine Fund II (No. 1) Limited Partnership, St. Helier, Jersey	4.07	4.07		18.5	–171	€

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Holding in % as per Section 16 (4) AktG: Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
191	Clareant Mezzanine No. 1 Fund Limited Partnership, St. Helier, Jersey	3.40	3.40		15.6	–1,311	€	
192	DBAG Fund IV GmbH & Co. KG i.L., Frankfurt am Main	6.13	6.13		0.0	617	€	
193	DBAG Fund V GmbH & Co. KG, Frankfurt am Main	7.59	7.59	15.11	12.3	460	€	
194	DBAG Fund VIII A (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		n.a.	n.a.		
195	DBAG Fund VIII B (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		n.a.	n.a.		
196	Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v.d.Höhe	1.71	0.00		662.8	50,307	€	
197	Deutsche WertpapierService Bank AG, Frankfurt am Main	3.74	3.74		211.4	15,656	€	
198	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	5.41	5.41		206.7	9,331	€	
199	"Dia" Productions GmbH & Co. KG, Pullach	0.27	0.00		1.2	3,410	€	
200	DIV Grundbesitzanlage Nr. 30 Frankfurt-Deutschherrnufer GmbH & Co. KG i.L., Frankfurt am Main	0.06	0.06		13.8	42,812	€	
201	Doughty Hanson & Co. V LP No. 1, London, United Kingdom	1.60	1.60		30.3	3,977	€	
202	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	6.00	0.00		14.7	1,929	€	
203	EQT Expansion Capital II (No. 1) Limited Partnership, St. Peter Port, Guernsey	4.57	4.57		29.3	–12,162	€	
204	EQT IX (No. 1) EUR SCSp, Luxembourg, Luxembourg	0.30	0.30		n.a.	n.a.		
205	EQT V (No. 1) Limited Partnership, St. Peter Port, Guernsey	0.28	0.28		226.4	102,462	€	
206	Erste Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	4	€	
207	Erste ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		1.4	–1,096	€	
208	Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Neuhardenberg	1.76	0.00	0.00	3,321.1	64,503	€	
209	EUFISERV Payments s.c.r.l., Brussels, Belgium	12.28	12.28		0.3	–11	€	
210	Fiducia & GAD IT AG, Karlsruhe	0.02	0.00		431.6	–114	€	
211	FIDUCIA Mailing Services eG, Karlsruhe	0.13	0.06		0.1	0	€	
212	Forum Direktfinanz GmbH & Co. KG, Münster	14.29	14.29		n.a.	n.a.		

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
213	Fourth Cinven Fund (No. 1) Limited Partnership, St. Peter Port, Guernsey	1.42	1.42		69.7	1,145,743	€
214	GbR Datenkonsortium OpRisk, Bonn	0.00	0.00	9.09	n.a.	n.a.	
215	GeckoGroup AG in Insolvenz, Wetzlar	5.02	0.00		n.a.	n.a.	
216	GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	8.93	8.93		−1.5	235	€
217	GLB GmbH & Co. OHG, Frankfurt am Main	11.20	11.20		2.8	−53	€
218	GLB-Verwaltungs-GmbH, Frankfurt am Main	11.20	11.20		0.1	2	€
219	Gründerfonds Ruhr GmbH & Co. KG, Essen	8.70	8.70		4.9	−783	€
220	HaemoSys GmbH, Jena	38.33	0.00		−4.8	−524	€
221	Hafenbogen GmbH & Co. KG, Frankfurt am Main	5.10	5.10		24.0	−982	€
222	HANNOVER LEASING GmbH & Co. KG, Pullach	5.10	5.10		37.7	15,704	€
223	Hello Darmstadt Projektentwicklung GmbH & Co. KG, Darmstadt	5.10	0.00		−0.1	−29	€
224	Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH, Frankfurt am Main	15.49	0.00		4.0	2,656	€
225	HQ Equita Beteiligungen V GmbH & Co. KG, Bad Homburg	3.24	3.24		148.6	−2,387	€
226	Hutton Collins Capital Partners III L.P., London, United Kingdom	1.45	1.45		57.8	8,763	€
227	ICG Europe Fund VII Feeder SCSp, Luxembourg, Luxembourg	0.64	0.64		1,431.9	177,993	€
228	Icon Brickell LLC, Miami, USA	14.94	14.94		0.0	−126	USD
229	Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Frankfurt am Main	16.90	4.21		25.3	9,656	€
230	Investcorp Private Equity 2007 Fund, L.P., George Town, Cayman Islands	2.01	2.01		41.4	−5,885	USD
231	KKR European Fund V (EUR) SCSp, Luxembourg, Luxembourg	0.72	0.72		n.a.	n.a.	
232	Kornmarkt Arkaden Dritte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−0.2	−71	€
233	Kornmarkt Arkaden Erste GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−3.5	−701	€
234	Kornmarkt Arkaden Vierte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−0.2	−61	€
235	Kornmarkt Arkaden Zweite GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−1.1	−286	€
236	LBS IT Informations-Technologie GmbH & Co KG, Berlin	7.30	7.30		0.0	47	€

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
237	LEA Venturepartner GmbH & Co. KG, Karlsruhe	4.17	4.17		4.1	509	€
238	Magical Produktions GmbH & Co. KG, Pullach	2.11	0.00		4.2	16,872	€
239	Magnum Capital III SCA SICAV-RAIF, Luxembourg, Luxembourg	6.65	6.65		n.a.	n.a.	
240	MESTO Grundstücksgesellschaft mbH & Co. KG, Grünwald	1.00	1.00	0.78	−2.2	656	€
241	Mezzanine Management Fund IV 'A' L.P., Hamilton, Bermuda	7.46	7.46		3.5	9,463	€
242	MML Partnership Capital VII SCSp, Senningerberg, Luxembourg	1.89	1.89		n.a.	n.a.	
243	NAsP III/V GmbH, Marburg	14.92	0.00		1.2	−549	€
244	Nassauische Heimstätte Wohnungs- und Entwicklungsgesellschaft mbH, Frankfurt am Main	0.84	0.00		805.9	33,928	€
245	neue leben Pensionsverwaltung AG, Hamburg	3.20	0.00		2.1	−96	€
246	Objekt Limes Haus GmbH & Co. KG i.L., Hamburg	5.10	0.00		14.2	−2,225	€
247	PALMYRA Verwaltungsgesellschaft mbH & Co. Vermietungs KG S.e.n.c., Luxembourg, Luxembourg	5.20	0.00		9.9	−1,353	€
248	Pan-European Infrastructure Fund LP, St. Helier, Jersey	0.73	0.73		2,513.3	−358,946	€
249	PATRIZIA Hessen Zehn GmbH & Co. KG, Hamburg	5.20	0.00		17.2	870	€
250	PineBridge PEP IV Co-Investment L.P., Wilmington, USA	9.51	0.00		3.6	−38	USD
251	PineBridge PEP IV Non-U.S. L.P., Wilmington, USA	17.00	0.00		1.6	−300	USD
252	PineBridge PEP IV Secondary L.P., Wilmington, USA	16.10	0.00		3.8	−907	USD
253	PineBridge PEP IV U.S. Buyout L.P., Wilmington, USA	17.21	0.00		4.0	34	USD
254	PineBridge PEP IV U.S. Venture L.P., Wilmington, USA	17.51	0.00		9.6	2,082	USD
255	Private Equity Thüringen GmbH & Co. KG i.L., Erfurt	14.11	14.11		1.4	22	€
256	Projekt Hirschgarten MK8 GmbH & Co. KG, Stuttgart	5.10	0.00		−5.3	−992	€
257	Projektentwicklungs-GmbH & Co. Landratsamt KG, Wolfhagen	6.00	0.00		4.7	623	€
258	RSU Rating Service Unit GmbH & Co. KG, Munich	9.60	9.60		9.1	−2,270	€

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
259	S CountryDesk GmbH, Cologne	5.13	2.57		0.6	66	€
260	SCHUFA Holding AG, Wiesbaden	0.28	0.00		118.3	41,120	€
261	Seventh Cinven Fund (No. 1) Limited Partnership, St Peter Port, Guernsey	0.16	0.16		n.a.	n.a.	
262	SIX Group AG, Zurich, Switzerland	0.00	0.00		4,472.7	111,553	CHF
263	SIZ GmbH, Bonn	5.32	5.32		6.3	610	€
264	S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication SCRL, La Hulpe, Belgium	0.00	0.00	0.20	325.2	20,722	€
265	TCW/Crescent Mezzanine Partners IVB, L.P., Los Angeles, USA	2.08	2.08		0.0	−123	USD
266	THE TRITON FUND II L.P. i.L., St. Helier, Jersey	0.77	0.77		67.0	−57,700	€
267	Treuhandgesellschaft für die Südwestdeutsche Wohnungswirtschaft mbH, Frankfurt am Main	3.25	0.00		1.9	15	€
268	Triton Fund III L.P., St. Helier, Jersey	0.71	0.71		846.5	−139,641	€
269	Triton Fund V SCSp, Luxembourg, Luxembourg	0.39	0.39		64.2	−54,283	€
270	True Sale International GmbH, Frankfurt am Main	8.33	8.33		4.9	248	€
271	VCM Golding Mezzanine GmbH & Co. KG i.L., Munich	6.48	6.48		6.8	84	€
272	VCM Golding Mezzanine SICAV II, Munsbach, Luxembourg	4.20	4.20		27.2	−4,758	€
273	Volks- Bau- und Sparverein Frankfurt am Main eG, Frankfurt am Main	0.01	0.00		10.6	3,557	€
274	Zweite Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	3	€
275	Zweite ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		6.8	−257	€

[1] A profit and loss transfer agreement has been signed with the entity.
[2] Section 264b HGB has been applied with regard to the entity's annual financial statements.
[3] Section 264 (3) HGB has been applied with regard to the entity's annual financial statements.
[4] The entity is classified as a subsidiary, but not based on the majority of voting rights held.
[5] Financial year end: 31 January; funds included in the consolidated financial statements with values at 31 December.
[6] Holding larger than 5 % in a large corporation.
n.a. There are no adopted financial statements.

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, 2 March 2021

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Further Information and Independent Auditors

Country by Country Reporting Pursuant to Section 26a KWG

"Country by country reporting" has to be performed in accordance with the requirements stipulated in EU Directive 2013/36/EU ("Capital Requirements Directive", CRD IV) and transposed into German law by section 26a of the German Banking Act (Kreditwesengesetz, KWG).

The report sets out the sales revenues generated and number of employees in the reporting period for each EU member state and third country in which, as at 31 December 2019, the entities included in the consolidated financial statements via full consolidation have a branch or their head office.

The figures disclosed as sales revenue, consolidated net profit and income tax expenses are before consolidation effects. The figures disclosed as sales revenue are each office's net profit, before allowances for losses on loans and advances and general and administrative expenses, as included in the consolidated accounts under IFRS. The figures disclosed as consolidated net profit before taxes and taxes on income refer to the balance of contributions to these two items on the consolidated income statement in accordance with IFRS. Income tax expenses refers to the corporation taxes for the reporting unit in question.

The average figures disclosed under number of employees are based on full-time equivalent (FTE) employees.

Within the meaning of an EU subsidy program, the consolidated entities did not receive any subsidies during the reporting period.

	Sales revenue	Consolidated net profit before taxes on income	Taxes on income[1]	Number of employees
	in € m	in € m	in € m	
European Union	**1,880**	**159**	**–10**	**5,582**
Belgium	1	1	–0	0
Germany	1,809	118	–5	5,486
France	0	1	–0	21
Ireland	3	1	0	2
Sweden	0	0	–0	9
United Kingdom	67	38	–5	64
Switzerland	**41**	**1**	**0**	**106**
USA	**134**	**82**	**–25**	**86**
Other	**1**	**0**	**–0**	**0**
Total	**2,057**	**242**	**–35**	**5,774**

[1] The amount of tax reported for a country relates only to the tax liabilities borne by the entities in question and can be affected by the following factors, for example: the measurement basis for tax purposes can differ from the net profit shown according to commercial law, for example due to non-taxable income and non-tax-deductible expenses. The amount of tax reported can additionally be affected by the occurrence or use of tax loss carryforwards and by changes in current and deferred taxes relating to other periods.

The entities included in country by country reporting are assigned to the regions below:

Entity	Nature of activity	Head office / location	Country
1822direkt Gesellschaft der Frankfurter Sparkasse mbH	Provider of ancillary services	Frankfurt am Main	Germany
Airport Office One GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG	Financial institution	Frankfurt am Main	Germany
BHT Baugrund Hessen-Thüringen GmbH	Other undertaking	Frankfurt am Main	Germany
CORDELIA Verwaltungsgesellschaft mbH	Other undertaking	Pullach	Germany
DKB Wohnimmobilien Beteiligungs GmbH & Co. KG	Financial institution	Potsdam	Germany
Dritte OFB Friedrichstraße GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Dritte OFB PE GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
EGERIA Verwaltungsgesellschaft mbH	Other undertaking	Pullach	Germany
Erste OFB Friedrichstraße GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Erste Veritas Frankfurt GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Family Office der Frankfurter Bankgesellschaft AG	Other undertaking	Frankfurt am Main	Germany
FHP Friedenauer Höhe Fünfte GmbH & Co. KG	Other undertaking	Berlin	Germany
FHP Friedenauer Höhe Projekt GmbH	Other undertaking	Berlin	Germany
FHP Friedenauer Höhe Zweite GmbH & Co. KG	Other undertaking	Berlin	Germany
Frankfurter Bankgesellschaft (Deutschland) AG	Bank	Frankfurt am Main	Germany
Frankfurter Sparkasse	Bank	Frankfurt am Main	Germany
G+S Wohnen in Frankfurt am Main GmbH	Other undertaking	Frankfurt am Main	Germany
Galerie Lippe GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
GGM Gesellschaft für Gebäude-Management mbH	Provider of ancillary services	Erfurt	Germany
GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH	Other undertaking	Frankfurt am Main	Germany
Grundstücksverwaltungsgesellschaft Kaiserlei GmbH	Other undertaking	Frankfurt am Main	Germany
Grundstücksverwaltungsgesellschaft Kaiserlei GmbH & Co. Projektentwicklung Epinayplatz KG	Other undertaking	Frankfurt am Main	Germany
GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH	Other undertaking	Frankfurt am Main	Germany
GWH Bauprojekte GmbH	Other undertaking	Frankfurt am Main	Germany
GWH Immobilien Holding GmbH	Financial institution	Frankfurt am Main	Germany
GWH Komplementär I. GmbH	Other undertaking	Frankfurt am Main	Germany
GWH Projekt Braunschweig I GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
GWH Projekt Dortmund I GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
GWH Projekt Dresden I GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
GWH Projekt Dresden II GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
GWH Projekt Dresden III GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
GWH Projekt Heppenheim I GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany

Entity	Nature of activity	Head office / location	Country
GWH Projekt I. GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
GWH WertInvest GmbH	Other undertaking	Frankfurt am Main	Germany
GWH Wohnungsgesellschaft mbH Hessen	Other undertaking	Frankfurt am Main	Germany
HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG	Other undertaking	Pullach	Germany
HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG	Other undertaking	Pullach	Germany
Haus am Brüsseler Platz GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Helaba Digital GmbH & Co. KG	Financial institution	Frankfurt am Main	Germany
Helaba Invest Kapitalanlagegesellschaft mbH	Investment trust company	Frankfurt am Main	Germany
Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG	Financial institution	Pullach	Germany
HeWiPPP II GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
HI C-FSP FONDS	Securities investment fund	Frankfurt am Main	Germany
HI FBI FONDS	Securities investment fund	Frankfurt am Main	Germany
HI FSP FONDS	Securities investment fund	Frankfurt am Main	Germany
HI H-FSP FONDS	Securities investment fund	Frankfurt am Main	Germany
HI-HT-KOMP-FONDS	Securities investment fund	Frankfurt am Main	Germany
HI-HTNW-FONDS	Securities investment fund	Frankfurt am Main	Germany
HI-RENTPLUS-FONDS	Securities investment fund	Frankfurt am Main	Germany
HTB Grundstücksverwaltungsgesellschaft mbH	Other undertaking	Frankfurt am Main	Germany
IMAP M&A Consultants AG	Financial institution	Mannheim	Germany
Kalypso Projekt GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Landesbank Hessen-Thüringen Girozentrale	Bank	Frankfurt am Main / Erfurt	Germany
Landesbank Hessen-Thüringen Girozentrale Düsseldorf	Bank	Düsseldorf	Germany
Landesbausparkasse Hessen-Thüringen – legally dependent division of Landesbank Hessen-Thüringen Girozentrale	Bank	Offenbach	Germany
Landeskreditkasse zu Kassel – branch of Landesbank Hessen-Thüringen Girozentral	Bank	Kassel	Germany
MAVEST Wohnungsbaugesellschaft mbH	Other undertaking	Frankfurt am Main	Germany
Merian GmbH Wohnungsunternehmen	Other undertaking	Frankfurt am Main	Germany
Neunte P 1 Projektgesellschaft mbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB Beteiligungen GmbH	Financial institution	Frankfurt am Main	Germany
OFB Bleidenstraße GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB Limes Haus II GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB Löwenhöhe GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB Projektentwicklung GmbH	Other undertaking	Frankfurt am Main	Germany
Projekt Erfurt B38 GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG	Other undertaking	Frankfurt am Main	Germany

Entity	Nature of activity	Head office / location	Country
PVG GmbH	Other undertaking	Frankfurt am Main	Germany
RAMIBA Verwaltung GmbH	Financial institution	Pullach	Germany
SQO Stadt Quartier Offenburg GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Systeno GmbH	Other undertaking	Frankfurt am Main	Germany
unIQus Projektentwicklung GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Versicherungsservice der Frankfurter Sparkasse GmbH	Other undertaking	Frankfurt am Main	Germany
Verso Grundstücksentwicklung GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Verso Projektentwicklung GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Vierte OFB Friedrichstraße GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Vierte OFB PE GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Wirtschafts- und Infrastrukturbank Hessen – legally dependent entity within Landesbank Hessen-Thüringen Girozentrale	Bank	Frankfurt am Main	Germany
Zweite OFB Friedrichstraße GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Zweite OFB PE GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Montindu S.A. / N.V.	Other undertaking	Brussels	Belgium
Landesbank Hessen-Thüringen Girozentrale – Paris branch	Bank	Paris	France
Helaba Asset Services Unlimited Company	Financial institution	Dublin	Ireland
OPUSALPHA FUNDING LTD	Financial institution	Dublin	Ireland
Landesbank Hessen-Thüringen Girozentrale – Stockholm branch	Bank	Stockholm	Sweden
Landesbank Hessen-Thüringen Girozentrale – London branch	Bank	London	United Kingdom
Main Capital Funding II Limited Partnership	Financial institution	Saint Helier	Jersey
Main Capital Funding Limited Partnership	Financial institution	Saint Helier	Jersey
Frankfurter Bankgesellschaft (Schweiz) AG	Bank	Zürich	Switzerland
HP Holdco LLC	Other undertaking	New York	USA
Landesbank Hessen-Thüringen Girozentrale – New York branch	Bank	New York	USA
Honua'ula Partners LLC	Other undertaking	Wailea	USA
MKB PARTNERS, LLC	Other undertaking	Wilmington	USA

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Landesbank Hessen-Thüringen Girozentrale Frankfurt am Main / Erfurt, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January 2020 to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Landesbank Hessen-Thüringen Girozentrale for the financial year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the non-financial statement included in the "Non-Financial Statement" section of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the "Non-Financial Statement" in the group management report referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Calculation of Specific Allowances for Loan Exposures Exhibiting Risk Characteristics Caused by the Economic Situation

Reasons why the matter was determined to be a key audit matter

The identification of loan exposures exhibiting risk characteristics caused by the economic situation and the calculation of loss allowances for stage 3 credit default risks are significant areas in which the executive directors use judgement which is subject to uncertainty. The related procedures involve various assumptions and estimation inputs, in particular with regard to the financial situation of the counterparty, expectations of future cash flows, observable market prices and expectations of net sales prices as well as the realization of collateral. These uncertainties increased significantly in the financial year due to the effects of the global COVID-19 pandemic, which cannot be conclusively assessed as yet. Minimal changes in the assumptions and estimation inputs can lead to an incomplete identification, significantly different measurements and thus to a change in impairment losses.

In light of the significance for the assets, liabilities and financial performance of the Bank, we determined this to be a key audit matter.

Auditor's response

As part of our audit, we examined the processes for identifying and monitoring borrowers and industries exhibiting risk characteristics caused by the economic situation. To this end, we assessed in particular the monitoring processes with regard to the occurrence of early warning indicators, the application of impairment triggers and thus the correct allocation to the relevant risk status. We also compared publicly available industry forecasts with the expectations of the executive directors.

In addition, we analyzed the standard lending processes and the special processes and measures implemented as a result of the COVID-19 pandemic having an effect on assignment to default status and the calculation of loss allowances. On this basis, we tested the operating effectiveness of the controls implemented for the calculation of the loss allowances.

As part of our credit file review, we selected a risk-based sample and assessed in particular exposures whose industries were identified as being affected by the economic situation, such as the COVID-19 pandemic, with regard to the loss allowance requirements determined. Our sample also included exposures for which significant contract modifications were made.

We performed substantive audit procedures, assessing whether the significant assumptions concerning the estimated future cash flows from the lending relationships including the carrying amount of the collateral held were consistent with the financial situation of the borrower and the publicly available market and industry forecasts. We also checked the arithmetical accuracy of the loss allowances calculated for stage 3 credit default risks.

Our procedures did not lead to any reservations relating to the calculation of specific allowances for loan exposures exhibiting risk characteristics caused by the economic situation.

Reference to related disclosures

In addition to the explanations on loss allowances in the presentation of the Group's results of operations and in Notes (5) and (37) of the notes to the consolidated financial statements, please refer to the comments on the COVID-19 pandemic and the identification of particularly affected industries / sub-portfolios in the risk report.

2. Calculation of a Judgemental Portfolio Loan Loss Allowance Considering Macroeconomic Circumstances

Reasons why the matter was determined to be a key audit matter

The inclusion of forward-looking macroeconomic information in the determination of credit risk parameters for measuring loss allowances is a significant area in which judgement was used. The credit risk parameters have a direct impact on the amount of loss allowances for loans and advances related to financial instruments in stages 1 and 2.

A special situation analysis was performed to take account of the exceptional macroeconomic circumstances due to the COVID-19 pandemic. The underlying macroeconomic assumptions are subject to increased estimation uncertainty.

In addition, the impact of the COVID-19 pandemic on the probabilities of default and collateral values was assessed. The resulting adjustment of the portfolio loan loss allowance is based on assumptions which are subject to judgement.

In light of the increased uncertainty and the judgement associated with the assumptions, the calculation of a judgemental portfolio loan loss allowance considering macroeconomic circumstances was a key audit matter.

Auditor’s response

As part of our audit procedures, we compared the approach used to adjust the credit risk parameters to forward-looking macroeconomic information and their significant assumptions with the relevant requirements of IFRS 9. We also considered the results of the internal validation of the approach and the parameters.

We assessed the design and operating effectiveness of the internal control system with regard to the adjustment of the significant credit risk parameters to forward-looking macroeconomic information. In doing so, we particularly assessed whether the procedures and controls implemented to update the parameters and perform the special situation analysis as well as the existing approval processes were efficient and effective.

Using a sample of individual cases selected on a risk basis, we performed substantive audit procedures on loan exposures which were particularly affected by the COVID-19 pandemic. In this context, we used the knowledge obtained from the sample to assess the assumptions used to determine the rating classification. Based on a sample, we reviewed the allocation of probabilities of default to the rating class.

We compared the significant estimated macroeconomic parameters used by the Bank with external macroeconomic scenarios published by reputable institutions. We also performed substantive audit procedures to satisfy ourselves that the procedure for performing the special situation analysis was properly applied to the credit portfolio. This related to the correct inclusion of the input parameters and the arithmetical accuracy.

Using our analysis of the Bank’s credit risk reporting, we assessed the consistency of the assumptions subject to judgement which were used to calculate the portfolio loan loss allowance. In addition, we reperformed the main calculation steps used to determine the portfolio loan loss allowance.

Our procedures did not lead to any reservations relating to the calculation of a judgemental portfolio loan loss allowance considering macroeconomic circumstances.

Reference to related disclosures

With regard to the recognition and measurement principles applied for loss allowances, please refer to the disclosures in Note (37) of the notes to the consolidated financial statements on credit risks attributable to financial instruments and Note (5) on loss allowances.

3. Fair Value Measurement of Derivatives and Debt Instruments

Reasons why the matter was determined to be a key audit matter

The fair value of a financial instrument is generally determined by the price observed for it on an active market (level 1 of the fair value hierarchy). If quoted prices are not available, fair value is determined using valuation models whose significant valuation inputs are based on observable market data (level 2 of the fair value hierarchy). Significant valuation inputs for which no observable market data are available are derived from market conditions in accordance with internal rules (level 3 of the fair value hierarchy). The model-based valuation of financial instruments is therefore subject to increased measurement uncertainty, especially when financial instruments are complex and inputs that are not observable on the market are used. For derivative financial instruments, valuation adjustments are also made for counterparty risks, financing costs and model uncertainties.

In light of the measurement uncertainties, the additional valuation adjustments and the developments on the capital markets, the fair value measurement of derivatives and debt instruments was a key audit matter.

Auditor's response

We analyzed the processes in the areas of trading, risk controlling and accounting and tested the operating effectiveness of internal controls, especially in relation to the independent validation of the valuation inputs, models and adjustments.

As part of our substantive audit procedures, we examined the segregation between the fair value hierarchies based on data analyses of our own.

The measurement methods and assumptions used to determine the fair value of derivatives and debt instruments correspond with our expectations of standard market methods. We reviewed the quoted prices used for debt instruments in level 1 of the fair value hierarchy by comparing them with the price quotes of independent market data providers. Based on a sample of derivatives and debt instruments, we also performed a revaluation for selected product types as of the reporting date. In this context, we additionally analyzed the valuation adjustments based on our revaluation and the development of the underlying fair values.

As part of the audit, we consulted internal specialists who have particular expertise in the valuation of financial instruments.

Our procedures did not lead to any reservations relating to the fair value measurement of derivatives and debt instruments.

Reference to related disclosures

With regard to the recognition and measurement principles applied for the measurement of derivatives and debt instruments, please refer to the disclosures in Note (3) of the notes to the consolidated financial statements. For the disclosures on valuation adjustments as well as the fair values and the fair value hierarchies, please refer to Note (40).

Other Information

The Supervisory Board is responsible for the "Report of the Supervisory Board", while the Board of Public Owners is responsible for the "Report of the Board of Public Owners". In all other respects, the executive directors are responsible for the other information. The other information comprises the responsibility statement, the group non-financial statement included in the "Non-Financial Statement" section of the group management report in accordance with Sec. 315b HGB and the other sections of the annual report that we expect to be provided to us after we have issued our auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file "HELABA_KA+KLB_ESEF-2020-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2020 to 31 December 2020 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

Basis for the opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Institution are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Institution are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Institution are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Board of Public Owners on 31 March 2020 and were engaged by the Executive Board on 24 April 2020. We have been the group auditor of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main / Erfurt, without interruption since financial year 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Mr. Christoph Hultsch.

Eschborn / Frankfurt am Main, 3 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Independent Auditor’s Limited Assurance Report

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

We have performed a limited assurance engagement on the Non-financial Group Statement of Landesbank Hessen-Thüringen Girozentrale according to §§ 340i in conjunction with 315b HGB (“Handelsgesetzbuch”: German Commercial Code) as well as the section “Basic Information About the Group” in the Group Management Report being incorporated by reference for the reporting period from 1 January 2020 to 31 December 2020 (hereafter non-financial group statement). Our engagement did not include any disclosures for prior years

A. Management’s responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial group statement in accordance with §§ 340i in conjunction with 315c HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial group statement as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial group statement that is free from material misstatement, whether due to fraud or error.

B. Auditor’s declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

C. Auditor’s responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial group statement based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the non-financial group statement of the Company has been prepared, in all material respects, in accordance with §§ 340i in conjunction with 315c HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor’s professional judgment.

Within the scope of our assurance engagement, which has been conducted between December 2020 and March 2021, we performed amongst others the following assurance and other procedures:

- Inquiries of employees regarding the selection of topics for the non-financial group statement, the risk assessment and the concepts of Landesbank Hessen-Thüringen Girozentrale for the topics that have been identified as material,
- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the non-financial group statement, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial group statement,
- Identification of likely risks of material misstatement in the non-financial group statement
- Inspection of relevant documentation of the systems and processes for compiling, aggregating and validating data in the relevant areas e.g. compliance and employees in the reporting period and testing such documentation on a sample basis,
- Analytical evaluation of disclosures in the non-financial group statement,

- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Evaluation of the presentation of disclosures in the non-financial group statement.

D. Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group statement of Landesbank Hessen-Thüringen Girozentrale for the period from 1 January 2020 to 31 December 2020 has not been prepared, in all material respects, in accordance with §§ 340i in conjunction with 315c HGB.

E. Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Landesbank Hessen-Thüringen Girozentrale. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

F. Engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn / Frankfurt am Main, 3 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Thimo Worthmann	Hans-Georg Welz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Corporate Bodies

Supervisory Board

Appointed by the Sparkassen- und Giroverband Hessen-Thüringen

Members	Deputy Members
Gerhard Grandke Executive President Sparkassen- und Giroverband Hessen-Thüringen Frankfurt am Main/Erfurt – Chairman –	**Reinhard Faulstich** Chairman of the Board of Managing Directors Sparkasse Bad Hersfeld-Rotenburg Bad Hersfeld
Dr. Werner Henning Chief Administrative Officer County District of Eichsfeld Heiligenstadt – First Vice-Chairman –	**Andreas Bausewein** Mayor City of Erfurt Erfurt
Dr. Sascha Ahnert Chairman of the Board of Managing Directors Stadt- und Kreis-Sparkasse Darmstadt Darmstadt – since 12 November 2020 – **Dr. Eric Tjarks** Chairman of the Board of Managing Directors Sparkasse Bensheim Bensheim – until 31 July 2020 –	**Jürgen Schüdde** Chairman of the Board of Managing Directors Sparkasse Starkenburg Heppenheim – since 12 November 2020 – **Dr. Sascha Ahnert** Chairman of the Board of Managing Directors Stadt- und Kreis-Sparkasse Darmstadt Darmstadt – until 12 November 2020 –
Dr. Annette Beller Member of the Management Board B. Braun Melsungen AG Melsungen	**Wilhelm Bechtel** Chairman of the Board of Managing Directors Stadtsparkasse Schwalmstadt Schwalmstadt – since 1 July 2020 – **Dr. Ingo Wiedemeier** Chairman of the Board of Managing Directors Sparkasse Hanau Hanau – until 22 January 2020 –
Christian Blechschmidt Chairman of the Board of Managing Directors Sparkasse Unstrut-Hainich Mühlhausen	**Martin Bayer** Chairman of the Board of Managing Directors Kreissparkasse Saalfeld-Rudolstadt Saalfeld – since 12 November 2020 – **Marina Heller** Chairwoman of the Board of Managing Directors Sparkasse Rhön-Rennsteig Meiningen – until 30 September 2020 –
Nancy Faeser Member of the State Parliament of Hesse Wiesbaden	**Thomas Will** Chief Administrative Officer County District of Groß-Gerau

Members	Deputy Members
Günter Högner Chairman of the Board of Managing Directors Nassauische Sparkasse Wiesbaden	**Stefan Hastrich** Chairman of the Board of Managing Directors Kreissparkasse Weilburg Weilburg
Oliver Klink Chairman of the Board of Managing Directors Taunussparkasse Bad Homburg v. d. H.	**Hans-Georg Dorst** Vice-Chairman of the Board of Managing Directors Sparkasse Mittelthüringen Erfurt
Uwe Schmidt Chief Administrative Officer District of Kassel Kassel	**Anita Schneider** Chief Administrative Officer County District of Giessen Giessen
Wolfgang Schuster Chief Administrative Officer County District of Lahn-Dill Wetzlar	**Alexander Hetjes** Mayor Stadt Bad Homburg v. d. Höhe Bad Homburg v. d. Höhe
Dr. Heiko Wingenfeld Mayor City of Fulda Fulda	**André Schellenberg** City Treasurer City of Darmstadt Darmstadt

Appointed by the State of Hesse

Members	Deputy Members
Michael Boddenberg Minister of State Ministry of Finance of the State of Hesse Wiesbaden – since 26 June 2020 – – Second Vice-Chairman (since 3 July 2020) - **Dr. Thomas Schäfer** Minister of State Ministry of Finance of the State of Hesse Wiesbaden – Second Vice-Chairman – – until 28 March 2020 –	**Tarek Al-Wazir** Minister of State Ministry of Economics, Energy, Transport and Housing of the State of Hesse Wiesbaden
Frank Lortz Vice President of the State Parliament of Hesse Wiesbaden	**Sigrid Erfurth** Neu-Eichenberg

Appointed by the State of Thuringia

Members

Dr. Hartmut Schubert
Secretary of State
Ministry of Finance of the State of Thuringia
Erfurt

Deputy Members

Dr. Werner Pidde
Gotha

Appointed by the Rheinischer Sparkassen- und Giroverband

Members

Dr. Birgit Roos
Chairwoman of the Board of Managing Directors
Sparkasse Krefeld
Krefeld
– since 2 April 2020 –

Deputy Members

Karin-Brigitte Göbel
Chairwoman of the Board of Managing Directors
Stadtsparkasse Düsseldorf
Düsseldorf
– since 2 April 2020 –

Dr. Birgit Roos
Chairwoman of the Board of Managing Directors
Sparkasse Krefeld
Krefeld
– until 2 April 2020 –

Appointed by the Sparkassenverband Westfalen-Lippe

Members

Dr. Christoph Krämer
Chairman of the Board of Managing Directors
Sparkasse Iserlohn
Iserlohn
– Third Vice-Chairman –
– until 31 December 2020 –

Deputy Members

Dr. h. c. Sven-Georg Adenauer
Chief Administrative Officer
County District of Gütersloh
Gütersloh

Appointed by Fides Beta GmbH

Members	Deputy Members
Dr. Karl-Peter Schackmann-Fallis Executive Member of the Board Deutscher Sparkassen- und Giroverband e.V. Berlin – Fifth Vice-Chairman –	TBA

Appointed by Fides Alpha GmbH

Members	Deputy Members
Arnd Zinnhardt Königstein	**Michael Bräuer** Chairman of the Board of Managing Directors Sparkasse Oberlausitz-Niederschlesien Zittau

Employee representatives

Members	Deputy Members*
Thorsten Derlitzki Vice President Landesbank Hessen-Thüringen Frankfurt am Main – Fourth Vice-Chairman –	**Katja Elsner** Vice President Landesbank Hessen-Thüringen Frankfurt am Main
Frank Beck Vice President Landesbank Hessen-Thüringen Frankfurt am Main	**Sven Ansorg** Bank employee Landesbank Hessen-Thüringen Erfurt
Thorsten Kiwitz Vice President Landesbank Hessen-Thüringen Frankfurt am Main	**Ursula Schmitt** Bank employee Landesbank Hessen-Thüringen Wirtschafts- und Infrastrukturbank Hessen Offenbach
Christiane Kutil-Bleibaum Vice President Landesbank Hessen-Thüringen Düsseldorf	**Jens Druyen** Bank employee Landesbank Hessen-Thüringen Düsseldorf
Annette Langner Vice President Landesbank Hessen-Thüringen Frankfurt am Main	**Petra Barz** Bank employee Landesbank Hessen-Thüringen Frankfurt am Main
Susanne Noll Bank employee Landesbank Hessen-Thüringen Frankfurt am Main	**Nicole Gerhold** Bank employee Landesbank Hessen-Thüringen Kassel
Jürgen Pilgenröther Bank employee Landesbank Hessen-Thüringen Frankfurt am Main	**Hans-Jörg Heidtkamp** Senior Vice President Landesbank Hessen-Thüringen Düsseldorf
Birgit Sahliger-Rasper Bank employee Landesbank Hessen-Thüringen Frankfurt am Main	**Thomas Buchmayer** Bank employee Landesbank Hessen-Thüringen Offenbach
Thomas Sittner Bank employee Landesbank Hessen-Thüringen Frankfurt am Main	**Ute Opfer** Bank employee Landesbank Hessen-Thüringen Kassel

* The order in which deputy employee representatives are listed is based on the outcome of the Supervisory Board election.

Board of Public Owners

Claus Kaminsky
Mayor
City of Hanau
Hanau
– Chairman –

Michael Breuer
President
Rheinischer Sparkassen- und Giroverband
Düsseldorf
– Vice-Chairman –

Ingo Buchholz
Chairman of the Board of Managing Directors
Kasseler Sparkasse
Kassel
– Vice-Chairman –

Dr. Karl-Peter Schackmann-Fallis
Executive Member of the Board
Deutscher Sparkassen- und Giroverband e.V.
Berlin
– Vice-Chairman –

Heike Taubert
Minister of State
Ministry of Finance of the State of Thuringia
Erfurt
– Vice-Chairwoman –

Dieter Bauhaus
Chairman of the Board of Managing Directors
Sparkasse Mittelthüringen
Erfurt

Michael Bott
Chairman of the Board of Managing Directors
Sparkasse Waldeck-Frankenberg
Korbach
– since 19 March 2020 –

Volker Bouffier
State Chancellery of Hesse
Wiesbaden

Guido Braun
Chairman of the Board of Managing Directors
Sparkasse Hanau
Hanau

Prof. Dr. Liane Buchholz
President
Sparkassenverband Westfalen-Lippe
Münster

Martina Feldmayer
Member of the State Parliament of Hesse
Wiesbaden

Gerhard Grandke
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main / Erfurt

Ulrich Krebs
Chief Administrative Officer
County District of Hochtaunus
Bad Homburg v. d. H.
– since 19 March 2020 –

Siegmar Müller
Chairman of the Board of Managing Directors
Sparkasse Germersheim-Kandel
Kandel

Thomas Müller
Chief Administrative Officer
County District of Hildburghausen
Hildburghausen

Stefan Reuß
Chief Administrative Officer
County District of Werra-Meissner
Eschwege

Advisory Board on Public Companies / Institutions, Municipalities and Sparkassen

Gerhard Grandke
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main / Erfurt
– Chairman –

Thomas Groß
Chairman of the Executive Board
Landesbank Hessen-Thüringen Girozentrale
Frankfurt am Main
– Vice-Chairman –
– since 1 June 2020 –

Herbert Hans Grüntker
Chairman of the Executive Board
Landesbank Hessen-Thüringen Girozentrale
Frankfurt am Main
– Vice-Chairman –
– until 31 May 2020 –

Burkhard Albers
Managing Director
Kommunaler Arbeitgeberverband Hessen e.V.
Frankfurt am Main

Dr. Constantin H. Alsheimer
Chairman of the Management Board
Mainova AG
Frankfurt am Main

Wilhelm Bechtel
Chairman of the Board of Managing Directors
Stadtsparkasse Schwalmstadt
Schwalmstadt
– until 30 June 2020 –

Rainer Burelbach
Mayor
City of Heppenheim
Heppenheim

Thomas Fügmann
Chief Administrative Officer
County District of Saale-Orla
Schleiz

Axel ter Glane
Head of Department
Ministry of Finance of the State of Thuringia
Erfurt

Dr. Thomas Hain
Managing Director
Nassauische Heimstätte GmbH
Frankfurt am Main

Dieter Hassel
Chief Commercial Officer
Rheinenergie AG
Köln

Andreas Heller
Chief Administrative Officer
County District of Saale-Holzland
Eisenberg

Renate Hötte
LVR Board Member
Landschaftsverband Rheinland
Köln

Dr. Andreas Jahn
Chairman of the Management Board
SV SparkassenVersicherung Holding AG
Stuttgart

Frank Junker
Chairman of the Board
ABG Frankfurt Holding
Frankfurt am Main

Brigitte Lindscheid
Darmstadt Regional Council
Darmstadt

Matthias Löb
Director
Landschaftsverband Westfalen-Lippe
Münster

Georg von Meibom
Managing Director
EAM Verwaltungs GmbH
Kassel

Jochen Partsch
Mayor
City of Darmstadt
Darmstadt

Guntram Pehlke
Chairman of the Management Board
DSW21 Dortmunder Stadtwerke AG
Dortmund

Stefan G. Reindl
Spokesman for the Management Board
TEAG – Thüringer Energie AG
Erfurt

Prof. Knut Ringat
Managing Director and spokesman for the Management Board
Rhein-Main-Verkehrsverbund GmbH
Hofheim am Taunus

Klaus Peter Schellhaas
Chief Administrative Officer
County District of Darmstadt-Dieburg
Darmstadt

Ralf Schodlok
Chairman of the Executive Board
ESWE Versorgungs AG
Wiesbaden

Susanne Selbert
State Director
State Welfare Organisation of Hesse
Kassel

Volker Sparmann
Mobility Officer of the Ministry of Economics, Energy, Transport and Housing of the State of Hesse
House of Logistics & Mobility (HOLM) GmbH
Frankfurt am Main

Heinz Thomas Striegler
Head of the church administrative board
Protestant church in Hesse and Nassau
Darmstadt

Dr. Peter Traut
President
IHK Südthüringen
Suhl

Berthold Tritschler
Chief Operating Officer
Hessischer Rundfunk
Frankfurt am Main
– until 31 December 2020 –

Marcus Wittig
Chairman of the Board
Duisburger Versorgungs- und Verkehrsgesellschaft mbH
Duisburg

Bernd Woide
Chief Administrative Officer
County District of Fulda
Fulda

Peter Zaiß
Managing Director
SWE Stadtwerke Erfurt GmbH
Erfurt

Report of the Supervisory Board

The Supervisory Board and its committees supervised the conduct of business by the Executive Board in the year under review in accordance with the statutory regulations and Helaba's Charter and were notified of matters relating to equity holdings, major events and important business transactions of material significance for the Bank. The Supervisory Board was involved in decisions of material significance for Helaba and, where required, gave its consent following comprehensive discussion and review.

Meetings of the Supervisory Board

The Supervisory Board was notified regularly of developments in the business, earnings and risk situation of Landesbank Hessen-Thüringen Girozentrale and the Helaba Group in the four meetings held during the year under review. It obtained reports on current developments in the international financial markets and the banking markets, on the implications of these developments for the Bank's earnings, liquidity and risk situation and on the management measures taken by the Executive Board. In addition, the Executive Board submitted regular detailed reports to the Supervisory Board on the effects of the COVID-19 pandemic. The Supervisory Board received prompt notification of the content of the Risk Report, prepared in accordance with the German Minimum Requirements for Risk Management (MaRisk), that was presented to the Supervisory Board Risk and Credit Committee every quarter.

The Executive Board held detailed discussions with the Supervisory Board on the business strategy for 2021, the review of assumptions and analysis of target attainment for 2020, the risk strategy for 2021, operational planning and rolling medium-term planning, including equity planning. The Supervisory Board also discussed and duly noted the tax strategy for 2021, target attainment in respect of the IT strategy for 2020, the IT strategy for 2021, target attainment in respect of the outsourcing strategy for 2020, and the outsourcing strategy for 2021.

On an ad hoc basis, the Supervisory Board addressed matters concerning the Executive Board; it also dealt with Supervisory Board matters following their prior discussion by the Nomination Committee. In addition, the Executive Board regularly updated the Supervisory Board about IT upgrades and regulatory issues. This included Supervisory Board deliberations regarding the evaluation of the Supervisory Board, a process that must be carried out annually in accordance with statutory and regulatory requirements.

Internal Audit reported to the Supervisory Board meetings regularly on audit findings of particular significance and the checks performed on actions taken to resolve previously identified concerns. The Supervisory Board took note of the annual report for 2019 compiled by the Compliance division (MaRisk Compliance, Compliance Money Laundering and Fraud Prevention, Compliance Capital Markets.

The meetings of the Supervisory Board also received reports from the Executive Board on the following key topics:

- Helaba's "Scope" growth and efficiency programme
- The ECB's SREP decision
- Regulatory audits and resulting action plans
- The updating of Helaba's recovery plan
- Helaba dividend policy

Helaba organised three information events for all members of the corporate bodies during the year under review. External speakers were brought in for elements of these events, which also served as continuing professional development as required in connection with the expertise requirements for the exercise of a mandate in management and supervisory entities pursuant to section 25d (4) of the German Banking Act (Kreditwesengesetz – KWG). The training sessions covered a variety of topics, including the current trends in the cryptocurrency market, capital market issues, the regulatory requirements for remuneration systems and their implementation at Helaba, and the latest regulatory developments. Individual training was additionally provided for new and existing members of the Supervisory Board.

Committees of the Supervisory Board

The committees of the Supervisory Board (Risk and Credit Committee, Audit Committee, Personnel and Remuneration Oversight Committee, Nomination Committee, Investment Committee, Building Committee and WIBank Committee) assisted the Supervisory Board in its work and drew up proposals for decisions. The duties of the committees follow from section 25d (7) et seq. KWG and from the rules of procedure for the Supervisory Board and its committees. The chairpersons of the committees regularly reported to the meetings of the Supervisory Board on the work carried out by the committees.

The Risk and Credit Committee held 13 meetings in the year under review. The committee's duties, in line with the responsibilities assigned to it, include approving the granting of loans, the implementation of requirements set out in section 25d (8) KWG, in particular advising the Supervisory Board on the Bank's current and future overall risk acceptance and strategy and assisting with the monitoring of the implementation of this strategy by the Executive Board. The committee also monitors the terms applied in customer business to ensure that they remain in harmony with the Bank's business model and risk structure and is informed regularly about the structure of lending business on the basis of specific portfolio analyses and portfolio stress tests. In the year under review, the Supervisory Board Risk and Credit Committee devoted attention to Helaba's overall risk reporting on a quarterly basis and discussed in advance the risk strategy for 2021. The Risk and Credit Committee also gave regular in-depth consideration to the ramifications of the COVID-19 pandemic and the programme to address previously identified concerns and improve the IT organisation, in which work it was at times joined by the Audit Committee.

The Audit Committee convened for four meetings (of which two were held jointly with the Risk and Credit Committee) and discussed the following in detail in accordance with the requirements of section 25d (9) KWG: the audit of the annual financial statements of the Bank, the Group and Landesbausparkasse Hessen-Thüringen, and the audit of securities trading business as specified in section 36 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). In addition, the Audit Committee was notified of audit planning for the separate and consolidated financial statements for the year ended 31 December 2020. It also received updates on the impact of the COVID-19 pandemic, the SREP decision, the latest regulatory issues and the status of the resolution of observations made in the course of supervisory reviews, and took note of Group Audit's annual report. Additionally, the Audit Committee received reports on external audits during the year, the latest position regarding the Bank's growth and efficiency programme and the current status of the programme to address previously identified concerns and improve the IT organisation; it also addressed the publication of annual financial reports using the European single electronic format (ESEF).

The Nomination Committee met four times in the year under review. In accordance with the requirements of section 25d (11) KWG, it devoted attention to assessing the questionnaire to evaluate the activities of the Supervisory Board. This questionnaire reflects the stipulations of section 25d (11) KWG, which require a regular assessment of the structure, size, composition and performance of the supervisory entity and the knowledge, skills and experience of the members of the supervisory entity. The matters involved were subsequently addressed by the Supervisory Board. The Nomination Committee also deliberated on the process for identifying key function holders at Helaba Bank and assessing whether they are fit and proper persons, discussed proposals for the appointment of ordinary and deputy members of the Supervisory Board and submitted recommended resolutions to the Supervisory Board.

The two meetings of the Personnel and Remuneration Oversight Committee held in the year under review examined the results of the audit of the suitability of the employee remuneration systems pursuant to section 25d (12) KWG. The Personnel and Remuneration Oversight Committee also took note of Helaba's risk analysis, the identification of the risk-bearing entities at Helaba and in the Helaba Group for 2021, and the remuneration oversight report of the Remuneration Officers. It was informed about the appropriate design of the employee remuneration system at Helaba for 2020 and the involvement in 2020 of the internal units exercising control. The committee also held detailed discussions on Helaba's 2019 remuneration report and the evaluation of the effects of the remuneration systems on risk, capital and liquidity management.

The WIBank Committee, which is responsible for monitoring WIBank's development activities in accordance with article 26 of Helaba's Charter, met six times in the year under review. At its meetings, it addressed matters that included the annual accounts, the course of business and the business and risk strategy of WIBank.

The Investment Committee was informed at one meeting about the business performance of the Bank's strategic equity investments and submitted proposals for decisions in relation to equity investment matters to the Supervisory Board within the scope of its responsibility.

The Building Committee held two meetings in the year under review, at which it was informed about developments in the real estate market and about the Bank's real estate portfolio. It also discussed the status of the Bank's current real estate projects.

Audit and adoption of the annual accounts for 2020

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the annual accounts for 2020 together with the accompanying management report. The annual accounts received an unqualified certificate of audit. The Supervisory Board meeting of 30 March 2021 adopted the annual accounts of the Bank, approved the management report and applied to the Board of Public Owners for the Executive Board and the Supervisory Board to be discharged from responsibility in respect of financial year 2020.

Changes to the Executive Board

Following approval by the Supervisory Board on 26 March 2020 by means of a circulated written resolution, and subject to approval by the ECB, the Board of Public Owners of Landesbank Hessen-Thüringen Girozentrale appointed Mr. Christian Rhino as a member of the Executive Board on 31 March 2020 by means of a circulated written resolution.

The Supervisory Board wishes to thank Helaba's Executive Board and employees for their efforts in the year under review.

Frankfurt am Main, 30 March 2021

The Chairman of the Supervisory Board
of Landesbank Hessen-Thüringen
Girozentrale

Gerhard Grandke
Executive President
of the Sparkassen- und Giroverband
Hessen-Thüringen

Report of the Board of Public Owners

The Board of Public Owners discharged the duties incumbent upon it under the law and the Helaba Charter in a total of four meetings in the year under review. It was notified accordingly of major events, operational planning for the year and rolling medium-term planning, including equity planning. It discussed and noted the business strategy for 2021, the review of assumptions and analysis of target attainment for 2020, the risk strategy for 2021, the tax strategy for 2021, target attainment in respect of the IT strategy for 2020 and the IT strategy for 2021, and target attainment in respect of the outsourcing strategy for 2020 and the outsourcing strategy for 2021. It also regularly considered Helaba's business, income and risk reports. In addition, the Executive Board submitted regular detailed reports to the Board of Public Owners on the effects of the COVID-19 pandemic.

The Executive Board reported on the following key topics at the meetings of the Board of Public Owners:

- Helaba's "Scope" growth and efficiency programme
- The ECB's SREP decision
- Regulatory audits and resulting action plans
- The updating of Helaba's recovery plan
- Helaba dividend policy

In addition, the Board of Public Owners passed a resolution on 4 December 2020 to carry forward the reported distributable profit for 2019 amounting to € 90,000,000.00 to the next financial year.

The Committee of the Board of Public Owners convened for two meetings, at which it considered matters including the following:

- A switch in the approach used for occupational retirement pensions to a defined contribution plan for new members of the Executive Board
- Modification of the principles of the remuneration structure for the Executive Board of Landesbank Hessen-Thüringen
- The assessment of the questionnaire to evaluate the activities of the Executive Board in accordance with section 25d of the German Banking Act (Kreditwesengesetz – KWG)
- The assessment of the collective suitability of the Executive Board
- The annual review of the appropriateness of the remuneration system for the Executive Board

The matters involved in each case were subsequently addressed by the Board of Public Owners.

The Board of Public Owners additionally handled personnel matters involving the Executive Board. Subject to approval by the ECB, it appointed Mr. Christian Rhino as a member of the Executive Board by means of a resolution passed on 31 March 2020 following approval by the Supervisory Board on 26 March 2020 by means of a circulated written resolution.

The Board of Public Owners in its decision of 31 March 2021 approved the Bank's annual accounts and management report and discharged the Executive Board and the Supervisory Board from responsibility in respect of financial year 2020. It resolved, moreover, to use the reported distributable profit of € 90,000,000.00 as follows: € 61,588,440.00 will be paid as a dividend on the Bank's share capital and € 28,411,560.00 as remuneration for the capital contribution from the State of Hesse. The Board of Public Owners also approved the consolidated financial statements and group management report of Landesbank Hessen-Thüringen Girozentrale for the financial year 2020.

The Board of Public Owners wishes to thank Helaba's Executive Board and employees for their efforts in the year under review.

Frankfurt am Main, 31 March 2021

The Chairman of the Board of Public Owners
of Landesbank Hessen-Thüringen
Girozentrale

Claus Kaminsky
Mayor
President of the Sparkassen- und
Giroverband Hessen-Thüringen

Helaba Addresses

Helaba Addresses

Head Offices	**Frankfurt am Main**	Neue Mainzer Strasse 52–58 60311 Frankfurt am Main Germany	T +49 69/91 32-01
	Erfurt	Bonifaciusstrasse 16 99084 Erfurt Germany	T +49 3 61/2 17-71 00
Bausparkasse	**Landesbausparkasse Hessen-Thüringen**		
	Offenbach	Kaiserleistrasse 29-35 63067 Offenbach Germany	T +49 69/91 32-02
	Erfurt	Bonifaciusstrasse 19 99084 Erfurt Germany	T +49 3 61/2 17-70 07
Development Bank	**Wirtschafts- und Infrastrukturbank Hessen**	Kaiserleistrasse 29-35 63067 Offenbach Germany	T +49 69/91 32-03
Branch Offices	**Düsseldorf**	Uerdinger Strasse 88 40474 Düsseldorf Germany	T +49 2 11/3 01 74-0
	Kassel	Ständeplatz 17 34117 Kassel Germany	T +49 5 61/7 06-60
	London	3rd Floor 95 Queen Victoria Street London EC4V 4HN UK	T +44 20/73 34-45 00
	New York	420, Fifth Avenue New York, N. Y. 10018 USA	T +1 2 12/7 03-52 00
	Paris	4–8 rue Daru 75008 Paris France	T +33 1/40 67-77 22
	Stockholm	Kungsgatan 3, 2nd Floor 111 43 Stockholm Sweden	T +46/86 11 01 16
Representative Offices	**Madrid** (for Spain and Portugal)	General Castaños, 4 Bajo Dcha. 28004 Madrid Spain	T +34 91/39 11-0 04
	Moscow	Regus BC Voentorg, 3rd Floor, Office 311 10, Vozdvizhenka Street 125009 Moscow Russian Federation	T +7 4 95/797-36-51
	São Paulo	Av. das Nações Unidas, 12.399 Conj. 105 B - Brooklin Novo São Paulo – SP 04578-000 Brazil	T +55 11/3405–3180
	Shanghai	Unit 012, 18th Floor Hang Seng Bank Tower 1000 Lujiazui Ring Road Shanghai, 200120 China	T +86 21/68 77 77 08
	Singapore	One Temasek Avenue #05–04 Millenia Tower Singapore 039192	T +65/62 38 04 00

Sparkasse S-Group Bank Offices	**Berlin**	Joachimsthaler Strasse 12 10719 Berlin Germany	T +49 30/2 06 18 79-13 52
	Düsseldorf	Uerdinger Strasse 88 40474 Düsseldorf Germany	T +49 2 11/3 01 74-0
	Hamburg	Neuer Wall 30 20354 Hamburg Germany	T +49 1 51/29 26 83 81
Sales Offices	**Munich**	Lenbachplatz 2a 80333 Munich Germany	T +49 89/5 99 88 49-10 16
	Münster	Regina-Protmann-Strasse 16 48159 Münster Germany	T +49 2 51/92 77 63-01
	Stuttgart	Kronprinzstrasse 11 70173 Stuttgart Germany	T +49 7 11/28 04 04-0
Real Estate Offices	**Berlin**	Joachimsthaler Strasse 12 10719 Berlin Germany	T +49 30/2 06 18 79-13 14
	Munich	Lenbachplatz 2a 80333 Munich Germany	T +49 89/5 99 88 49-0
Selected Subsidiaries	**Frankfurter Sparkasse**	Neue Mainzer Strasse 47–53 60311 Frankfurt am Main Germany	T +49 69/26 41-0
	1822direkt Gesellschaft der Frankfurter Sparkasse mbH	Borsigallee 19 60388 Frankfurt am Main Germany	info@1822direkt.com T +49 69/9 41 70-0
	Frankfurter Bankgesellschaft (Deutschland) AG	JUNGHOF Junghofstrasse 26 60311 Frankfurt am Main Germany	T +49 69/1 56 86-0
	Frankfurter Bankgesellschaft (Schweiz) AG	Börsenstrasse 16 8001 Zurich Switzerland	T +41 44/2 65 44 44
	Helaba Invest Kapitalanlagegesellschaft mbH	JUNGHOF Junghofstrasse 24 60311 Frankfurt am Main Germany	T +49 69/2 99 70-0
	GWH Wohnungsgesellschaft mbH Hessen	Westerbachstrasse 33 60489 Frankfurt am Main Germany	T +49 69/9 75 51-30 00
	OFB Projektentwicklung GmbH	Speicherstrasse 55 60327 Frankfurt am Main Germany	T +49 69/9 17 32-01
	GGM Gesellschaft für Gebäude-Management mbH	Speicherstrasse 55 60327 Frankfurt am Main Germany	T +49 69/9 17 32-9 00

Imprint

Published by

Landesbank Hessen-Thüringen Girozentrale

Neue Mainzer Strasse 52–58
60311 Frankfurt am Main
Germany
T +49 69/91 32-01

Bonifaciusstrasse 16
99084 Erfurt
Germany
T +49 3 61/2 17-71 00

www.helaba.com

Concept and design

3st kommunikation, Mainz

Copyright