Helaba

Act for Tomorrow

Annual Report 2021

Values with impact.

Helaba in Brief: One of the leading banks in the German financial capital of Frankfurt am Main, Helaba employs approximately 6,300 people and has total assets of € 212 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. We serve as the Sparkasse central bank for Hesse, Thuringia, North Rhine-Westphalia and Brandenburg, making us 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 holds a leading market position in the home loans and savings business in 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.

Cover photo: Petra Sandner, Chief Sustainability Officer

Content

At a Glance

Helaba ratings

(As at: 22 March 2022)

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
Mortgage 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	Stable
Long-term Issuer Default Rating[1]	A+
Public Sector 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	Stable
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

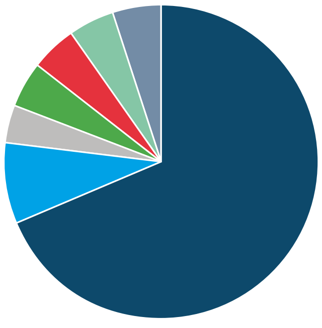
4.05 %
State of Thuringia

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

		2021	2020		Change
Performance Figures		in € m	in € m	in € m	in %
Net interest income before loss allowances		1,326	1,172	153	13.1
Net fee and commission income		485	435	50	11.4
General and administrative expenses, including depreciation and amortisation		–1,515	–1,468	–46	–3.1
Profit or loss before tax		569	223	346	>100,0
Consolidated net profit		**501**	**177**	**325**	**>100,0**
Return on equity	in %	**6.4**	**2.6**		
Cost-income ratio	in %	**66.1**	**73.5**		

	31.12.2021	31.12.2020		Change
Balance Sheet Figures	in € m	in € m	in € m	in %
Measured at amortised cost				
Loans and advances to banks	15,686	17,922	–2,236	–12.5
Loans and advances to customers	113,939	113,925	14	–
Trading assets	**15,308**	**21,173**	**–5,865**	**–27.7**
Financial assets measured at fair value (not held for trading)	**27,099**	**34,438**	**–7,338**	**–21.3**
Measured at amortised cost				
Deposits and loans from banks	60,116	54,391	5,725	10.5
Deposits and loans from customers	63,411	63,062	349	0.6
Securitised liabilities	44,363	49,869	–5,507	–11.0
Trading liabilities	**13,301**	**17,793**	**–4,492**	**–25.2**
Financial liabilities measured at fair value (not held for trading)	**19,069**	**21,864**	**–2,796**	**–12.8**
Equity	**9,222**	**8,842**	**381**	**4.3**
Total assets	**212,341**	**219,324**	**–6,984**	**–3.2**

	31.12.2021	31.12.2020
Key indicators for regulatory purposes	in %	in %
CET1 capital ratio	14.3	14.7
Tier 1 capital ratio	15.1	15.6
Total capital ratio	18.1	19.1

dear customers, dear business partners,

Be it for financial, organisational, health or other personal reasons, 2021 proved another challenging year for many of us. Helaba responded by striving even harder to remain a dependable ally for our customers and business partners, to whom I express my heartfelt thanks for our close, trusting and in many cases very long-standing business relationships. Whether a partner can still be counted on in difficult times is, after all, the ultimate test of reliability.

We generated a Group net profit before taxes in accordance with IFRS of € 569 m in 2021, which represents a very substantial increase year on year (2020: € 223 m). Consolidated net profit, i.e. the profit after tax, came to € 501 m (2020: € 177 m). This highly satisfactory result shows that we are back on course: back on course to resume our pre-pandemic trajectory and back on course to achieve our stated objectives. The figures also demonstrate the effectiveness of our strategic agenda. Operating business is growing, as the trend in net fee and commission income clearly shows. Rigorous cost management has enabled us to keep the Bank's costs stable, with the result that general and administrative expenses have risen by only a moderate amount despite the increasing bank levy. Our work to modernise the IT infrastructure is proceeding on schedule and we have continued to expand our range of ESG products and the Sustainable Finance Advisory service.

Looking beyond our own immediate performance, I could never have imagined that we would have to experience a war like that now raging in Ukraine in the 21st century. We too absolutely condemn Russia's attack on Ukraine and agree that it amounts to a flagrant breach of international law and a grave violation of human rights and of all the values we hold dear. Staunch Europeans and democrats, we believe in peaceful coexistence, in respecting different opinions and in settling disagreements and disputes through equitable dialogue.

Although Helaba's direct exposure to Russia and Ukraine is very small, events in Ukraine of course have a material impact on our outlook for the current year. Thanks to our broadly diversified business model and the consistent implementation of our strategic agenda, we find ourselves well placed to engage with the challenges to come in 2022. The Bank's earnings target for 2022 is in line with the medium-term objective. We will, however, refrain from offering a specific earnings forecast due to the war in Ukraine and the prevailing very high level of uncertainty in respect of possible second- and third-order effects.

“It gives me great pleasure to be able to continue working with our dedicated people on developing the best solutions for our customers and for Helaba as an organisation. I also look forward to another year of us all spurring each other on to make sure these solutions are also the best for our children and the generations to come.”

#Actfortomorrow

I would like to convey the thanks of the entire Executive Board to our customers for their enduring trust and our corporate bodies for their unfaltering support. I must also express my heartfelt thanks to – and admiration for – our esteemed employees, without whose extraordinary commitment, unflinching loyalty and single-minded focus on building for the future Helaba’s highly satisfactory results would have been unthinkable. It gives me great pleasure to be able to continue working with our dedicated people on developing the best solutions for our customers and for Helaba as an organisation. I also look forward to another year of us all spurring each other on to make sure these solutions are also the best for our children and the generations to come.

Yours sincerely,

Thomas Groß
CEO

The Executive Board

“To be able to plan and act for tomorrow, we need to establish a stable and robust foundation today. We are well prepared and are working on the major challenges with which we are faced. We want to act as a reliable partner to our customers, helping them to shape the transformation to a sustainable economy.”

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

“The topic of sustainable finance has finally entered the mainstream. Helaba is supporting its customers in the transition to more sustainable economies by striking the right balance between ambition and achievability.”

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

“During the coronavirus crisis, real estate and other asset classes such as renewable energies have proven a safe haven in uncertain times. Helaba offers absolute reliability when it comes to financing solutions for the real estate sector as well as for project finance.”

Christian Schmid
Real Estate Finance, Asset Finance, Portfolio and Real Estate Management, GWH, OFB, Branch Management London, Branch Management New York

"By 2027, we will have restructured our IT and large parts of our operating processes and data management. The pandemic has made it easier for us to accelerate this transformation, as a result of which Helaba will be even leaner and more cost-efficient."

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

"In partnership with the Sparkassen, Helaba believes strongly in taking a long-term view. We achieve this by identifying and analysing trends and future developments at an early stage and, in dialogue with the Sparkassen, translate them into value-adding solutions and innovative products."

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

"Helaba has successfully tackled the challenges of the COVID-19 pandemic to date. The highly pleasing performance for 2021 as a whole is due to the continued high quality of our portfolio."

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

Helaba

Real Estate

Corporates & Markets

Retail & Asset Management

Development Business

Commercial bank

Sparkasse central institute

Development bank

Frankfurter Sparkasse 1822

LBS

Frankfurter Bankgesellschaft PRIVATBANK | Zürich | Frankfurt

Helaba Invest

GWH

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. Helaba launched the Scope – Growth through Efficiency project in 2019 with a view to slowing the rise in costs and gaining the flexibility it needs, in terms of both finances and content, to shape its future. Helaba has defined 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 maintain its progress and bring its long-term objectives within reach.

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

A 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 S-Group and public development and infrastructure business.

As a commercial bank, Helaba operates in Germany and abroad. Stable, long-term customer relationships are a hallmark of its approach. 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.

Helaba'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

2021, like the previous year, was influenced to a significant degree by two events: the implementation of the new, significantly leaner organisational structure as part of the Scope – Growth through Efficiency transformation project and the COVID-19 pandemic. Having enabled many of our employees to work from home in order to protect them against infection, we rolled out new hardware to provide the optimum conditions for mobile working. Because the pandemic situation did not permit a full return to Helaba's offices by the end of the year, virtual and hybrid working methods have become established and are now firm features of Helaba's new world of work.

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 gender-neutral 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).

We want to be perceived as an attractive employer for current and potential future employees, and have developed a contemporary corporate brand to help us achieve this aim. The continuous development of our Corporate Values plays a central role in this: we are establishing a corporate culture founded on trust that shares and embraces responsibility and treats commitments given as sacrosanct. We initiated a new employer brand campaign in 2021 to increase awareness of Helaba as an employer and align recruiting efforts more precisely with our target groups. At the heart of this campaign is our web presence: a new careers page and campaign pages which are accessed via our social media channels. We have brought our recruitment process up to date with our new "Magellan" platform, which provides IT tools for managing job applications.

In 2021, we further streamlined our structural organisation as envisaged in the Scope – Growth through Efficiency programme and implemented the defined measures in a responsible manner. We will continue the process as planned. The Helaba Group had 6,297 people in its employment at the end of 2021, 56 more than in the previous year – above all as a result of our workforce expansion measures in selected units of the Group. At Helaba Bank itself, personnel expenses remained stable. This reflects not only the progress of the Scope – Growth through Efficiency programme but also the creation of many in-house functions, above all in IT, with a view to cutting non-personnel costs.

Every company depends for its success on committed and well-trained employees. We offer appropriately targeted seminars covering professional, personal, social and methodological development for all employees to help them meet their individual training needs. In 2021, as in the previous year, the use of virtual formats increased due to the restrictions on face-to-face contact.

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. We also place great value on developing existing employees with strong potential and smoothing their path into internal careers. In 2021, to promote technical careers as well as management careers, we began to develop an appraisal system for non-payscale functions as part of a strategic staffing project. This categorises functions according to standardised criteria, taking the external market into consideration. This system will facilitate greater transparency regarding career paths and levels going forwards. 2021 also saw the implementation of a Bank-wide, structured process for identifying high-potential employees. This enables us to develop suitable training measures – either individually tailored or in a group format such as the "Nauta" programme, for example. It empowers employees with high potential to prepare themselves systematically for future challenges.

Our occupational health management system and our company sports programme are designed to help our employees maintain their physical and mental well-being and nurture an awareness of the need for a healthy lifestyle. Most of our employees have worked from home during the COVID-19 pandemic in order to protect themselves against infection. We have offered our employees and their families vaccination appointments within the Bank at our vaccination centre in Offenbach and via our mobile vaccination teams at other major Helaba sites. Employees – whether in the office or working remotely – needing help with job-related, family, health or other personal matters can obtain specific personal support from external specialists through our employee assistance programme.

We continue to develop our 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. In 2021, we developed and introduced an extensive change management toolbox to support management in dealing with day-to-day management challenges.

We are firmly committed to ensuring that all employees – in all their diversity – genuinely have access to the same development opportunities within Helaba. We are focusing on diversity management to achieve a greater level of innovative capability and to improve the risk culture in our organisation. Aspects such as gender, age and inclusion are of special importance to us. Particular attention is being paid to the advancement of women. In a voluntary commitment, we aim to ensure that more than 30 % of all management positions are occupied by women in the future and that the proportion of women in Helaba's young talent and professional development programmes is increased to 50 %. These efforts are supported by dedicated seminars for women and appropriate mentoring. We are committed to promoting diversity at other levels too, for example via an LGBTIQ network (for lesbian, gay, bisexual, transgender / transsexual, intersex and queer / questioning people), which was established in autumn 2021.

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.

6,297
people work at Helaba.

Virtual and hybrid working methods have become established, a process accelerated by the pandemic situation and the rollout of new hardware. These are now firm features of Helaba's new world of work.

We have offered our employees and their families vaccination appointments within the Bank at our vaccination centre in Offenbach and via our mobile vaccination teams at other major Helaba sites.

We promote diversity at many levels, for example via an LGBTIQ network established in autumn 2021.

Sustainability

Sustainability is increasingly becoming an integral strategic element of entrepreneurial thinking and behaviour both for our customers and for our own institution. Organisations understand the importance of operating in a responsible manner and are also very aware of the ever-greater societal and political pressure to improve their performance in this area.

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 the duty we have, in our capacity as a Landesbank and S-Group bank for the Sparkassen, to set a positive example and be a force for good for current and future generations. Helaba has pledged its commitment to 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

Sustainability and social responsibility are permanently enshrined in the business strategy and fully integrated at all levels of management to minimise negative impacts on the environment and society. The sustainability guidelines adopted for the Group by the Executive Board back in 2014 set out standards of conduct for business activity, operations, staff and corporate social responsibility. Acting sustainably is a core component of Helaba's strategic agenda. We are particularly focused on helping customers with the necessary transformation to a climate-neutral circular economy. Sustainability as we see it encompasses the ESG criteria (environmental, social, governance) in our core business and throughout the value chain.

Values with impact. – Helaba's vision embodies 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).

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. Helaba holds regular training sessions on this subject in line with the regulatory requirements and it is mandatory for all employees to attend these events at least every three years.

Helaba and its 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 have in addition signed up to the UN Principles for Responsible Investment (PRI), under which signatory institutions agree always to give proper consideration to environmental, social and corporate culture factors in investment and decision-making processes, among other commitments.

Sustainability as we see it encompasses all the ESG criteria (environment, social and governance) in our core activity and throughout the value chain.

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

Helaba and its Group subsidiaries 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.

Key Developments and Action Areas

The new Assessment Report of the Intergovernmental Panel on Climate Change makes our situation absolutely clear: consistent action to protect the climate and an early start on adaptation measures are now essential to mitigate the risks associated with climate change. It will accordingly be important to consider climate risks in all decisions for the future and to initiate corresponding measures in good time. These developments indicate the pressure on politicians, society and business to pursue climate-neutral status and move to a more circular economy is only going to grow.

It has been estimated that an additional € 350 bn will need to be invested every year even just to achieve the European Union's 2030 climate and energy targets. The public and private sectors are going to have to invest on a significant scale to enable a successful transformation. Helaba has a particularly vital role to play promoting this transformation and helping our customers and employees to implement it because its business activities are so tightly interconnected with the real economy.

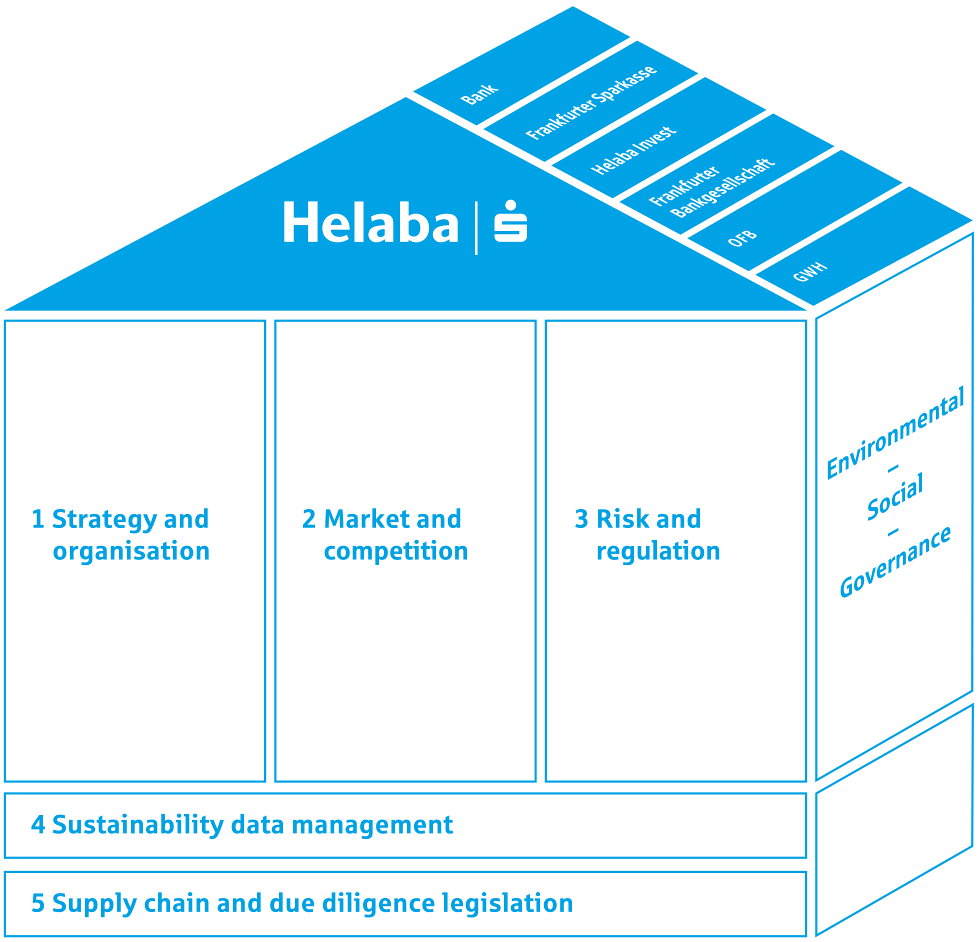
Our HelabaSustained Sustainability Programme
We launched HelabaSustained, our Group-wide sustainability programme, in 2020 to help develop the Helaba Group's strategic sustainability profile consistently for the future, to support our customers proactively with their sustainability transformation and to ensure all of our staff are closely involved in this process.

The work of the programme concentrates on making Helaba a leader in the area of sustainable finance, which involves steps including creating a comprehensive sustainability data pool and ensuring compliance with relevant requirements in a dynamic regulatory environment.

The content of the programme is organised into five 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.

Our achievements in this area in 2021 included

- defining objectives in the E/S/G (environmental/social/governance) areas,
- expanding the range with a strong line-up of sustainable product and consulting options from the Helaba business units,
- making further progress on the development of corporate social responsibility aspects and
- embedding ESG more deeply in risk management.



E / S / G objectives

The Helaba Regulatory Group has set itself five specific objectives across the E, S and G dimensions:

A key performance indicator (KPI) management system is being developed on the basis of these ESG objectives and implemented throughout the Group. This system, which will enable us to measure our progress transparently, underlines the level of our ambition. Helaba's understanding of sustainability goes beyond tackling the challenge of climate change to encompass all ESG criteria, which are addressed using selected tools.

1. We organise our business operations in a way that minimises consumption of natural resources to protect nature and the natural environment and take account of sustainability standards in our office buildings. Our priorities include reducing CO_2 emissions, in particular by making further improvements to building systems and services and favouring low-carbon means of transport. We aim to cut the emissions attributable to our own banking operations by at least 15 to 30 % by 2025 through measures such as these. The unavoidable emissions that remain once all sources that can be eliminated or replaced have been addressed will be offset from financial year 2021 to render our banking operations climate neutral.

2. Not only are we firmly committed to the objectives of the Paris Agreement, but we also have the ability, thanks to the nature of our core business, to help work towards their achievement in a meaningful way. We have set ambitious targets with our front office units and are eager to increase the volume of sustainable business. Our newly developed Sustainable Lending Framework, which provides a standardised method for the definition, measurement and management of sustainable lending business, promises to contribute significantly to the promotion of sustainability in the core business. The identification of sustainable financing transactions using the Sustainable Lending Framework represents the initial step in a holistic impact assessment and management process.

3. Our diversity management efforts actively seek to capitalise on the diversity of our workforce to help make the Bank more innovative and, ultimately, more successful. We aim to bring about further improvements in equality of opportunity and, in particular, to increase the number of women in management roles such that we have over 30 % of management positions filled by women in the medium term. It is accordingly our intention to ensure that all future junior staff and employee development programmes for management trainees have a balanced mix of male and female participants.

4. Helaba has developed a corporate citizenship policy covering both the corporate social responsibility of Helaba and its subsidiaries and specific social volunteering elements. The Bank grants employees up to two days of leave every year to participate in environmental and social projects and would like to reach a total of at least 1,000 employee social volunteering days a year across the Group by 2025. Specific additional training is required for staff to be able to assess the opportunities and risks associated with sustainability properly. Helaba is drawing up a training policy for this purpose that takes account of the different specialist requirements

ESG objectives of the Helaba Regulatory Group

Environmental | E

1. We are cutting the emissions generated by our own operations by as much as we can.
2. With our actions, we are making a contribution to achieving the climate targets of the Paris Agreement.

Social | S

3. We are promoting diversity.
4. We are investing in our workforce and in society.

Governance | G

5. We are striving to achieve a good, stable position in the ESG rating.

involved and the likely different starting points of our people in terms of existing knowledge. We want to increase training / continuing professional development days to two per employee per year overall by 2025.

5. We aim to achieve an ESG rating that puts us among the very best in Germany in our sector.

Expanding the range of sustainable products

One of Helaba's core strategic areas of activity is to work in partnership with customers to help them with the transformation to a sustainable future with a climate-neutral, circular economy, in particular by offering new sustainable products. Our sustainable finance advisory service provides information about sustainable finance covering all types of financial instrument (loans, promissory notes, bonds, leases, guarantees etc.) for a wide range of sectors and products. We hold regular focused workshops to develop new product ideas and enhance our consulting expertise in relation to sustainability factors.

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. Helaba had forwarded a total of 4,372 applications for COVID-19 assistance programmes with a total value of around € 1,100 m by the end of 2021. WIBank, in its capacity as a development institution, provides various types of assistance for businesses in Hesse on behalf of the State of Hesse. (Trust) loans, credit, subsidies, equity investments and guarantees are available to small and medium-sized businesses, start-ups, freelancers and the self-employed. In addition, WIBank was engaged to develop new programmes in the first half of 2021, including a programme for air purification equipment. The assistance programmes, some of which had already been set up in 2020, continued to be in high demand throughout the whole of 2021. In 2022, the development business will continue to be shaped by the effects of the pandemic.

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.

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

Our sustainable finance advisory service provides information about sustainable finance covering all types of financial instrument (loans, promissory notes, bonds, leases, guarantees etc.) for a wide range of sectors and products.

Helaba Invest published its ESG Investment Policy in 2021, underlining its strategic focus and constantly adding sustainable funds to its product portfolio.

The market for sustainable finance and ESG-linked loans is growing. We cover all the important steps, from advice and structuring to syndication support.

Policy it published in 2021 underlines Helaba Invest's strategic focus on sustainability. It is continuously expanding its product portfolio with new sustainable funds, adding a further five new sustainable retail funds in 2021. Helaba Invest is also planning a sustainable infrastructure fund of funds.

Corporate social responsibility and promoting diversity

Helaba embraces its environmental and social responsibilities in keeping with its mandate to operate in the public interest and always takes account of social and environmental factors in the pursuit of its business objectives. We also have an ongoing obligation to our staff, customers and investors. We work proactively to help preserve vital natural resources, promote social cohesion and support education, culture and economic development in our region. The general parameters we use to choose beneficiaries for our donations and sponsoring activities are set out in a framework that applies to all such commitments at Helaba. This framework excludes certain groups, individuals and associations as beneficiaries as well as defining the range of activities deemed suitable in general for financial support and sponsorship.

We launched the pilot phase of our social volunteering programme in 2021. A platform will be provided for employees to volunteer for a wide variety of social and environmental projects, individually or as a team.

With a wealth of charitable giving and sponsoring activities, we are actively involved in protecting vital natural resources and fostering social cohesion as well as supporting education, culture and business in the region.

We consider it very important that all our employees – in all their diversity – genuinely have equal opportunities with access to the same development opportunities at Helaba. We are committed to diversity management to help us achieve a greater level of innovative capability and to improve the risk culture in our organisation, a concept we have enshrined in our Diversity Guideline. Helaba seeks to provide an inclusive environment and fair access to opportunities so that every employee at every stage of life can contribute to its long-term success irrespective of age, gender, ethnicity, educational and professional background, geographical origin, sexual identity, disability and the like. We want our culture to be one characterised by diversity of perspective, mutual trust and individual responsibility for the whole.

We aim to empower our employees to make a positive contribution to society through their own voluntary commitments even during working time, which is why we launched the pilot phase of our social volunteering programme in 2021. Our programme will provide a platform enabling staff to choose from a wide range of social and environmental projects in which to become involved on a voluntary basis, either individually or with a team.

ESG in risk management

Helaba has made it an integral requirement of its risk strategy that sustainability factors always be considered. This aligns us with the approach adopted by the European Commission with its action plan on financing sustainable growth and the expectations of the European Central Bank, which are set out in detail in the Guide on climate-related and environmental risks.

The identification and assessment of non-financial risks are an established – and continuously adapted – part of the Bank's risk management process. Reputation risks, which also encompass aspects of sustainability, are mapped entirely under non-financial risk.

Our 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 (inside-out perspective). We also systematically examine the ESG risks associated with customers and their business models in our customer assessment (outside-in perspective).

Helaba has developed sustainability criteria and exclusion criteria for lending too and introduced them throughout the Group. These criteria are updated annually and as required. Integrating exclusion criteria into the risk strategy gives Helaba an effective tool with which to avoid ESG risks in new business. The filter for ESG risks is therefore already tightly meshed on a qualitative basis and implemented as a mandatory part of the standard risk management process. The risk strategies have been approved by Helaba's corporate bodies and thus bear the full authority of the organisation.

When financing the construction and renovation of power plants, we strongly promote the use of particularly environmentally friendly technologies and products to support the switch to renewable energy sources. Certain controversial business areas are excluded on principle from our business operations. These include investment products based on agricultural commodities, transactions that involve speculating on agricultural commodities and financing the manufacture and trading of controversial types of weapon.

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, 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. The deterioration of the Sustainalytics rating by 2.6 points is primarily attributable to changes in the rating agency's valuation methods.

Table of rating results

Rating agency	Rating	Trend
ISS ESG Corporate ESG Performance Prime RATED BY 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	C C C 2019 2020 2021
Sustainalytics SUSTAINALYTICS	**21.7 (Medium Risk)** [scale: 0 (best) to 100] Among the **top 20 %** in the comparison group of 416 banks **Top score** for "Corporate Governance" sub-rating	20.7 19.1 21.7 2019 2020 2021
MSCI MSCI ESG RATINGS CCC B BB BBB A AA AAA	**"A" (Average)** [scale: CCC to AAA] In the **upper midrange** of the comparison group of 192 banks **Top score** for "Financing Environmental Impact" sub-rating	A A A 2019 2020 2021

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 has a leading position in the home loans and savings market in both Hesse and Thuringia in conjunction with the independent Landesbausparkasse Hessen-Thüringen (LBS) and also helps the Sparkassen with the marketing of real estate through Sparkassen-Immobilien-Vermittlungs-GmbH.

Frankfurter Sparkasse, a wholly owned subsidiary of Helaba organised under German public law, is the leading retail bank in the Frankfurt am Main region. 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. Frankfurter Bankgesellschaft offers consulting services for family-owned businesses in connection with mergers and acquisitions (M&A) through the investment in IMAP M&A Consultants AG (Deutschland)..

The wholly owned subsidiary Helaba Invest is one of Germany's leading institutional asset management companies. Helaba Invest offers professional management of the assets of institutional investors using special funds for institutional investors and retail funds, and as part of advisory and management portfolios. Its range of products includes management and advisory services in connection with both liquid and illiquid asset classes, together with the administration of master investment company portfolios (including optional and statutory reporting as well as risk management). Within the Sparkassen-Finanzgruppe, Helaba Invest is the largest provider of special funds for institutional investors.

The GWH Group manages around 52,000 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 also provide Helaba with access to the funding 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 profitability 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 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. Profitability analyses and the results of cross-selling are also produced. In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

The target is to achieve a cost-income ratio below 70 % at the level of the Helaba Group. 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.

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). For 2021, Helaba set a target range of 5 % to 7 % for economic return on equity before tax. A target range of 6 % to 8 % has been specified for 2022.

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 capital buffer requirements applicable at 31 December 2021, 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)) under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 8.51 %.

The German Federal Financial Supervisory Authority (BaFin) has planned an increase in the domestic countercyclical capital buffer for Germany to 0.75 % (section 10d KWG) from 1 February 2022. It is also planned to introduce a new capital buffer from 1 April 2022 of 2 % for systemic risk in respect of loans secured by residential real estate. The buffers are required to be accumulated by 1 February 2023 and will be included in the planning from 2023 in the process for setting the threshold values for the capital ratios.

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. This ratio became a mandatory capital requirement from 28 June 2021. Under the CRR, banks generally have to comply with a leverage ratio of 3.0 %. However, the ECB has extended the temporary relief measure in connection with the calculation of this ratio, which was due to expire at the end of June 2021, until 31 March 2022 because of the continued prevalence of the COVID-19 pandemic. The relief measure provides for a recalibration of the required minimum leverage ratio. As at 31 December 2021, banks were required to comply with a leverage ratio of 3.2 %.

The CRR specifies that banks must comply with a (short-term) liquidity coverage ratio (LCR) and, since 30 June 2021, a net stable funding ratio (NSFR). The regulatory minimum for both ratios is 100 %. At Group level, Helaba has set itself a target of achieving an LCR of more than 125 % and an NSFR of more than 105 %. Both liquidity ratios are leading to increased 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 mandatory MREL for the Helaba Regulatory Group, based on figures as at 31 December 2019, is 21.60 % of risk-weighted assets (RWAs) and 7.82 % of the leverage ratio exposure (LRE). The portion of the MREL that needs to be covered by subordinated (i.e. non-preferred) instruments is 20.91 % based on RWAs and 7.11 % based on the LRE. The Helaba Regulatory Group was notified of this MREL by the competent resolution authority at the end of January 2021 and had to comply with the requirement from 1 January 2022.

To fund itself, Helaba draws on different sources and products, focusing in particular on the sources of funding available through the Sparkassen (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 (S-Group benefit).

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, which means that business activities are systematically oriented around these requirements.

Acting sustainably is a core component of Helaba's strategic agenda. Attention is focused on ensuring that business activities are oriented around sustainability and, in particular, that customers are supported in the necessary transformation to a climate-neutral circular economy.

The Helaba Regulatory Group's understanding of sustainability encompasses all ESG (environmental, social and corporate governance) criteria. The Helaba Regulatory Group has set itself five specific objectives across the environmental, social and corporate governance dimensions:

- Environment
  - Reduce emissions in own operations as far as possible
  - Ensure own activities contribute to achieving the objectives of the Paris Agreement

- Social
  - Promote diversity
  - Invest in employees and society

- Corporate governance
  - Strive for a good, stable ESG rating position

A key performance indicator (KPI) management system is being developed on the basis of these ESG objectives and implemented throughout the Group. The system sets out the ambition and enables progress to be measured transparently.

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 mission statement, corporate values, through Helaba's membership of the UN Global Compact and through its commitment to the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO). 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. 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".

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.

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.

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 gender-neutral 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. 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 system reflects this approach and aims to ensure that employees are properly rewarded for their efforts and achievements without gender discrimination and without being encouraged to take inappropriate risks in any way. 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 Helaba and the attainment of qualitative targets. The remuneration policy and practices (including the use of retentions and performance criteria) help to support a long-term approach to the management of climate-related and environmental risks. Helaba also ensures that the control functions involved in the management of climate-related and environmental risks are appropriately staffed and funded.

- 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 channels. 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. A systematic, structured process for identifying high-potential employees helps managers to identify such employees within Helaba and provide them in good time with the specific grounding they need to take on new positions with greater responsibility. This is achieved through customised development plans or as part of a programme for high-potential employees.

- 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. During periods of high COVID-19 incidence over the course of the pandemic, Helaba has taken action to protect the health of its employees and arranged for most jobs to be carried out remotely from home; it has then provided support for home working by offering online sessions on issues such as nutrition, mental well-being and physical activity to promote employee health. Helaba has also been able to offer its employees vaccination appointments within the Bank using a vaccination centre in the Kaiserlei district of Offenbach and the simultaneous deployment of mobile vaccination teams at its other major sites.

- 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 transformation of 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. In all these transformation projects, the Human Resources and Legal Services 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. For example, a comprehensive change management toolbox was developed and introduced in 2021 to help management deal with specific day-to-day challenges.

- Diversity management
  Helaba believes that integrating diversity across its activities will help it to strengthen its innovative capabilities and improve the risk culture. Based on approaches focusing on phase of life and equal opportunities, Helaba is aiming to ensure that all employees are integrated, regardless of age,

gender, ethnicity, sexual identity, education or professional background, whether they are non-disabled or disabled, or wherever they come from, and are able to contribute to the long-term success of the business. 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 aim is to purposefully incorporate diversity into the working environment from a number of perspectives and make greater use of internal potential. Particular attention is being paid to the advancement of women. In a voluntary commitment, Helaba aims to ensure that more than 30 % of all management positions are occupied by women in the future and that the proportion of women in Helaba's young talent and professional development programmes is increased to 50 %. These efforts are supported by dedicated seminars for women and appropriate mentoring. Helaba has also created 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.

COVID-19 Crisis

The COVID-19 pandemic – widely considered to be the most serious economic crisis of recent decades – has fundamentally changed the operating environment for banks. Uncertainty about the evolution of the pandemic and volatility in capital markets continued into the beginning of 2022. Nevertheless, there has been a sustained recovery in the global economy despite the negative impact of the pandemic.

- Operational stability in the pandemic
  Since the very beginning of the COVID-19 pandemic in 2020, Helaba has adapted its operations to the new requirements. In 2021, following an initial return to the office, albeit on a limited basis, most employees reverted to working from home again at the end of the year. Official requirements were implemented in full. The measures were supported by the provision of testing and vaccination services (including booster jabs) for the employees of the Helaba Regulatory Group. Additional measures were introduced, as required. The operational stability of processes continued to be monitored and maintained at all times, both in Germany and abroad. In 2022, we expect to maintain normal, stable operations, initially with employees working remotely in the conditions dictated by the COVID-19 pandemic; there will then be further adjustments as the situation evolves.

  Suitable precautionary measures have also been introduced at subsidiaries. Processes at subsidiaries are stable too. The performance of critical outsourcing service providers and their operational stability are also regularly monitored; no significant restraints have been identified.

- Economic impact of the pandemic
  The Helaba Regulatory Group's overall liquidity situation remains excellent and 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 LCR for the Helaba Regulatory Group stood at 183.8 % as at 31 December 2021 (31 December 2020: 201.6 %); the NSFR for the Helaba Regulatory Group as at 31 December 2021 was also well above the target figure at 118 % (31 December 2020: 117 %).

  The liquidity situation on money and capital markets has completely returned to normal again following the turmoil in the first half of 2020 caused by the COVID-19 pandemic. Key factors have been the measures implemented by the ECB, notably the targeted longer-term refinancing operations (TLTRO) III and the pandemic emergency purchase programme (PEPP), which have substantially improved market liquidity.

  The Helaba Regulatory Group's overall liquidity situation remains excellent and sound.

  The economic impact of the COVID-19 crisis has varied from sector to sector. Currently, the financing of commercial real estate and air transport/aircraft are among the portfolios that are particularly affected. Helaba has responded by taking action in respect of both new and existing business to reduce the risk. The credit risk strategy has also been adjusted accordingly.

  The Executive Board is closely monitoring the changes in all relevant parameters. 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 (36) of the consolidated financial statements.

- Development and support loan business
  WIBank, in its capacity as a development institution, provides various types of assistance for businesses in Hesse on behalf of the State of Hesse. (Trust) loans, credit, subsidies, equity investments and guarantees are available to small and medium-sized businesses, start-ups, freelancers and the self-employed.

  Thanks to a flexible structure and the considerable dedication of its employees, WIBank was able to respond very quickly to the requirements caused by the COVID-19 pandemic, making a key contribution to helping businesses to survive that were adversely affected by the crisis. The assistance programmes, some of which had already been set up in 2020, continued to be in high demand throughout the whole of 2021.

  Attention was focused on COVID-19 assistance for the economy in Hesse and on pandemic-related support for hospitals. The latter consisted of compensation payments and supplementary federal funding payments offered to medical centres in Hesse because of the additional charges caused by the COVID-19 pandemic.

  At the very start of the pandemic, WIBank developed the “Hessen-Mikroliquidität” (Hesse Microliquidity) and “Liquiditätshilfe für hessische KMU” (Liquidity Assistance for SMEs in Hesse) programmes with the objective of cushioning the impact of the COVID-19 pandemic on the economy in Hesse. Both programmes were extended initially until 31 December 2021 and then again until 31 March 2022.

  The “Corona Sofort-Kleinbeihilfe für Gastronomiebetriebe” (Immediate Corona Financial Assistance for Small Restaurants) programme was designed for restaurant businesses. In terms of support for the arts, assistance could also be provided to help organisations absorb the shock from the cancellation of film projects caused by COVID-19. In addition, WIBank was engaged to develop new programmes in the first half of 2021, e.g. a programme for air purification equipment. In 2022, the development business will continue to be shaped by the effects of the pandemic. In addition to the efforts to offset the negative impact of the COVID-19 pandemic, more attention will be focused on development programmes for entities looking to adapt their business models, preferably from the perspectives of sustainability and digitalisation.

  In its role as a forwarding institution, Helaba has been providing assistance since 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 2021, Helaba had forwarded a total of 4,372 applications for COVID-19 assistance programmes with a total value of around € 1,142 m. Because of the ongoing pandemic and the associated ramifications for the German economy, the federal authorities have agreed a further extension of the application deadline for special KfW programmes and the KfW Schnellkredit until 30 April 2022.

- Relaxation of regulatory requirements
  Standard setters and supervisory authorities responded to the COVID-19 pandemic and, from March 2020, granted banks some relaxation of regulatory requirements. Some of these supervisory and statutory relaxation measures introduced in response to the COVID-19 pandemic expired in the second half of 2021 and were not renewed. At the same time, other extensions and measures were approved, mainly in connection with European law on state aid and employment law. However, a significant degree of uncertainty remains, to the extent that the future activities of the regulatory authorities depend, among other things, on how the COVID-19 pandemic continues to evolve. For example on 17 January 2022, the European Banking Authority (EBA) retained its COVID-19-specific notices expiring at the end of 2021 and justified this on the basis of the continuing uncertainty regarding the COVID-19 situation.

  Every two years, the EBA carries out EU-wide stress tests in co-operation with the European Systemic Risk Board (ESRB) and the ECB. Because of the COVID-19 pandemic, the EBA stress test planned for 2020 was carried out in 2021. This stress test was initiated in January 2021 and ended with the notification of the findings by the EBA on 30 July 2021. In the stressed scenario forming part of the test, Helaba satisfied the ECB’s minimum requirement of a CET1 capital ratio of 8.75 % (phased in), even after three years.

- 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.

  The number of requests that Helaba has received from customers for payment deferrals or the suspension of repayments as a consequence of the crisis, together with the number of rating deteriorations and defaults, has remained manageable, reflecting 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 0.8 % at 31 December 2021. The ratio of forbearance measures rose slightly during the reporting year but was still low. The loss allowances were well below budget. Helaba is continuing its policy established in 2020, whereby customers and transactions particularly affected by the COVID-19 crisis are actively managed and closely monitored, as are any critical sub-portfolios that have been identified. Nevertheless, Helaba cannot be certain that the crisis will not cause rating deteriorations or loan defaults during 2022, depending on how the pandemic evolves. 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 (36) of the consolidated financial statements.

Economic Report

Macroeconomic and sector-specific conditions in Germany

Even though 2021 was again dominated by the COVID-19 pandemic, economic output in Germany rose by 2.9 %. Household consumption remained cautious, primarily in relation to services. Consumer spending stagnated following the COVID-19-related slump of 5.9 % in the previous year. Public-sector consumption stabilised, rising by approximately 3 % in 2021. Construction spending only went up marginally, held back by restricted capacity and the shortage of materials and other intermediate products. Supply chain disruption had a particular impact on industry, which was only able to deal with some of the boost in orders. Capital spending on equipment grew by more than 3 %. Foreign trade contributed 0.8 percentage points to the growth. In view of the renewed restrictions imposed in response to the wave of infections caused by the Omicron variant, the first quarter of 2022 is likely to be weak. A recovery is anticipated from the spring onwards, as a result of which economic growth in Germany for the whole of 2022 is projected to reach 3.6 % (with seasonal adjustments).

Inflation increased to 3.1 % in 2021. This was as a result of higher crude oil prices, supply chain problems, the newly introduced carbon tax and changes to VAT rates. Even though some of the non-recurring items will no longer apply, the rate of inflation in 2022 will probably rise to around 4 %. For the time being, the supply chain difficulties are likely to continue to have an adverse impact and wage settlements are expected to be higher. Crude oil prices are projected to be higher in 2022 than in the previous year.

More and more areas of economic activity are becoming digitalised, driven by continuous advances in information technology. Expertise and, as a result, customer demand are rising steadily. By general consensus, digitalisation is already a significant integral component of the product and service range in many areas of economic interaction rather than simply an ancillary item and, if not already recognised as such, is increasingly becoming a key distinguishing feature. It can therefore be assumed that a digital customer offering no longer brings a competitive edge but, on the other hand, the absence of any such offering puts the entity concerned at a serious competitive disadvantage. This is a lasting trend, which has been reinforced by the COVID-19 pandemic, and some aspects of it will doubtless gain even more momentum, at least for a while.

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. These developments are enabling transactions to be initiated and executed in automated processes in accordance with terms and conditions agreed in advance, thus generating associated efficiency gains.

Digitalisation offers advantages for all parties, especially where complex financing structures are involved. Such transactions frequently encompass multiple participants and the interaction between these participants can be simplified and made more efficient by digital solutions. For example, Helaba now processes promissory notes over their whole life cycles entirely by using the vc-trade digital platform. The products supported by this platform in the debt capital markets business are also expanding at pace. Alongside the option to arrange foreign trade finance on a digital basis via solutions such as SmaTiX (Small Ticket Express), there has recently been a greater focus on digital payments based on distributed ledger technology. This presents a huge range of opportunities and challenges, especially for Helaba in its role as one of the most significant payment transaction service providers in Germany and Europe. The latest available technology already enables providers to offer innovative and significantly more efficient payments solutions in B2B transactions by integrating these solutions directly into customer business processes (embedded finance). In addition to the use of distributed ledger technology for programmable payments, it can also be applied in a huge number of ways in connection with the tokenisation of assets. This enables rights and obligations in respect of virtual and physical assets to be transferred faster and more easily, and simplifies the automated processing of associated contractual obligations. In this way, entities can enhance efficiency, tap into new investor and customer groups, and reduce potential settlement risk. Helaba is currently investigating opportunities across the group for new or extended business approaches. In general, it is fair to say that further sustainability-related opportunities could arise as a consequence of the possibilities afforded by digitalisation. One example is the use of digital sales channels to link investment products with sustainability scores.

The ECB and BaFin notified the German Savings Banks Association (DSGV) in January 2020 of certain supervisory expectations regarding the subsequent evolution of the protection scheme. At the end of August 2021, the general meeting of the members of the DSGV approved a resolution to upgrade the joint protection scheme. This implemented the requests of the ECB and BaFin, therefore making the protection scheme more efficient. The changes included decision-making structures designed to be more effective. In addition, the members declared their willingness in principle to set up an additional fund, the payments into which would be accumulated between 2025 and 2032. It is planned to implement the approved measures in succession over a 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 2 February 2022 notifying it of the findings of the Supervisory Review and Evaluation Process (SREP). Landesbank Hessen-Thüringen Girozentrale must, on a consolidated basis, satisfy an SREP total capital requirement of 9.75 % at all times (including an additional capital requirement (Pillar 2) of 1.75 %, which must consist of at least 56.25 % CET1 capital and 75 % Tier 1 capital).

- EU implementation of Basel IV
  On 27 October 2021, the European Commission published its legislative proposals for the amendment of the EU capital requirements regulation (CRR III) and capital requirements directive (CRD VI), whereby the requirements of Basel IV (also known as the finalisation of Basel III) are to be implemented in the EU. Under the proposals, the new rules are scheduled to be applied from 1 January 2025, i.e. two years later than the date proposed by the Basel Committee. The European Commission plans to begin trilogue negotiations with the European Parliament and Council in 2022. As expected, the Commission would like to implement the output floor in the form of a single-stack approach. It aims to retain the five-year transition phase proposed by the Basel Committee for the introduction of the output floor, which means this phase would end on 31 December 2029. For banks that use internal approaches such as the IRB approach, the plan is to set an RWA floor of 72.5 % of the total eligible amount determined in accordance with the regulatory standardised approaches. The output floor will need to be applied only at the highest level of consolidation. The special EU features relating to the support factors for SMEs and infrastructure as well as the exemptions for non-financial counterparties from the CVA charge are retained. The drafts for CRR III and CRD VI now also include provisions relating to ESG risk, covering aspects such as definitions, reporting system, stress testing etc. Helaba regularly takes part in impact studies and factors the results from these studies into its medium-term planning on an ongoing basis. Improvements to the EU banking resolution regime have been published in a separate CRR draft.

- German Risk Reduction Act
  The German Risk Reduction Act (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). Most of the RiG provisions came into force in December 2020 and on 28 June 2021; the effective date of the remaining requirements is 1 January 2023. Any measures that are necessary at Helaba are being implemented by the relevant deadlines.

- EU "Action Plan: Financing Sustainable Growth"
  June 2021 saw the publication of the final delegated act relating to the economic activities forming the subject matter of the Taxonomy Regulation. This delegated act establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation (the first two environmental objectives). The delegated act intended to cover environmental objectives three to six is scheduled to appear in the first half of 2022. The final delegated act relating to the disclosure of indicators pursuant to Article 8 of the Taxonomy Regulation came into force in December 2021.

- ECB Guide on climate-related and environmental risks
  In the first half of 2021, the ECB called on banks to carry out a self-assessment based on its recommendations for handling climate -related and environmental risks. Physical and transitory effects of climate-related and environmental risks are also a key area of focus in the supervisory stress tests to be carried out in 2022. Helaba has analysed the need for action arising from the ECB guide and the EU action plan and addressed the requirements as part of its HelabaSustained programme. In 2022, the ECB will also continue to closely

supervise the implementation of its expectations with regard to the handling of climate-related and environmental risks and has already announced a thematic review of the procedures and methods used to monitor and control these risks

The climate risk stress test planned by the ECB for 2022 was started on 27 January 2022 and the macro-financial scenarios have been published. Banks are scheduled to deliver the first batches of data to the ECB on 7 March 2022 and the aggregated findings are expected to be published on 8 July 2022.

- Minimum Requirements for Risk Management (MaRisk)
  On 16 August 2021, the supervisor published the final sixth revision to MaRisk, which primarily implements three sets of EBA guidelines: Guidelines on management of non-performing and forborne exposures of 31 October 2018, Guidelines on outsourcing arrangements of 25 February 2019 and Guidelines on ICT and security risk management of 28 November 2019. Clarifications and further details relating to requirements already in existence had to be implemented immediately upon publication. In the case of new provisions, there was generally an implementation deadline of 31 December 2021 (but 31 December 2022 for outsourcing agreements already in existence or under negotiation).

Business performance

The market environment for banking business continued to be dominated by the COVID-19 pandemic in 2021. 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) fell below the prior-year level at € 16.5 bn (2020: € 17.6 bn). Loans and advances to customers (financial assets measured at amortised cost) remained unchanged at € 113.9 bn. Added to these were loans and advances to Sparkassen (financial assets measured at amortised cost) in the amount of € 6.7 bn (31 December 2020: € 6.0 bn). The focus on lending in core business areas and to the Sparkassen as S-Group partners is in line with the customer-centric orientation of Helaba's business model.

The market environment for funding business for financial institutions proved to be stable over the whole of 2021, the COVID-19 pandemic having no impact at all. Driven by the macroeconomic uptrend, financial institutions' credit spreads returned to pre-pandemic levels, although interest rates generally remained very low. Helaba was therefore in a position to obtain inexpensive medium- and long-term funding from institutional and private investors without difficulty throughout 2021. As in previous years, Helaba was aided in these efforts by its strategic and well-diversified business model as well as by its sound income and business performance.

In 2021, Helaba raised medium- and long-term funding of approximately € 11 bn (2020: € 14.5 bn, excluding TLTRO III). This consisted entirely of unsecured funding. Helaba made its debut in the market as an issuer of green bonds with the successful launch of a senior non-preferred green bond in an amount of € 500 m with a term of eight years.

Sales of retail issues placed through the Sparkasse network amounted to € 2.6 bn (2020: € 2.0 bn) and were therefore much higher than in the previous year. The issue of green bonds in the retail segment was also successfully taken up, broadening the range of products offered by Helaba. As in previous years, the customer deposits in the retail business within the Group, in particular through the subsidiary Frankfurter Sparkasse, brought further diversification to the funding base. In addition, new medium- and long-term funding at WIBank amounted to € 1.5 bn (2020: € 2.4 bn).

A further TLTRO III drawdown of € 6.5 bn in March was not taken into account in the medium- and long-term funding plan.

The cost-income ratio for the Helaba Group was 66.1 % for the year ended 31 December 2021 (31 December 2020: 73.5 %). It was therefore once again within the specified target range (2021 target: < 70 %) and also very clearly below the figure for the prior-year period. Return on equity rose to 6.4 % (31 December 2020: 2.6 %) and therefore also lay within the target range of 5 % to 7 %.

As at 31 December 2021 the Helaba Regulatory Group's CET1 capital ratio was 14.3 % (31 December 2020: 14.7 %) and its total capital ratio 18.1 % (31 December 2020: 19.1 %). Helaba therefore has a comfortable capital position and satisfies all the regulatory requirements that have currently been published.

CRD IV provided for a transitional phase until the end of 2021 for capital instruments that were currently recognised as regulatory Tier 1 capital, but would 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. Based on supervisory requirements that are currently known, any new provisions are included in the multi-year planning and appropriately taken into account when assessing capital adequacy.

As at 31 December 2021, the Helaba Regulatory Group's leverage ratio was 5.7 % (31 December 2020: 4.8 %) and therefore above the required minimum ratio. In a letter dated 3 November 2021, the ECB authorised Helaba, for the purposes of calculating the leverage ratio, to treat WIBank as a public-sector development bank within the meaning of Article 429a (2) (3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council and therefore to remove development loans from the calculation of leverage ratio.

The liquidity coverage ratio (LCR) for the Helaba Regulatory Group was 183.8 % as at 31 December 2021 (31 December 2020: 201.6 %). As at 31 December 2021, the NSFR for the Helaba Regulatory Group was well above the target figure at 118 % (31 December 2020: 117 %).

The NPL ratio for the Helaba Regulatory Group (in accordance with EBA risk indicator code AQT_3.2) was 0.8 % as at 31 December 2021 (31 December 2020: 0.5 %). As in the previous year, therefore, Helaba fell below the German average published in the EBA Risk Dashboard, which at 1.1 % (as at 30 September 2021) was already very low by European standards.

As at 31 December 2021, the MREL ratio for the Helaba Regulatory Group stood at 62.6 % based on RWAs and 23.6 % based on LRE.

In the Helaba Regulatory Group's MREL portfolio, regulatory own funds accounted for 18.1 %, subordinated (i.e. non-preferred) debt 25.2 % and non-subordinated (i.e. preferred) debt 19.3 %, based on RWAs.

Based on LRE, the composition of the portfolio was as follows: 6.8 % regulatory own funds, 9.5 % subordinated debt and 7.3 % non-subordinated debt. Consequently, the ratio of subordinated instruments was 43.3 % based on RWAs and 16.3 % based on LRE.

The MREL portfolio is therefore well in excess of the current and future MREL requirements specified for the Helaba Regulatory Group by the competent resolution authority.

The specified MREL requirement applicable from 1 January 2022 is 21.60 % of RWAs and 7.11 % of LRE, and the requirement for subordinated instruments is 20.91 % of RWAs and 7.11 % of LRE. The specified requirements from 1 January 2024, both for the regular MREL requirement and the subordinated instruments requirement, are 21.69 % of RWAs (and 24.96 % of RWAs including the combined capital buffer requirements of 3.27 %) and 7.82 % of LRE.

One of Helaba's core strategic areas of activity is to act as a partner, providing targeted support, especially new sustainable products, to help its customers with the transformation to a sustainable future in the form of a climate-neutral and circular economy.

In the Asset Finance business, Helaba structures projects in the renewable energy and social & digital infrastructure segments. It is also successfully implementing 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 or arranged further ESG-linked transactions in 2021. These transactions included the issue of ESG-linked promissory notes in which the interest cost attaching to the promissory note is linked to the entity's sustainability performance.

The issue proceeds from the green bond issued in the first half of the year are being used to fund sustainability-related projects aimed at expanding the use of solar and wind energy. The selected green financing options are based on the EU's draft green bond standard and satisfy the criteria in the forthcoming EU taxonomy for sustainable economic activities. The issue for institutional investors was also accompanied by a tranche specially aimed at retail customers and launched through the Sparkassen sales network. Helaba is pursuing a portfolio-based approach and is planning to issue more green bonds. In addition, Helaba supported the State of Hesse in its first green bond issue and specifically placed a European Investment Bank (EIB) climate awareness bond in the Sparkassen sector.

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

Helaba has updated its strategic agenda and long-term quantitative targets, and is systematically introducing measures to focus on the core areas of activity. 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 non-interest-related business with little capital tie-up and to achieve a better balance across all the sources of income. The strategic agenda now includes investments in the updating of IT infrastructure, the aim of which is also to give further impetus to digital transformation. Another strategic area of activity is the promotion of diversity, which is closely associated with the efforts to tighten and strengthen the sustainability profile of the business. This is one of the foundation stones for greater creativity and innovative capability, especially in connection with the development of new product approaches. The implementation of the strategic agenda continues to progress well and on schedule.

Helaba is a Sparkasse central bank and S-Group bank. It is firmly embedded in the German Sparkassen-Finanzgruppe and has many divisions and subsidiaries that work in partnership with the Sparkassen. As part of the broader diversification of the business model, Helaba also plans to take its collaboration with Sparkassen in the S-Group to an even higher level and quantify this collaboration in the form of the S-Group benefit.

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 component aimed at, among other things, enhancing both equal opportunities and Helaba's innovative and creative capabilities and securing them over the long term. In mid-2021, Helaba signed up to the "ECORE – ESG Circle of Real Estate" initiative because of the ever-increasing importance of ESG compliance in real estate portfolios.

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. The efficiency measures have so far been successfully implemented. The flexibility thus created is facilitating investment in future growth. Whereas beneficial effects from the project continued to materialise in 2021, there was nevertheless a significant rise in costs caused by external factors, primarily the costs of the bank levy.

Financial Position and Financial Performance

Changes to basis of consolidation

The changes to the basis of consolidation in 2021 did not have any material impact on financial position or financial performance. The changes related mainly to property companies in the area of real estate project development.

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

	2021	2020	Change	
	in € m	in € m	in € m	in %
Net interest income	1,326	1,172	153	13.1
Loss allowances	–207	–305	99	32.3
Net interest income after loss allowances	**1,119**	**867**	**252**	**29.1**
Net fee and commission income	485	435	50	11.4
Income/expenses from investment property	218	215	3	1.2
Gains or losses on measurement at fair value	183	4	179	>100,0
Net trading income	80	35	45	>100,0
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	103	–32	135	>100,0
Share of profit or loss of equity-accounted entities	22	4	18	>100,0
Other net income/expense	57	166	–110	–65.9
General and administrative expenses, including depreciation and amortisation	–1,515	–1,468	–46	–3.1
Profit or loss before tax	**569**	**223**	**346**	**>100,0**
Taxes on income	–67	–46	–21	–46.5
Consolidated net profit	**501**	**177**	**325**	**>100,0**

In 2021, the Helaba Group generated profit before tax of €569m (2020: € 223 m), which thus represented a return to the pre-pandemic level. While there was a lasting increase in the significance of net fee and commission income as far as financial performance is concerned as a result of the systematic expansion of customer business, net interest income also benefited from Helaba's participation in the ECB's targeted longer-term refinancing operations. Alongside the rise in operating income, effects from remeasurement at fair value and a reduction in loss allowances also contributed to the very considerable upturn in earnings. On the other hand, the absence of one-off items that had boosted earnings in the previous year led to a fall in other net operating income. The changes in the individual items in the Group's financial performance were as described below.

Net interest income amounted to € 1,326 m and thus went up by 13.1 % year on year (2020: €1,172 m). Favourable long-term funding terms from the ECB were also a significant factor in helping to reduce the effect from negative interest rates. Net interest income from the operating lending business remained stable. The decline in retail business because of the persistently low level of interest rates was offset by a slight rise in interest rate margins in key account lending business. Higher income was generated from early termination fees compared with the prior year. In the reporting year, net interest income was lower because of the transfer of own funds investments from Group Asset/Liability Management to a pension contractual trust arrangement (CTA).

Loss allowances amounted to a net addition (i.e. expense) of € 207 m (2020: net addition of € 305 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 € 26 m (2020: net reversal of € 4 m); stage 2, net addition of € 119 m (2020: net addition of € 258 m); stage 3, net addition of € 117 m (2020: net addition of € 53 m). 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 a balance of € 3 m (2020: € 0 m). The net addition to loss allowances at stage 2 included an additional portfolio-based loss allowance component amounting to a net addition of € 113 m (2020: net addition of € 123 m). For further details, please refer to Note (36) of the consolidated financial statements.

After taking into account the loss allowances, the net interest income of € 867 m in the previous year rose to € 1,119 m in the reporting year.

Net fee and commission income improved significantly to € 485 m, a year-on-year increase of € 50 m. Net fee and commission income is mostly generated by Helaba, Frankfurter Sparkasse, Helaba Invest and the FBG Group. The business with high-net-worth customers is becoming increasingly important in this regard. Once again in the reporting year, fee and commission income from asset management in the FBG Group and at Helaba Invest saw a very significant uptick. Fees and commissions from the management of public-sector subsidy and development programmes at WIBank also rose. On the other hand, fees and commissions from Helaba's securities and securities deposit business declined.

Most of the net income from investment property is generated by the GWH Group and amounted to € 218 m (2020: € 215 m). This figure comprises the balance of rental income, operating costs and the net gains or losses on disposals. In the reporting period, the figure included impairment losses of € 15 m (2020: € 1 m).

Net trading income went up year on year in 2021 to € 80 m (2020: € 35 m) because of improved market conditions. The main drivers behind the positive trend in net trading income were measurement gains on securities as a result of reduced risk premiums in all asset classes and measurement gains on derivatives as a result of a number of factors, notably rising interest rates, leading to "catch-up" effects in net x-value adjustments (XVAs) and measurement markdowns. The emerging economic recovery also continued to boost customer demand for capital market products, resulting in higher trading turnover compared with the previous year in the primary and secondary markets for securities and in the money market products, currencies and derivatives businesses despite persistent noticeable uncertainty arising from the COVID-19 pandemic. Accordingly, the customer business performed satisfactorily and within expectations.

Net income from hedge accounting and other financial instruments measured at fair value (not held for trading) amounted to € 103 m (2020: net expense of € 32 m). The main reasons for the improvement in this figure were "catch-up" effects compared with the previous year in the hedge management strategy, especially in connection with cross-currency interest rate spreads, and a positive trend in equity funds measured at fair value.

Other net income/expense declined from net income of € 166 m to net income of € 57 m. In 2020, this net income had been significantly influenced by an amount of € 97 m arising from the deconsolidation of entities in the real-estate sector (compared with a corresponding amount of € 4 m in 2021). Notably, an addition of € 22 m to restructuring provisions at Frankfurter Sparkasse to cover planned branch closures and other restructuring had an adverse impact in the reporting year. On the other hand, income totalling € 90 m (2020: € 52 m) was derived from the reversal of provisions and the derecognition of non-financial assets. Other net income/expense also included dividend income of € 9 m (2020: € 16 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 € 0 m (2020: net gain of € 10 m).

General and administrative expenses (including depreciation and amortisation) rose by € 46 m to € 1,515 m. These expenses comprised personnel expenses of € 709 m (2020: € 686 m), other administrative expenses of € 678 m (2020: € 654 m) as well as depreciation and amortisation charges of € 128 m (2020: € 128 m). Pay-scale increases in 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. The Group employed an average of 6,267 people in the year under review (2020: 6,238). Stringent management of costs held the rise in other administrative expenses to a modest level, although the very significant hike in the European bank levy to € 73 m (2020: € 51 m) had an adverse impact. However, expenses for the association overhead allocation and the reserve funds declined by € 7 m year on year to € 55 m.

The profit before taxes amounted to € 569 m (2020: € 223 m).

The general and administrative expenses including depreciation and amortisation were covered by the total income (profit before taxes excluding general and administrative expenses, depreciation and amortisation, and loss allowances) of € 2,290 m (2020: € 1,997 m), producing a cost-income ratio of 66.1 % (2020: 73.5 %). Return on equity before taxes rose from 2.6 % to 6.4 %. The return on assets pursuant to article 90 of Capital Requirements Directive IV (CRD IV) was 0.2 % (2020: 0.1 %).

The income tax expense amounted to € 67 m (2020: € 46 m). It was mainly accounted for by tax income of € 81 m at Helaba in Germany (2020: tax expense of € 17 m), a tax expense of € 86 m at Frankfurter Sparkasse (2020: tax expense of € 9 m), a tax expense of € 41 m at the branch in New York (2020: tax expense of € 25 m) and tax income of € 3 m at the London branch (2020: tax expense of € 5 m), plus a tax expense of € 23 m at GWH (2020: tax income of € 10 m). Of the income tax expense, a tax expense of € 59 m was in respect of current taxes. A deferred tax expense of € 8 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 11.8 % (2020: 20.6 %).

Profit after taxes, that is to say consolidated net profit, increased by € 325 m to € 501 m. Of the consolidated net profit, a profit of € 2 m (2020: € 1 m) was attributable to non-controlling interests, with the result that the profit attributable to the shareholders of the parent company amounted to € 500 m (2020: € 176 m). An amount of € 90 m 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. In the previous year, the original plan to distribute the same amount from the consolidated net profit for 2019 had been suspended in line with a recommendation by the ECB. This distribution has not been reinstated and the amount remains part of retained earnings. The servicing of the AT1 bonds, which is also reported as an appropriation of profit, was unchanged on the previous year and amounted to € 14 m.

Comprehensive income for financial year 2021 rose from € 154 m to € 484 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 € 18 m (2020: loss of € 23 m). The remeasurement of the net liability under defined benefit plans caused by the increase in the discount rate had a very significant positive impact. This remeasurement amounted to a gain of € 177 m before taxes (2020: loss of € 78 m). A discount rate of 1.25 % (31 December 2020: 1.00 %) was used to determine pension provisions for the main pension obligations in Germany. On the other hand, credit-risk-related changes in the fair value of financial liabilities designated voluntarily at fair value adversely impacted other comprehensive income with a net loss of € 98 m before taxes (2020: net gain of € 33 m). A further negative impact arose from interest-rate-related measurement effects on debt instruments measured at fair value through other comprehensive income with a net loss of € 123 m before taxes (2020: net gain of € 35 m). The cross currency basis spread in the measurement of derivatives accounted for a net loss of € 10 m before taxes within comprehensive income (2020: net loss of € 7 m).

Statement of financial position

Assets

	31.12.2021	31.12.2020	Change	
	in € m	in € m	in € m	in %
Cash on hand and demand deposit balances with central banks and banks	34,039	26,429	7,610	28.8
Financial assets measured at amortised cost	130,014	131,847	−1,833	−1.4
Bonds	389	–	389	–
Loans and advances to banks	15,686	17,922	−2,236	−12.5
Loans and advances to customers	113,939	113,925	14	–
Trading assets	15,308	21,173	−5,865	−27.7
Financial assets measured at fair value (not held for trading)	27,099	34,438	−7,338	−21.3
Investment property	2,994	2,702	292	10.8
Income tax assets	788	704	85	12.1
Other assets	2,097	2,032	66	3.2
Total assets	**212,341**	**219,324**	**−6,984**	**−3.2**

Equity and liabilities

	31.12.2021	31.12.2020	Change	
	in € m	in € m	in € m	in %
Financial liabilities measured at amortised cost	168,256	167,731	525	0.3
Deposits and loans from banks	60,116	54,391	5,725	10.5
Deposits and loans from customers	63,411	63,062	349	0.6
Securitised liabilities	44,363	49,869	−5,507	−11.0
Other financial liabilities	365	409	−44	−10.7
Trading liabilities	13,301	17,793	−4,492	−25.2
Financial liabilities measured at fair value (not held for trading)	19,069	21,864	−2,796	−12.8
Provisions	1,877	2,551	−674	−26.4
Income tax liabilities	106	144	−38	−26.3
Other liabilities	510	399	111	27.9
Equity	9,222	8,842	381	4.3
Total equity and liabilities	**212,341**	**219,324**	**−6,984**	**−3.2**

The Helaba Group's total assets contracted by € 7.0 bn (3.2 %) to € 212.3 bn in financial year 2021. The decrease in total assets mainly resulted from a targeted reduction in bonds and from a fall in the fair value of derivatives. Total business volume, which includes off-balance sheet liabilities in banking business and fiduciary activities as well as assets, decreased by 1.8 % to € 252.8 bn (31 December 2020: € 257.5 bn).

Cash on hand and demand deposit balances with central banks and banks rose by 28.8 % to € 34.0 bn (31 December 2020: € 26.4 bn). This was attributable to Helaba's further participation in the ECB's longer-term refinancing operations (TLTRO III), which provides funding at favourable rates, and led to an expansion in the demand deposits held with Deutsche Bundesbank. In March and June 2021, the Helaba Group drew down a total of € 6.7 bn under the TLTRO III programme. This brought the total volume drawn down under TLTRO III to € 24.2 bn.

The financial assets measured at amortised cost, which are reported at their net carrying amounts, declined by € 1.8 bn to € 130.0 bn. In particular, the loans and advances to banks included in this amount went down by € 2.2 bn to € 15.7 bn. Of this figure, € 6.3 bn (31 December 2020: € 5.7 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 2020: € 113.7 bn), which are financial assets measured at amortised cost, a figure of € 34.8 bn (31 December 2020: € 34.6 bn) was attributable to commercial real estate loans and € 28.1 bn (31 December 2020: € 29.0 bn) to infrastructure loans.

The cumulative loss allowances recognised in respect of financial assets measured at amortised cost amounted to € 714 m (31 December 2020: € 553 m).

Trading assets recognised at fair value amounted to € 15.3 bn at the reporting date (31 December 2020: € 21.2 bn). The reason for this decrease lay with the positive fair values of derivatives, which declined by € 4.4 bn to € 11.3 bn, mainly due to interest-rate-related measurement effects. The portfolio of bonds and other fixed-income securities also contracted by € 2.2 bn to € 2.3 bn.

Of the financial assets measured at fair value (not held for trading) amounting to € 27.1 bn (31 December 2020: € 34.4 bn), assets of € 16.5 bn (31 December 2020: € 20.3 bn) were accounted for by bonds and other fixed-income securities measured through other comprehensive income. Non-trading derivatives also decreased by € 3.0 bn to € 4.7 bn, meaning that the positive fair values of all derivatives fell by € 7.4 bn overall to € 16.0 bn.

Financial liabilities measured at amortised cost amounted to € 168.3 bn (31 December 2020: € 167.7 bn). Deposits and loans from banks went up by € 5.7 bn to € 60.1 bn because of Helaba's participation in the ECB's TLTRO III programme. Of this figure, € 9.7 bn (31 December 2020: € 10.8 bn) was accounted for by liabilities to Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. Securitised liabilities showed a downward trend, falling by € 5.5 bn to € 44.4 bn. In this regard, the volume of new business was exceeded by the value of maturing contracts. Deposits and loans from customers remained virtually unchanged at € 63.4 bn (31 December 2020: € 63.1 bn).

Trading liabilities recognised at fair value declined by € 4.5 bn to € 13.3 bn. The main reason for this decrease lay with the negative fair values of derivatives, which fell by € 3.9 bn to € 8.6 bn. As on the assets side of the statement of financial position, carrying amounts were reduced by interest-rate-related measurement effects.

Financial liabilities measured at fair value (not held for trading) amounted to € 19.1 bn as at the reporting date (31 December 2020: € 21.9 bn). This figure included non-trading derivatives amounting to € 6.8 bn (31 December 2020: € 9.0 bn), meaning that the total negative fair values of all derivatives fell by € 6.1 bn to € 15.4 bn.

Equity

The Helaba Group's equity amounted to € 9.2 bn as at 31 December 2021 (31 December 2020: € 8.8 bn). The increase was mainly attributable to the comprehensive income of € 484 m (31 December 2020: € 154 m). Accumulated OCI for the Group amounted to a loss of € 529 m (31 December 2020: cumulative net loss of € 511 m). Within this figure, a cumulative loss of € 583 m (31 December 2020: cumulative loss of € 645 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 € 573 m (31 December 2020: cumulative loss of € 701 m) related to remeasurements in connection with pension obligations. The change was mainly attributable to an increase in the discount rate to 1.25 % (31 December 2020: 1.00 %). The balance of the accumulated OCI amounting to cumulative net income of € 54 m (31 December 2020: cumulative net income of € 133 m) is related to items that will be reclassified to profit or loss in future periods. One of the factors contributing to the decrease was the cumulative gains and losses on debt instruments measured at fair value through other comprehensive income amounting to a gain of € 78 m (31 December 2020: € 163 m). Equity was negatively impacted by a loss of € 43 m (31 December 2020: loss of € 37 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 an increase of € 12 m in the currency translation reserve for foreign operations to € 36 m. An amount of € 90 m was distributed from the consolidated net profit for 2020 to the owners based on their shareholdings and capital contributions. An amount of € 14 m was paid in December 2021 to service the AT1 bonds.

Please refer to Note (34) 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 € 569 m in 2021 (2020: € 223 m) were as follows:

in € m

	2021	2020
Real estate	224	252
Corporates & Markets	238	5
Retail & Asset Management	245	202
WIBank	33	33
Other	–144	–307
Consolidation / reconciliation	–27	40
Group	**569**	**223**

Real Estate segment

The Real Estate Finance business line is reported in the Real Estate segment. Products related to financing major commercial projects and existing properties are at the core of the business activities.

In 2021, the volume of new medium- and long-term business in Real Estate Finance decreased substantially, by 12 % year on year, to € 6.1 bn. Margins on new business increased sharply compared with the previous year. The average volume of business was virtually unchanged in 2021.

Net interest income went up year on year, by around 11 %, to € 432 m. The addition to loss allowances was very much greater than the very low prior-year figure at € 86 m , a year-on-year increase of € 82 m. Net fee and commission income came to € 13 m and was thus lower than in the previous year (€ 17 m).

General and administrative expenses came to € 136 m, which was well below the prior-year figure of € 153 m due to lower internal cost allocations.

Profit before taxes for the segment amounted to € 224 m, which equated to a decrease of approximately 9 % compared with the figure for 2020 (€ 252 m) primarily because of the higher loss allowances.

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 Asset Finance division went down significantly, by 11 %, to € 2.1 bn. In the Corporate Banking division, the volume of new business amounted to € 3.3 bn, which was 13 % down on the prior-year level. New business volume in the municipal lending business rose by 36 % to € 1.0 bn. The Savings Banks & SME division generated a new business volume of € 1.5 bn, mainly driven by the development loans business, although this figure fell short of the corresponding prior-year figure, which had been achieved to a very high degree on the back of financial assistance issued to mitigate the economic impact of the COVID-19 pandemic.

Net interest income from lending business in the segment went up, primarily as a result of the higher average volume of business. Income from cash management also increased substantially compared with the previous year. Overall, the segment generated net interest income of € 494 m, around 25 % up on the previous year. Another significant factor in this segment was Helaba's participation in the ECB's TLTRO III programme.

Loss allowances amounted to a net addition of € 48 m (2020: € 63 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 € 175 m and was thus slightly higher than in the previous year (€ 170 m). The increase in this figure can be traced essentially to the lending and payment transactions businesses.

The gains and losses on measurement at fair value (trading and non-trading) amounted to a net gain of € 112 m, which was very much higher than the prior-year net gain of € 37 m due to reversals of losses. Private equity and mezzanine funds also benefited from an uptrend.

Other net income / expense amounting to income of € 9 m was up very significantly compared with the prior-year figure (€ 1 m).

The noticeable contraction in general and administrative expenses of around 6 % resulted largely from lower internal cost allocations and a fall in personnel expenses.

Profit before taxes for the segment came to € 238 m, which was very substantially greater than the figure in 2020 (€ 5 m). The main contributing factors were higher net interest income, lower loss allowances and the improvement in the gains and losses on measurement at fair value.

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 (FBG) and Helaba Invest as well as through Landesbausparkasse Hessen-Thüringen (LBS). 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 € 226 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 reversal of € 1 m, which was very much lower than the prior-year level (2020: net addition of € 29 m), again predominantly accounted for by Frankfurter Sparkasse.

The segment's net fee and commission income saw a notable year-on-year rise to € 273 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 € 218 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, rose very substantially to a net gain of € 16 m in the reporting year (2020: € 3 m) as a consequence of the recovery in capital markets.

Other net income / expense amounting to net income of € 77 m was well below the prior-year figure (2020: net income of € 97 m), which had benefited in particular from two real estate disposals.

The rise of around 2 % in general and administrative expenses for the whole of the segment resulted primarily from the business growth initiatives at the subsidiaries GWH and FBG.

At € 245 m, profit before taxes in the segment was up on the prior-year figure (€ 202 m) by a very significant amount.

WIBank segment

The WIBank segment comprises the Wirtschafts- und Infrastrukturbank Hessen (WIBank) business line. In the reporting year, WIBank generated new business (lending and subsidy business) of around € 3.4 bn.

The strong growth in new business arose primarily from hospital support subsidies and loans provided for the construction of housing for rental.

The approved volume of hospital support rose by 49 % compared with the previous year, from € 273 m to € 407 m. The greater part of this sum is accounted for by the fixed-rate hospital support grant provided by the State of Hesse. In the case of commitments to KfW loans and top-up development loans to support the construction of housing for rental, the prior-year figure was also exceeded by some way.

Net interest income amounted to € 65 m, and thus remained at the prior-year level despite the persistently low level of interest rates. Net fee and commission income (€ 58 m) is derived mainly from the service business and increased very significantly year on year, by around € 12 m, as a result of the expansion in the subsidies development business.

The decline in other net income/expense to a net expense of € 4 m (2020: net income of € 1 m) was attributable to an addition to provisions.

General and administrative expenses came to € 86 m. The marked increase compared with the previous year (€ 79 m) resulted primarily from the planned rise in personnel expenses (caused by an increase in the number of jobs in response to business growth) and from higher expenses for the provision and operation of IT systems.

In 2021, the segment generated profit before taxes of € 33 m, which was on a par with 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.

In the reporting year, investments were transferred to a pension CTA, as a consequence of which the segment's interest income declined. Overall, net interest income in the segment went up by € 52 m to € 132 m in the reporting year, predominantly because of Treasury contributions resulting from its participation in the ECB's tender procedure.

The very significant decline in loss allowances to a net addition of € 74 m (2020: net addition of € 210 m) was primarily attributable to the reassessment of the loss allowance requirement arising from the COVID-19 pandemic.

The gains and losses on measurement at fair value (non-trading) reflected the reversal of losses following the market turmoil in the previous year. The net gain of € 56 m (2020: net loss of € 36 m) equated to a very substantial year-on-year rise of € 92 m.

Other net income/expense in the segment fell very sharply to net income of € 2 m (2020: net income of € 101 m), although the prior-year figure had been significantly affected by a one-off item relating to the conclusion of a real estate project at OFB. In the reporting year, general and administrative expenses amounted to € 248 m (2020: € 209 m), mainly because of the reduced allocation of costs to other segments. In addition, the expenses for the bank levy, most of which are reported under this segment, increased by € 22 m to € 70 m.

The segment incurred a loss before taxes of € 144 m (2020: loss of € 307 m), which equated to an improvement compared with the previous year, largely because of the very sharp fall 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 or loss before taxes under consolidation/reconciliation amounted to a loss of € 27 m (2020: profit of € 40 m).

Comparison with prior-year forecasts

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

	2020 forecast for 2021	2021 actual
Net interest income	Slight increase	+13.1 %
Loss allowances	Continued increase	– 32.3 %
Net fee and commission income	Significantly above prior-year figure	+ 11.4 %
Income / expenses from investment property	Moderate increase	+ 1.2 %
Gains or losses on measurement at fair value	Very significant increase	> 100.0 %
Other net income / expense	Very significant decrease	– 65.9 %
General and administrative expenses, including depreciation and amortisation	Noticeable increase	+ 3.1 %
Profit or loss before tax	At the prior-year level	> 100.0 %
Total assets	Largely unchanged	– 3.2 %
Volume of new medium- and long-term business (excl. WIBank)	Sharp decrease	– 5.9 %

in %

	2020 forecast for 2021	31.12.2021	31.12.2020
Cost-income ratio	Largely unchanged	66.1	73.5
Return on equity	Largely unchanged	6.4	2.6
Common Equity Tier 1 (CET1) capital ratio	In significant decline	14.3	14.7
Leverage ratio	Unchanged	5.7	4.8
Liquidity coverage ratio (LCR)	In significant decline	183.8	201.6
Net stable funding ratio (NSFR)	Noticeable decrease	118.0	117.0

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

The projected increase in net interest income was exceeded by some way because of the participation in the ECB's TLTRO III programme, extended margins, improved funding terms and performance in the subsidiaries that was better than budget.

Following a reassessment of the loss allowance requirement caused by the COVID-19 pandemic, the overall figure for loss allowances for the year was substantially lower than both the budgeted and prior-year figures. As a consequence, net interest income after loss allowances turned out to be well above budget and higher than the figure achieved in the previous year.

The predicted rise in net fee and commission income also exceeded the budget and the prior-year levels. The contribution from net income from investment property remained stable at the prior-year level but fell short of the budget figure.

In total, the gains and losses on measurement at fair value, comprising both trading and non-trading components, exceeded the budget figure. Customer business remained steady and this figure benefited from a narrowing of credit spreads compared with the previous year. Net trading income was very significantly below the budget figure whereas the gains and losses on measurement at fair value (non-trading) were much better than budgeted.

Other net income / expense had been boosted significantly in the previous year by a one-off item relating to the conclusion of a real estate project and declined very substantially in the reporting year, falling short of the budget figure.

The actual figure for general and administrative expenses was slightly below the marked increase predicted for this item. Although costs such as the European bank levy, which are determined externally, exceeded the budgeted levels, this was more than offset by the stringent cost management applied to personnel and non-personnel operating expenses. Within non-personnel operating expenses, the rise in IT expenses and building costs was lower than anticipated in the budget. In addition, certain costs remained well below budget as a result of the COVID-19 pandemic, for example because of the travel and contact restrictions. At the same time, extensive project activities were initiated to upgrade the IT infrastructure. The "Scope – Growth through Efficiency" transformation project launched in 2019 to counter the uptrend in costs continued to be implemented as scheduled.

The reporting year saw a very substantial recovery in profit before taxes compared with the previous year and the figure also turned out to be very much higher than the level anticipated in the budget. Consequently, the cost-income ratio (CIR) improved to 66.1 %.

As at the reporting date, total assets were slightly below the prior-year level but in line with forecasts.

Despite the uncertainty caused by the COVID-19 pandemic, the volume of new medium- and long-term business exceeded the budget figure but was below the prior-year level.

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 overall risk profile and maintain risk-bearing capacity at all times 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 overall 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. The Executive Board specifies threshold values for risk appetite, risk tolerance and – where relevant – risk capacity for each RAF indicator. These values are used to convert the main risk strategy objectives into operational details in the course of 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 current 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. Changes in market values such as discount rates also play a significant role when measuring pension obligations at Group level (IFRS).

- 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.

- Non-financial risk (NFR) at the Helaba Regulatory Group includes reputation risk as well as operational risk. Operational risk comprises the non-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, which is a component of non-financial 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 NFR sub-risk categories:

  - 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 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 assets (digital, physical or verbal) at a technical, procedural, organisational or human resources level.

  I. IT risks are information risks, originally resulting from the use of the IT systems and associated processes (own processes and those operated by third parties) for which Helaba is responsible, that threaten the protection of the Helaba Regulatory Group's information.
  II. Cyber risks are information risks that arise when using resources for which Helaba is not responsible, threatening the protection of Helaba's 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, which is a non-financial risk, is therefore assigned to these risk types in the risk type breakdown based on its impact. Reputation risks include original reputation losses as well as those that arise as a result of an operational loss event.

- 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.

ESG (environment, social, governance) factors may occur in all risk types and are taken into account within the risk management processes of the identified risk types (based on risk drivers). All physical and transitory risk elements are considered in the qualitative analysis.

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 of the LoD 1 units (lending and trading 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 and funding 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, including the risk appetite statement (RAS), first and foremost, and to aggregate all the risks – that is to say the default risks, market risks, liquidity and funding risks, non-financial 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 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.

The composition of the committees and their duties, powers and responsibilities are set out 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 process to determine inclusion begins by considering all direct equity investments of Helaba 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 financial or legal imperative 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, Organisation 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.

The other organisational units must provide the necessary information and assistance to enable the aforementioned Helaba organisational units (including LBS and WIBank) to comply with their assigned responsibilities.

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 (Helaba 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	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	

[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 Helaba (including LBS and WIBank) 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 Helaba Regulatory Group's risk analysis (money laundering, terrorism financing and fraud prevention) and also in part on the Group Policy. This Group Policy sets out the Helaba Regulatory 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, information security 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 (Article 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 27000 family of standards to ensure the availability, confidentiality and integrity of data (Article 5 and Article 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 the 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 2021 once again exceeded the quantified risk exposures by a substantial margin, underlining the conservative risk profile. Helaba had a capital buffer of € 4.8 bn in respect of its economic risk exposures as at the reporting date (31 December 2020: € 4.0 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 general meeting of members of the German Savings Banks Association (DSGV) adopted a resolution concerning the refinement of the Sparkassen-Finanzgruppe's protection scheme on 27 August 2021. The resulting changes implemented ECB and BaFin requirements and made the protection scheme more efficient. A more effective set of decision-making structures was introduced, for example, and it was affirmed in principle that the organisation was prepared to expand its resources with an additional fund to be built up from 2025.

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 € 17.7 bn in total (31 December 2020: € 17.2 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 € 673 m at the end of 2021 (31 December 2020: € 622 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.

Regulatory own funds requirements

Helaba applies the IRBA. The corresponding regulatory requirements as set out in the current 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 and guarantees in accordance with Article 403 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.

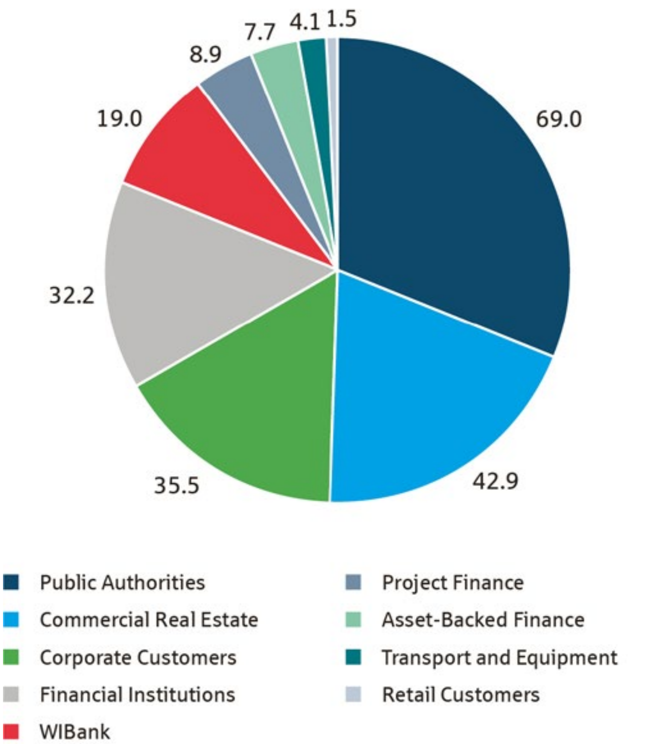
The approved total limits are allocated to individual borrowers, product categories and the operating divisions concerned in accordance with the application for approval. The utilisation of the individual limits is monitored on a daily basis and appropriate measures are initiated immediately if any limit 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 € 220.8 bn as at 31 December 2021 (31 December 2020: € 215.2 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 2021 focused on the following portfolios: public sector, commercial real estate and corporate customers.

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
	31.12.2021	31.12.2020
Germany	152.9	142.5
Rest of Europe	47.5	50.7
North America	19.2	20.3
Oceania	0.5	0.6
Other	0.6	1.1

The table shows that Germany and other European countries continue to account for most of the total lending volume.

Creditworthiness / risk appraisal

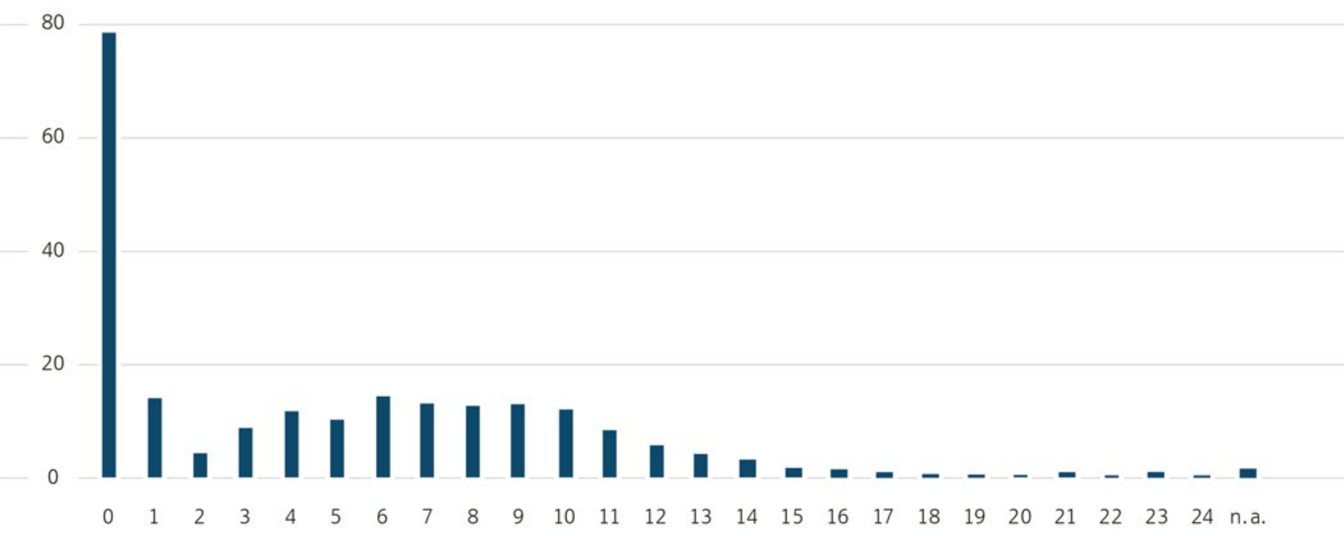
Helaba employs 16 rating systems developed together with DSGV or other Landesbanken and two rating systems developed internally. Based on statistical models, these systems classify loan exposures, irrespective of the customer or asset group, by the fixed probability of default (PD) using a 25-point cardinal 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 € 220.8 bn (31 December 2020: € 215.2 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 seven times the Tier 1 capital of the Helaba Group of institutions. As of 31 December 2021, utilisation was less than four times the liable Tier 1 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 Research & Advisory 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 € 61.9 bn (31 December 2020: € 66.0 bn), most of which was accounted for by borrowers in Europe (68.8 %) and North America (29.5 %). As at 31 December 2021, 75.6 % (31 December 2020: 81.4 %) of these risks were assigned to country rating classes 0 and 1 and a further 24.3 % (31 December 2020: 18.5 %) came from rating categories 2–13. Just 0.1 % (31 December 2020: 0.1 %) fell into rating class 14 or worse.

Exposures in the Russian Federation and Ukraine

As at 31 December 2021, Helaba's net exposure in the narrow Group companies to borrowers in the Russian Federation amounted to approximately € 27 m. The corresponding figure for borrowers in Ukraine was € 0.3 m.

The Bank has identified a growing risk in relation to exposures with borrowers in the Russian Federation as a result of the Russian Federation's attack on Ukraine and has implemented precautionary and risk-mitigating measures in response. The Bank's risk in this respect has been subject to close monitoring since the escalation of the military conflict began (in the fourth quarter of 2021), with associated continuous monitoring and assessment of additional measures in the form of economic sanctions.

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 (entire 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 € 1,496 m (31 December 2020: € 1,558 m). The main reasons for this reduction in the economic risk exposure are the decrease in exposure in the Corporate Banking and Asset Finance divisions and rating improvements in real estate finance. These effects were partially offset by an increase from the HI funds, almost all of which had been sold by the prior year reporting date, and slight increases at WIBank and Frankfurter Sparkasse.

COVID-19 pandemic

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

Helaba is continuing to implement, without changes, the policy it established in 2020, whereby risk sub-portfolios significantly affected by the crisis are actively managed and exposures from these sub-portfolios that have been classified, in particular, as intensively supervised, recovering or non-performing loans are subject to close monitoring on an overarching basis.

To complement existing monitoring approaches, Helaba regularly analysed sectors again in 2021 to assess how far they are affected and carried out sensitivity analyses and scenario calculations to facilitate early identification of risks that might materialise gradually over the course of the year. The analyses completed have highlighted that the COVID-19 pandemic continues to have a substantial impact mainly on companies/sectors involved in transport and trade in the commercial real estate, corporate customers and transport and equipment portfolios, although it did become possible to remove certain sub-portfolios/borrowers from the significantly affected category as the year progressed. The total lending volume to the sectors still classified as critical in these portfolios, which is very much lower than in the prior year, amounted to around € 12.5 bn as at 31 December 2021 (31 December 2020: € 20.3 bn).

The following table shows the volume in respect of the sectors classified as critical and the volume of the customers/transactions in these sectors already on the 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	€ 6.8 bn	€ 1.0 bn
Corporate Customers	€ 3.4 bn	€ 2.0 bn
Transport and Equipment	€ 2.3 bn	€ 0.7 bn

Overall, the lending portfolio for the narrow Group companies proved to be stable for the most part in 2021 just as would be expected given its high quality. Heightened risk materialised as a result of rating deteriorations and, to a much lesser extent, default events. Helaba's loss allowances remained well within the budget. Despite government assistance and individual concessions to borrowers to cushion the adverse effects of COVID-19, it is possible 2022 will bring further COVID-19-induced loan defaults, depending on how the pandemic evolves.

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 2020. 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 € 140 m (31 December 2020: € 107 m) for the Helaba Group from equity risk. The increase was mainly attributable to new investments in private equity 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 Regulatory 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 2021 plus a breakdown by trading book and banking book. The linear interest rate risk is the most significant of the market risk types. The decrease in linear interest rate risk is primarily attributable to the absence from the one-year history of the parameter calculation of the market volatility that had arisen in 2020 as a result of 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 91 % (31 December 2020: 87 %) of the linear interest rate risk for the overall portfolio of the narrow Group companies, US dollar positions 5 % (31 December 2020: 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 and sterling positions. Residual risk amounted to € 9 m for the Group (31 December 2020: € 28 m). The incremental risk in the trading book amounted, with a time horizon of one year and a confidence level of 99.9 %, to € 171 m (31 December 2020: € 120 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 € 453 m (excluding CVA risk, 31 December 2020: € 950 m) for the Group from market risk. The fall in economic risk exposure is primarily attributable to the absence of the heightened market volatility in 2020 triggered by the COVID-19 pandemic.

Group MaR by risk type in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Trading book	9	29	8	25	1	3	–	1
Banking book	37	93	31	88	–	1	6	4
Total	**45**	**118**	**38**	**111**	**1**	**3**	**6**	**4**

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 € 8 m (31 December 2020: € 26 m). The model was modified to use absolute rather than relative volatilities in the fourth quarter of 2021 on the basis of a model amendment request submitted to the banking regulator.

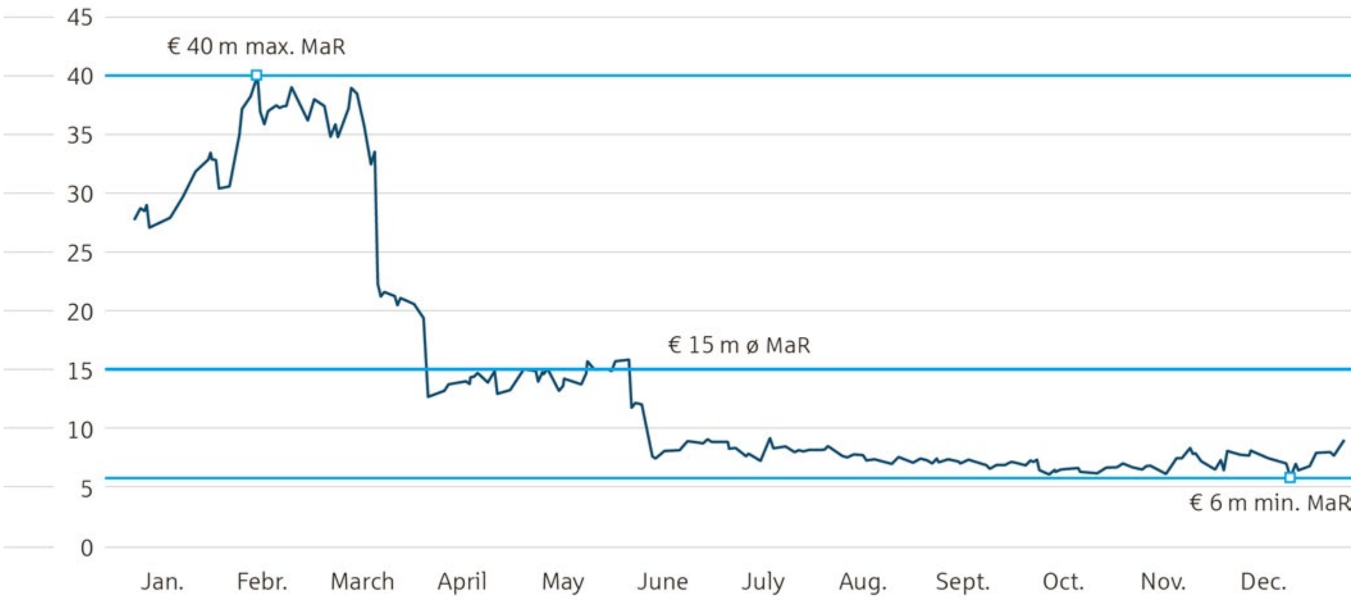
Market risk in the trading book

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 Bank) for the 2021 financial year. The average MaR for 2021 as a whole was € 15 m (2020 as a whole: € 30 m), the maximum MaR was € 40 m (2020 as a whole: € 63 m) and the minimum MaR was € 6 m (2020 as a whole: € 15 m). The changes in risk in financial year 2021 stemmed predominantly from linear interest rate risk and were attributable to regular parameter updates (volatility, correlations), which in the second quarter no longer included market fluctuations caused by the COVID-19 pandemic, and to a normal level of reallocated exposures.

Daily MaR of the trading book in financial year 2021

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 2021

	Q1		Q2		Q3		Q4		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Interest rate risk	29	21	10	31	5	31	6	27	13	27
Currency risk	1	–	1	1	1	1	1	3	1	1
Equities risk	2	1	1	1	1	1	1	1	1	1
Total risk	**32**	**22**	**12**	**32**	**8**	**33**	**7**	**31**	**15**	**30**

Number of trading days: 253 (2020: 253)

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

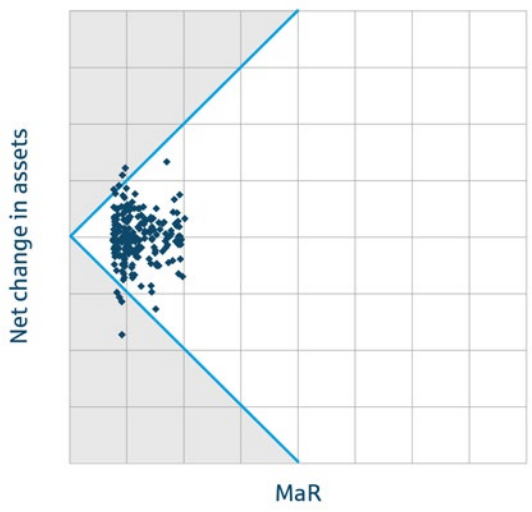
Back-testing

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 2021.

Back-testing for the trading book in financial year 2021

Chart 4



The internal model for the general interest rate risk produced five negative outliers in clean back-testing and nine negative outliers in dirty back-testing in 2021 in regulatory mark-to-market back-testing (2020: three negative outliers in clean back-testing and five negative outliers in dirty back-testing).

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 2021, such an interest rate shock would, in the unfavourable scenario, have resulted in a negative change of € 109 m in the value of the Helaba Group banking book (31 December 2020: € 7 m). Of this figure, € 101 m (31 December 2020: € – 1 m) would have been attributable to local currency and € 8 m (31 December 2020: € 8 m) to foreign currencies. The change compared with the end of 2020 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 2021, 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 and NSFR calculation 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 credit and 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 calendar year 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 the liquidity buffer maintained 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. In the first quarter of 2021, the presentation of liquidity was switched to an economic liquidity coverage ratio in order to expand the dovetailing between regulatory and economic perspectives required in the ILAAP. The coverage in the most relevant scenario (30 day solvency) was 180 % as at the reporting date as a result of the excellent level of liquidity adequacy (31 December 2020: 236 %). This increases to 188 % (31 December 2020: 243 %) if Frankfurter Sparkasse is included. The year-end figures for 2020 come from a parallel calculation. The average coverage ratio in 2021 was 180 %, reflecting the excellent liquidity situation over the course of the year.

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 184 % on 31 December 2021 (31 December 2020: 202%). Stress simulations for the LCR were also calculated.

The Money Market Trading organisational unit borrows / invests 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. The liquidity potentially required is determined and planned using scenario calculations that specifically include a market disturbance and factor in the knowledge gained from line drawdowns during the COVID-19 pandemic.

A total of € 2.7 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 € 0.6 bn as compared with the prior 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 2020).

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. Funding risk is managed economically on the basis of liquidity gap analyses where liquidity mismatches are limited. This risk is also managed from a regulatory perspective using the NSFR, for which a minimum ratio of 100 % became mandatory on 30 June 2021 through CRR II. Stress simulations for the NSFR were also calculated. 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 2021, as was also the case at 31 December 2020. 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 2021 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 31.12.2021	Reporting date 31.12.2020
	VaR 99,9%	VaR 99,9%
Helaba	192	188
Frankfurter Sparkasse, Helaba Invest and other companies included in risk management at the level of individual risks	98	90
Total	**289**	**278**

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 € 289 m (31 December 2020: € 278 m) for the Helaba Regulatory Group from operational risk. The increase is attributable primarily to minor model changes effective from 31 December 2021 and the “other companies” item.

COVID-19 pandemic

Business continuity management (BCM) measures were implemented in response to the COVID-19 pandemic in 2020 and continued in 2021. These measures included the ability to work remotely, which helps to ensure the health and safety of employees and maintain the availability of operating processes.

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 Helaba. 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 Helaba 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.

COVID-19 pandemic

The monitoring of outsourcing arrangements, in particular with regard to the maintenance of outsourced processes and activities and the availability of staff at service provider companies, was stepped up in response to the COVID-19 pandemic. There has been no qualitative change in the third-party risk situation as a consequence of the COVID-19 pandemic.

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 is required to convert the annual financial statements and the management report into a standard electronic reporting format, the European Single Electronic Format (ESEF), for disclosure purposes. 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 2021 reporting date under the economic internal perspective for the calculation of risk-bearing capacity indicates a very significant increase in business risks as compared with year-end 2020 to € 204 m (31 December 2020: € 156 m). This increase stems from an adjustment to the quantification method.

Real estate risk

Risk containment for the real estate projects and real estate portfolios is the responsibility of the Portfolio and Real Estate Management department, the Group Steering division and the Regulatory Group companies. 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.

Sustainability aspects are considered in the measurement of the real estate portfolio and are incorporated into the value assessment as a component of the fair values.

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 € 187 m (31 December 2020: € 174 m) from real estate projects and real estate portfolios. This increase in risk results primarily from the expansion of the real estate project portfolio and remeasurement gains/losses for the real estate portfolio. 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).

A structured analysis process has determined that the subjects of credit finance, institutional asset management, financial service provision, residential management, anti-corruption, corporate culture and human resources activities are all of material significance for Helaba's business. 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.

Helaba is required to provide information regarding the sustainable basis of its financing activities under the EU Taxonomy Regulation in accordance with Article 8 of Regulation (EU) 2020/852 and the supplementing Delegated Regulation (EU) 2021/2178 for the first time for financial year 2021. The disclosures relating to Taxonomy eligibility and the data collection method used are presented in this non-financial statement.

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's overriding commitment to sustainability is founded on its status as a public-law credit institution and its mandate, as defined in its Charter, to operate in the public interest. The strategic business model envisages Helaba as a full-service bank with a pronounced regional focus in Germany and a presence in carefully selected international markets that prioritises long-lasting customer relationships and is tightly integrated into the Sparkassen-Finanzgruppe. A conservative risk profile and close interconnection with the real economy and the S-Group are key to Helaba's approach. Helaba's business model is described in detail in the section "Basic Information About the Group".

Sustainability and social responsibility are permanently enshrined in the business strategy and fully integrated at all levels of management to minimise negative impacts on the environment and society and associated risks to Helaba's reputation. The sustainability guidelines adopted for the Group by the Executive Board back in 2014 set out standards of conduct for business activity, operations, staff and corporate social responsibility. Sustainability and diversity have been core elements of the tripartite strategic agenda defined by the Executive Board since 2020. Helaba's corporate values under the tag line "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.

The HelabaSustained programme launched in 2020 co-ordinates the Group-wide ongoing development of Helaba's sustainability profile across all environment, social and governance (ESG) fields. It aims to help Helaba exploit new business opportunities and support its customers through the transformation to a climate-neutral, circular economy as well as facilitating compliance with regulatory requirements. The concepts devised as part of the programme are to be steadily transferred to line ownership or integrated into core processes. A steering committee comprising members of the Executive Board plus division managers, heads of department and managing directors from key subsidiaries monitors and guides progress.

Helaba developed sustainability objectives (sustainability KPI) in 2021 that are to become an integral element of the management of the organisation from 2022. The defined aims include reducing Helaba's own greenhouse gas emissions, greatly expanding the proportion of business that qualifies as sustainable, promoting diversity and increasing investment in staff and society. Performance indicators with which to measure progress towards the objectives have been integrated into the business strategy.

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. New product ideas were developed in 2021 in multi-stage workshops and have already been piloted. The capacity of Sustainable Finance Advisory has been expanded significantly to cover all customer segments and keep pace with the growing demand for specific advice and individual structuring of sustainable financing solutions.

Work to develop a sustainable data management system began in 2021 to make sure Helaba is able to comply with future ESG-related requirements imposed by legislation and the supervisory authorities. Transaction-related information in relation to the EU Taxonomy Regulation, carbon footprint, ESG risk assessments, eligibility for classification as a sustainable product and contributions to the United Nations Sustainable Development Goals (UN SDG) are to be recorded systematically for relevant transactions from 2022. Helaba will use the data thus accumulated for transparent reporting on its sustainable financing activities. A Sustainable Lending Framework that will show which financing transactions Helaba classifies as sustainable is currently being developed for this purpose. Helaba has committed to bringing about a significant increase in the proportion of its business that can be regarded as sustainable and intends to incorporate this objective into its planning process.

The criteria of the EU Taxonomy Regulation are a key factor in determining which transactions Helaba classifies as sustainable. The EU's current requirements exclude certain products, customer groups and situations from consideration. Project finance for renewable energy projects in non-EU countries, for example, cannot be assessed as Taxonomy-eligible according to the current definition. Helaba also draws on other factors, specifically including the UN SDG, in its assessment of sustainable transactions in accordance with the Helaba Sustainable Lending Framework. Improved data availability in future and the publication of Taxonomy ratios by market participants will have a positive effect on Helaba's Taxonomy eligibility ratio. It is expected that the EU will make further additions and provide greater detail through the announced review phase.

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 economic 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. Actions concerning heating energy and mobility options are currently being developed in pursuit of a further significant reduction in operating greenhouse gas emissions to help set Helaba's banking operations on a firm trajectory to carbon neutrality by 2035 at the latest. Copier paper sourcing was additionally switched to recycled paper in 2021. 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 and requires all its suppliers to accept its code of conduct, which imposes requirements on suppliers that include a stipulation that makes it mandatory for them to document their observance of human rights. Helaba is preparing for the implementation of the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, "LkSG"), which comes into force from 2023, as part of the Helaba-Sustained project and will be scrutinising its supply chain accordingly.

Credit finance

Helaba supports customers with the transformation process necessary to establish a more sustainable business model and continued to build up its range of services in this area in 2021. It structured or supported 20 financing transactions involving contractually agreed sustainability elements (ESG-linked loans/green loans) in 2021, for example, and applied the ESG-linked concept to a leasing company for the first time. It was also particularly active in the financing of renewable energy, rail transport and energy efficiency projects. Helaba played a leading role in 13 transactions in the market for sustainable promissory notes ("ESG-linked SSD") in 2021 too and would like to continue building up its market position here in 2022.

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. Sustainability and exclusion criteria for lending that apply throughout the Group have accordingly been integrated into the existing risk process and risk containment activities since 2017.

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.

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. Helaba has additionally decided that from 2022 onwards, it will not finance transport infrastructure or exploration for new natural gas and oil fields. 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.

Risk management in respect of climate risks is being refined continuously, taking account of factors including the supervisory expectations set out in the ECB's Guide on climate-related and environmental risks and other regulatory disclosure requirements. Recording of the carbon footprint of the lending portfolio (Scope 3 greenhouse gas emissions) has been incorporated as an additional benchmark.

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. The Executive Board has established a Risk Committee to carry out preparatory work ahead of resolutions of the entire Board and to perform tasks specifically assigned to it in the area of risk management.

Institutional asset management

Full-service manager Helaba Invest supports institutional customers along the whole of the professional asset management value chain. Helaba Invest had assets of € 183.1 bn under management in special and retail funds as at 31 December 2021. It manages sustainability-linked portfolios and offers customised solutions for institutional 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 CDP (previously known as the Carbon Disclosure Project). 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 new member of the BVI "Sustainability" committee and an established and proactive 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. In the spring of 2021, Helaba Invest also became involved in the "Pathways to Paris" project launched by WWF Germany and PwC Germany to help promote dialogue between the financial sector and the real economy regarding the transformation to climate-neutral status.

Helaba Invest embedded its sustainability strategy in its business and risk strategy in 2019. The ESG risk strategy developed in 2020 is based on the recommendations of the German Federal Financial Supervisory Authority (BaFin). Helaba Invest began publishing an annual declaration of conformity with the German Sustainability Code (DNK) in 2019. 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.

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.

The Helaba Invest ESG Investment Policy published at the beginning of 2021, which builds on the sustainability principles previously in place, applies to all the investment processes established in Helaba Invest's portfolio management activities. It amounts to a binding foundation in the form of:

- ethical standards covering aspects such as the exclusion from funds managed by Helaba Invest of manufacturers of controversial weapons, which include cluster munitions, land mines and biological, chemical and nuclear weapons;

- sustainability-related risk management, including via the application of the Ten Principles of the UN Global Compact; and

- matters relating to climate change. Companies whose business model depends to a large extent on coal-fired power generation are thus excluded, for example, as are companies that rely on controversial oil and natural gas production methods. Helaba Invest is also working to bring the CO_2 intensity of its portfolios to a sustainable level and began recording and analysing the specific CO_2 intensity of the investment portfolio systematically in 2021.

Helaba Invest had € 35.0 bn under management under its ESG Investment Policy as at 31 December 2021.

It is continuously expanding its product portfolio with new sustainable funds: a further five new sustainable retail funds were added in 2021. Helaba is required by the European Sustainable Finance Disclosure Regulation (EU-SFDR) to assign its funds to different categories and disclose this information transparently to customers from March 2021 (Level 1) . Helaba Invest has chosen, together with its customers, to adopt a conservative approach to the introduction of the SFDR. All sustainable retail funds have accordingly been classified as ESG strategy products (also known per the regulation as Article 8 funds) in accordance with the regulatory requirements. Some special funds have already been classified as Article 8 funds at the request of customers too. The volume of Article 8 funds amounted to € 1.6 bn as at 31 December 2021. A large number of master special funds not currently classified according to the EU-SFDR also already factor in individual sustainability criteria. It has been announced that additional Article -8 funds are to be created in 2022. Examples include a planned Helaba Invest sustainable infrastructure fund of funds.

Helaba Invest offers institutional customers separate sustainability reporting 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 is continuously expanding its commitment to sustainability at corporate level too. It promotes an open and tolerant corporate culture and has made its resolve in this area clear both internally and externally by signing up to the Diversity Charter and participating in German Diversity Day, with which it joined in for the first time in 2021. Helaba Invest aims to minimise its impact on natural resources and the environment. It has been offsetting unavoidable CO_2 emissions retrospectively for each accounting period with climate protection certificates since 2020 and ensuring that its operations are 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 71 branches and advice centres, 25 self-service banking centres, three digital advisory units and over 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 2021, customers held 1,334 basic accounts (31 December 2020: 1,417). 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's "Commitment by German Savings Banks to climate-friendly and sustainable business practices" and the HelabaSustained programme. It launched its own "1822.nachhaltig" sustainability programme, which involves a total of 16 initiatives across seven focus areas designed to enhance and optimise sustainability performance at Frankfurter Sparkasse comprehensively and systematically, in 2021. Specific actions in this context included expanding the range of sustainable products and steps to reduce the institution's carbon footprint. Frankfurter Sparkasse has a designated Sustainability Officer to coordinate the measures being taken to sharpen its sustainability profile and has also established an interdisciplinary working group for this area that meets every four months.

Residential management

GWH Immobilien Holding GmbH leases out and / or manages some 52,000 homes and is accordingly well placed to make a difference regarding environmental and social issues. It aims to provide high-quality, affordable homes for broad sections of the population and to reduce the detrimental effects of the buildings sector on the environment.

GWH is investing strategically in diverse housing concepts for all stages of life for both 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. A total of 147 homes for rent were completed in 2021, for example (2020: 303). GWH also provides local help and advice offices to maintain a trusting relationship with its tenants. Caretakers generally live on site and are thus able to become part of the local community.

GWH has been working to enhance its environmental performance too, introducing holistic processes for the continuous optimisation of its sustainability strategy in respect of all the ESG criteria. It has implemented measures to promote the use of durable natural materials in modernisation programmes and to improve the energy consumption and carbon footprint of its residential buildings, for example, and invests on an ongoing basis in improved insulation and more energy-efficient windows in its housing portfolio. It also has its own energy service provider, Systeno GmbH, which supplies over a third of its homes with heating energy from energy-efficient combined heat and power (CHP) generation and renewable energy sources.

GWH checks the effectiveness of these actions regularly by measuring the reductions achieved in CO_2 emissions. The most recent assessment indicates that total energy consumption in 2020 (439,203 MWh) was approximately 1.19 % lower than it would otherwise have been thanks to thermal insulation improvements and the modernisation of heating systems, a gain that will have reduced CO_2 emissions by 1,050 tonnes (2019: 1,343 tonnes of CO_2). Between 2017 and 2019, around 90 % of the residential units received new energy certificates. At 120 kWh/m²/a (2019: 122), 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 29 % of living space falls under energy efficiency classes A+ to C, around 59 % under classes D to E and approximately 12 % under classes F to H.

In addition to environmental effects, social issues are also of significance for tenants and here too, GWH is committed to making a difference. Its major housing schemes often have highly diverse sociocultural profiles, with around 20 % of the homes provided by GWH being rent-controlled (subsidised) and more than 40 % located in areas subject to special neighbourhood management schemes introduced to address social issues. Such schemes pursue a range of measures intended to improve quality of life and quality of living for residents, create better neighbourhoods and bring about a degree of social equality.

Working with around 59 charitable partner organisations active in the local areas concerned, GWH draws up individual profiles for 20 large neighbourhoods and uses them as a basis for the creation of multi-year neighbourhood plans intended to facilitate proactive community management. 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, accessible thoroughfares 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 also sets up help and advice offices and employs welfare officers to support housing development residents. Discharging its responsibilities to the region in this way enables GWH to foster social cohesion at multiple levels.

A central office to assist tenants encountering payment difficulties was set up 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. Helaba holds regular training sessions on this subject in line with the regulatory requirements and it is mandatory for employees to attend these events at least every two years.

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 2021, 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.

Helaba initiated a new employer brand campaign in 2021 to increase awareness of Helaba as an employer and align recruiting efforts more precisely with the relevant target groups. Key areas addressed included the organisation's internet presence, with a careers site created, campaign pages added and social media channels leveraged to direct anyone interested to the relevant information. Colleagues speaking as brand ambassadors discussed their motivations for working at Helaba, putting a human face on the organisation's value-led ethos and its commitment to sustainability. Measures such as these also make it clear externally just how determined Helaba is to increase diversity.

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 € 2.7 m in 2021 in employee skills development

(2020: € 3.1 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. Twelve women and 21 men began a traineeship or combined work/study programme at Frankfurter Sparkasse in 2021. Frankfurter Sparkasse is therefore once again the largest provider of training places in the banking sector in the Rhine-Main region.

Promoting internal careers and developing high-potential staff so that, ideally, they can be integrated into succession planning is a key priority for Helaba and an important step in making HR work more sustainable. Sustainable in this context means being committed to long term partnerships with employees and bringing them on within the organisation so that they are ready to take up important roles as these become vacant. A systematic potential identification exercise was conducted in 2021 with employees who might be suitable for management roles or positions with particular technical, sales or project responsibility. Those selected have the opportunity to undertake professional development at Helaba based on their strengths and areas of learning, either by following a structured personal development 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. 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. 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.

Helaba has been more concerned than ever for its employees and their families since the onset of the COVID-19 pandemic. It set up a vaccination point at the Offenbach Kaiserlei site, for example, and arranged visits by mobile vaccination teams at its other large sites in 2021 to enable and encourage employees to have themselves immunised against COVID-19.

Corporate culture

Helaba nurtures a corporate culture focused on building trust, sharing responsibility and honouring commitments made. It accordingly challenges all line managers to push the three aspects of trust, responsibility and dependability (referred to within the organisation as the “Three Vs” on account of the German terms to which they correspond) 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 Vs enables employees to interact and work together effectively on issues virtually as well as face-to-face. 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.

Diversity and equal opportunities

A signatory of both the Diversity Charter and the UN Global Compact, Helaba has established key principles in its code of conduct that underline its commitment to a working environment without discrimination in which the diverse skills and capabilities of employees are properly valued. Helaba’s aim in increasing the diversity of its teams is to become more innovative and help improve its risk culture. It seeks to provide an inclusive environment and fair access to opportunities so that every employee at every stage of life can contribute to its long-term success irrespective of age, gender, ethnicity, educational and professional background, geographical origin, sexual identity, disability and the like. Its approach in this area is very much a holistic one: its efforts to establish a diverse and inclusive workplace are part of a continuous process.

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.

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 seminars to support career development for female employees, established 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

	31.12.2021	31.12.2020	31.12.2019
Proportion of women	47.1 %	47.0 %	47.8 %
Proportion of female managers	23.4 %	22.8 %	21.8 %
Proportion of women on the Executive Board (Helaba Bank)	0.0 %	0.0 %	0.0 %
Proportion of women on the Supervisory Board (Helaba Bank)	30.2 %	28.3 %	29.4 %
Proportion aged > 50	50.1 %	48.6 %	48.4 %
Proportion aged 30 – 50	41.8 %	42.5 %	45.7 %
Proportion aged < 30	8.4 %	8.8 %	8.0 %
Proportion of employees with disabilities	6.0 %	5.9 %	6.1 %

Basic principles under employment law and remuneration policy

Around 95 % of employees work in Germany (2020: 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 (2020: 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, the long-term objectives and gender-neutral remuneration. The remuneration for around 56 % of employees is collectively agreed (2020: around 60 %), with the pay for more than 80 % of this proportion being set under the collective agreement for public-sector banks (2020: more than 80 %). Remuneration for the remaining 40 % or so is not subject to a collective salary agreement (2020: 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 the EBA guidelines.

The inclusion of sustainability targets in the form of long-term profitability and stability is intended to ensure that no incentive is created to take on unreasonable risks. One of the effects of Helaba's remuneration policy and practices (which include retention and the definition of performance criteria) is to support a long-term approach to the management of environmental and climate risks, as described in the ECB Guide on climate-related and environmental risks, in line with the organisation's risk appetite and risk strategy. This approach is addressed in Helaba's targets system.

Helaba additionally began agreeing targets relating to sustainability factors and implementing them in the employee targets system in 2021. These targets include the KPIs derived from the strategic ESG objectives. The aim is to make sure all employees are conscious of the sustainability transformation and the associated opportunities and risks and are able to play their part in full.

A breakdown of the remuneration systems and the total values of all remuneration components is 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 3.2 % (departure initiated by the employee; 2020: 3.1 %), an average period of service of 15.1 years (2020: 14.8 years) and a low absenteeism rate of 4.0 % (absence caused by illness as evidenced by a doctor's certificate; 2020: 3.7 %) are testimony to a high degree of satisfaction and significant employee commitment.

EU Taxonomy disclosures

There is a need to direct investment towards sustainable activities in order to achieve the European Union's climate and energy targets for 2030 and the objectives of the European Green Deal. The EU Action Plan on Financing Sustainable Growth accordingly provided for the creation of a common classification system for sustainable economic activities and the implementation of an "EU Taxonomy" (Regulation (EU) 2020/852), which came into force on 12 July 2020.

Helaba is required under Article 8 1. of the EU Taxonomy to screen its lending business and other relevant transactions and to disclose information about the extent to which the activities financed are environmentally sustainable.

The delegated act issued by the European Commission on 6 July 2021 (Delegated Regulation (EU) 2021/2178) sets out the details of the environmental sustainability reporting obligations resulting from the EU Taxonomy. Article 10 of the delegated act states that the disclosure requirements are to come into force gradually.

The requirement for reporting years 2021 and 2022 is that relevant transactions be screened to determine their "Taxonomy eligibility". The proportions of the total assets of the regulatory consolidated group that are Taxonomy-eligible and Taxonomy non-eligible, respectively, and the business exempted from Taxonomy eligibility screening must be reported in the form of key performance indicators (KPIs).

A transaction is Taxonomy-eligible if it is one of the economic activities described in Annexes I and II of the Climate Delegated Act complementing the EU Taxonomy of 4 June 2021 (Delegated Regulation (EU) 2021/2139). This applies irrespective of whether the economic activity meets all the technical screening criteria for Taxonomy alignment defined in the act. Taxonomy-eligible economic activities have so far only been defined in the Climate Delegated Act for two environmental objectives ("contributing substantially to climate change mitigation" and "climate change adaptation").

The following table presents the KPIs that have to be disclosed as at 31 December 2021 based on the regulatory consolidated group.

in %

	31.12.2021
KPI 1: proportion of total assets accounted for by economic activities that are Taxonomy-eligible	15.7
KPI 2: proportion of total assets accounted for by economic activities that are Taxonomy non-eligible	29.8
KPI 3: proportion of total assets accounted for by exposures to central governments, central banks and supranational organisations	28.3
KPI 4: proportion of total assets accounted for by derivatives (only derivatives used for hedging under hedge accounting)	0.3
KPI 5: proportion of total assets accounted for by exposures to companies that are not required to publish a non-financial statement	14.9
KPI 6: proportion of total assets accounted for by the trading portfolio (including trading and banking book derivatives)	9.2
KPI 7: proportion of total assets accounted for by short-term interbank loans	0.2

The Green Asset Ratio (GAR) will also have to be disclosed in a second step when the extended reporting obligations come into effect from the 2023 reporting year. The requirements of the EU Taxonomy that have already been specified for the future determination of the GAR were taken into account when determining the aforementioned KPIs. Risk exposures that are excluded from the numerator of the GAR to be published from 2023 onwards were classified from the outset as not relevant for Taxonomy eligibility screening in order to avoid any discontinuity between the KPIs as at 31 December 2021 and the GAR as at 31 December 2023. This applies to the risk exposures included in KPIs 3 to 7 and to loans and advances to private households that are not secured against residential real estate and are not modernisation loans or vehicle loans. The GAR must be presented using the preliminary standard template of Annex VI of the delegated act (Delegated Regulation (EU) 2021/2178) on the basis of both total assets and covered assets (total assets minus the trading portfolio according to the FINREP definition and exposures to central governments and central banks). Using covered assets as the denominator would give a Taxonomy eligibility ratio as at 31 December 2021 of 25.1 % instead of the KPI 1 of 15.7 % determined on the basis of total assets.

According to the EU requirements, only certain product and customer groups, namely loans and advances, bonds and equity instruments for companies subject to the NFRD and loans and advances to municipal and local authorities whose intended purpose is to finance public-sector residential construction or specialised financing are included when determining the proportions of total assets accounted for by economic activities that are Taxonomy-eligible and that are Taxonomy non-eligible (KPI 1 and 2). These individual transactions regarded as relevant for Taxonomy eligibility screening may only be included in the KPI 1 numerator if their intended purpose corresponds to one of the economic activities identified as Taxonomy-eligible in Annex I or II of the Climate Delegated Act. If there is no such correspondence or if the intended purpose is unknown and cannot be determined with confidence using market data, the transaction must be included in the KPI 2 numerator as Taxonomy non-eligible. Loans and advances to private households that are secured against residential real estate or take the form of modernisation loans or vehicle loans are considered to be Taxonomy-eligible and are to be shown in KPI 1.

No use was made for the 2021 report of information from external data providers because the information available did not provide sufficient detail and estimates and approximations are not permitted when ascertaining Taxonomy eligibility. It will be possible to include KPIs published by the counterparties themselves for this purpose in future, but these are not yet available. The Taxonomy-eligible transaction / Taxonomy non-eligible transaction classification (numerators for KPI 1 and 2) was determined in accordance with standardised Group-wide criteria and methods by Helaba's front and back office units and the subsidiary companies of the regulatory consolidated group for the first time in 2021.

Existing definitions and delineations from FINREP were used in principle to ensure maximum coherence between financial and non-financial reporting. In the case of loans and advances, for example, whether or not a counterparty was subject to the NFRD was assessed on the basis of whether it fell within the small and midsize enterprises (SME) bracket. All loans and advances to companies based in the European Economic Area that are not SMEs according to FINREP were included in Taxonomy eligibility screening.

The transactions to be included in the numerator for KPIs 3 to 7 do not need to be screened for Taxonomy eligibility. KPI 3 covers transactions with central banks and government entities, excepting transactions with municipal and local authorities whose intended purpose is to finance public-sector residential construction or specialised financing, which do have to be screened for Taxonomy eligibility. The numerator for KPI 4 includes the derivatives used for hedging under hedge accounting. The trading and banking book derivatives form a part of KPI 6 (trading portfolio according to FINREP). SMEs and companies based outside the European Economic Area were included in the numerator for KPI 5. KPI 7 expresses demand and overnight deposits at credit institutions as a proportion of total assets.

Outlook and Opportunities

Economic conditions

The global economy continues to recover despite the ongoing emergence of new virus variants. China has lost momentum but still has a critical role to play in overcoming the global bottlenecks. The US economy is performing disproportionately well in spite of the pandemic and is expected to grow by around 4 % once again in 2022. The significance of global bottlenecks should fade over the course of the year.

Overall growth in the euro zone is likely to be slightly higher than growth in Germany in 2022 at close to 4 %. Countries such as Italy and Spain are receiving a significant economic boost from the NextGenerationEU stimulus programme. Tourism can be expected to bounce back in Southern Europe too as the Omicron wave passes. The current supply-side difficulties plaguing the German economy are having less of an impact in other countries where manufacturing is less prominent.

Having increased total assets massively over the last two years, the ECB will be reducing its government bond purchasing activities in 2022. The probability of it beginning to raise interest rates again towards the end of 2022 has increased substantially as a result of stubbornly high inflation. It will probably adopt a more moderate approach to tightening monetary policy than other central banks, which will shield the euro capital markets to an extent from the global upwards trend in yields. The US Federal Reserve will be changing course faster than originally planned due to the high level of inflation. It has multiple increases of the key benchmark rate on its agenda for 2022.

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.

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 and pay regular dividends.

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 prosecute the "Scope – Growth through Efficiency" transformation project created to counter the upwards pressures on costs in recent years with full vigour.

The HelabaSustained programme launched in 2020, which brings together all of Helaba's initiatives to strengthen its sustainability profile, is driving and coordinating progress across all ESG areas (environment, social, governance) throughout the Group. Helaba has adopted ambitious sustainability objectives and these are now being integrated into the management of the organisation. This is backed by a Group-wide KPI management system, ensuring that progress towards a Bank led by sustainability is well documented. New products for lending and deposit business with an ESG aspect are being developed continuously too and sustainability-related advisory services for customers (both corporate customers and customers of the Sparkassen) are being expanded with significantly increased staffing levels. Requirements of ESG relevance that are laid down in legislation or by the supervisory authorities are addressed and implemented on an institution-wide basis.

Helaba sees particular opportunities for growth in sustainable finance. It has been structuring projects in the renewable energy and digital infrastructure fields successfully for many years and its involvement in the structuring and syndication of green, social and ESG-linked finance and promissory notes increased again in 2021. Helaba was able to take on the role of ESG Coordinator for a number of mandates, for example. Its significantly expanded offering in the Sustainable Finance Advisory area enables Helaba to support customers with client-focused, cross-product information and advisory services regarding financing solutions that incorporate sustainability elements and to tap into further potential for growth in the sustainability segment. Helaba aims here to build up its ESG expertise across the whole of the Group so that it can offer customers a truly holistic advisory service.

Helaba successfully placed its first green bond in mid-2021, laying the foundations that will enable it to position itself in the bond market as a sustainable issuer. In this regard, Helaba is making the most of its established market access to place new sustainable funding instruments with investors.

The digital transformation is marching on and will continue to bring huge changes to the banking industry as well as to attract other competitors to the market. Helaba itself also plans to continue pressing ahead with digitalisation using a systematic approach.

Trends in digitalisation are analysed and assessed on an ongoing basis and strategically relevant initiatives instigated and coordinated based on the implementation of the existing digitalisation strategy. The established "Digital Transformation Committee", which brings together senior management expertise from the front office and corporate centre units, also ensures that Helaba maintains a comprehensive overview of the opportunities opened up by digital transformation. Helaba pursues collaborative partnerships with fintechs, or makes equity investments in such entities, through its equity investment company Helaba Digital. It intends to continue expanding the portfolio of strategic equity investments and thereby proactively help to shape the development of the markets concerned. Digitalisation initiatives include applications at the customer interface and improvements to internal processes. The latter in particular are now not so much opportunities as essential steps to realise the cost efficiency and short process times necessary to remain competitive. 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 working capital and foreign trade financing processes. The ongoing development of payment transactions in the direction of programmable payments and programmable money could also present new opportunities for Helaba, which is a major player in payment transaction business.

Helaba played an active role in the collaborative project run by the German Banking Industry Committee to design a "digital euro" and draw up use cases for programmable payments in 2020 and 2021. The challenge now is to develop specific solutions for ongoing use by customers. Helaba has identified opportunities associated with a wide range of potential applications for the tokenisation of assets in addition to options for using distributed ledger technology for programmable payments. Tokenisation could open up new opportunities throughout the Group in the future as well as providing a basis for the development of expanded business approaches.

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. In a project that will run for a number of years, 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.

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. It aims to establish a modern, capable and efficient IT environment to support the development of innovative products and the integration of platform solutions.

It is implementing a programme throughout the Bank with the aim of extensively enhancing the efficiency of Helaba IT systems over the next few years, during the course of which the application landscape and IT platforms will be upgraded. The associated reduction in complexity will simplify working processes, cut duplicated data capture and retention, and enhance the quality of value creation, thereby improving overall customer benefit. This will put in place the foundations necessary for access to innovative products, the use of platforms inside and outside Helaba, and the creation of strategic partnerships that offer our customers added value and enable Helaba to stand out effectively from its competitors.

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 provision of attractive sustainable financing products, the digitalisation of customer-facing processes and interfaces and the enhancement of its regional presence. In mid-2021, Helaba signed up to the "ECORE – ESG Circle of Real Estate" initiative because of the ever-increasing importance of ESG compliance in real estate portfolios. The objective of the initiative is to draw up uniform standards for assessing the compliance of real estate with ESG requirements so that sustainability in real estate portfolios is transparent, measurable and more comparable.

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. It has identified opportunities associated with the digitalisation and optimisation of processes and systems throughout the value chain as well as with closer integration of corporate banking activities with the FBG Group.

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.

There are particular opportunities to be realised in this context assisting the Sparkassen and their customers through the economic transformation to come, most notably with the Sustainable Finance Advisory service and the advice and support it is able to offer to the Sparkassen and with Helaba's ability to structure finance taking account of sustainability factors.

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, not least co-operative arrangements with selected fintechs.

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 based on the girocard 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 #DK initiative (German Banking Industry Committee) and the European Payments Initiative (EPI), which aim to provide a secure, demand-based and efficient payments process in Germany and, optionally, in Europe. Helaba is continuing to systematically advance the digitalisation of its payment transactions services.

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. Its network of local branches, which still represents the cornerstone of its sales organisation, will in future be augmented by digital advisory units for private and business customers. 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. Sustainability concerns are becoming more and more important in investment and lending business too.

Frankfurter Sparkasse's digital sales platform, 1822direkt, once again received multiple awards in 2021 for the quality of its products, advice and service, highlighting the appeal of its offering. It also received the accolade of "Best bank" in the overall rating resulting from Germany's largest assessment of banking services. Frankfurter Sparkasse intends to make even greater use of existing market opportunities by stepping up its expansion of securities business and home finance for private customers.

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 – AM Liquid, AM Illiquid and Administration (master investment company) – presents opportunities for it to build on its position as the largest provider of special funds both within and outside the Sparkassen-Finanzgruppe. 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 for all the investment processes established in Helaba Invest's portfolio management activities) gathers pace. Helaba Invest has been carbon neutral as an organisational unit since 2020.

Helaba Invest continued to expand its range of sustainability-focused products consistently in 2021. Further sustainability-linked products are planned. These products anticipate regulatory requirements with the aim of creating an offering in line with market requirements. Corporate social responsibility activities are also being expanded as part of a holistic approach to sustainability. Helaba Invest participated in German Diversity Day for the first time in 2021 for example, thereby also demonstrating externally its commitment as a sustainability-oriented employer.

Helaba believes that there is further growth potential for the Group from the business with high-net-worth customers via the FBG subsidiary. The private bank in the Sparkassen-Finanzgruppe, FBG works with a large number of Sparkassen. Its strategic holding in IMAP M&A Consultants AG (Deutschland), a market leader in the midsize corporates segment, extends FBG's range of services to include SME corporate transactions, enabling it to consolidate and further enhance its position as a capable end-to-end provider for German SMEs and owners of family businesses. Closer integration of corporate banking activities will create additional opportunities to increase IMAP's scope of action.

Potential exists for the GWH Group to continue growing its portfolio of managed residential units through the real estate funds business line and also by buying and building new housing portfolios, especially in regions of strong economic performance. 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. These activities pay due regard to ongoing, sustainable optimisation of the energy and carbon footprint of residential buildings.

OFB is opening up further growth opportunities by covering all areas of the real estate business. In this regard, it is also consistently taking into account the various aspects of sustainability. In particular, OFB can consolidate its position by increasing its development activities through further diversification across sectors and regions of the market. OFB is also aiming to press ahead with IT optimisation and the digitalisation of various business processes.

In the development business segment, there are more opportunities and potential available from the further expansion of the product portfolio, in particular the accelerated integration of sustainability objectives. Ongoing digitalisation and process optimisation also remain a priority, as does improving the online service provided for customers. Examples include the implementation of the electronic file ("eAkte"), the launch of the new digital customer portal and the WIBank chatbot, an AI-powered solution that helps customers find introductory information about subjects of interest. Particular opportunities have also been identified in the further expansion of products to support housing construction, especially in urban areas, and in economic development. Risk capital and guarantee product propositions in particular are to be expanded to speed up the necessary transformation of the economy.

Helaba receives ratings from rating agencies Moody's Investors Service (Moody's), Fitch Ratings (Fitch) and Standard & Poor's (S&P). Moody's has awarded Helaba an issuer rating of "Aa3", plus a rating of "P-1" for its short-term liabilities. In the case of Fitch and S&P, Helaba is rated jointly with the Sparkassen in Hesse and Thuringia in the form of an S-Group rating. Fitch confirmed its ratings for the Sparkassen-Finanzgruppe Hessen-Thüringen at "A+/F1+" and raised the outlook to stable in 2021. S&P downgraded its assessment of the German market as the basis for its bank ratings in 2021. The Sparkassen-Finanzgruppe Hessen-Thüringen too had its rating lowered by one notch to "A-/A-2" as a result but the outlook was still rated "stable".

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 Sparkasse 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 joint lending operations with Sparkassen for larger SME clients, international business and the intensification of the successfully established Group-wide cross-selling of products from the subsidiaries, for example in the area of high-end private banking through Frankfurter Bankgesellschaft.

The expertise pooling agreement concluded between Helaba and LBBW in December 2021 marked an important step in the process to make structures in the Sparkassen-Finanzgruppe more efficient overall and further hone Helaba's competitive edge. The combined effect of these moves will be to consolidate Helaba's market-leading position and expand its role as central S-Group partner for the Sparkassen in these business areas. Work to implement the measures has already begun and will be completed in a series of stages over the period through to the beginning of 2023.

International documentary business and international payment transactions for Sparkassen and their customers will in future be processed through Helaba, meaning that Helaba will be available to the majority of the Sparkassen in Germany as central partner in these two areas. Plans are in place to develop Helaba's partnership with the Sparkassen further to strengthen its role as central correspondent and leading provider of payment transaction processing services for the S-Finanzgruppe. The transfer of physical foreign notes and coins and precious metals transaction intermediary services to Helaba opens up new opportunities for it as a leading provider within the Sparkassen-Finanzgruppe in foreign notes and coins and precious metals business.

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. Inorganic growth is an option for public-sector banks too as a way of putting their business model on an even sounder footing, facilitating sustainable growth and exploiting new opportunities in the market. Helaba will remain open to the idea of partnerships and possible mergers in future.

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 market situation. The Bank has also identified development opportunities involving broader diversification and the ongoing expansion of business areas in non-interest income business. Sustainable finance is a high 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. Alongside growth initiatives, Helaba is also aiming for further efficiency enhancements as part of digital transformation.

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 business growth in 2022. Forecasters expect the economy to continue bouncing back in 2022 following the global downturn in 2020 triggered by COVID-19 and the nascent turnaround apparent in 2021, although the scale of this recovery will still be very much dependent on the evolution of the pandemic and its knock-on effects (including supply chain difficulties). Increasing geopolitical tensions add a further measure of uncertainty to the mix. Loss allowances are expected to be lower as a result of the ongoing economic recovery. 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 again impact negatively on lending business. Taken together, these various factors represent the primary constraints for Helaba's 2022 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 well above the prior year's level again in 2022. New business has been planned taking account of the uncertainty associated with COVID-19 and the possibility of higher capital backing requirements that may be required as a result of rating migrations affecting individual borrowers. Loans and advances to customers are budgeted to remain stable at the same level as the prior year overall, with total assets expected to decline by a moderate amount.

Interest income from lending business is expected to rise slightly in 2022 on the back of further increased average margins, improved funding conditions and the expansion of planned new business. The contribution from participation in the ECB tendering process (TLTRO III), on the other hand, will be sharply reduced such that net interest income is forecast to be slightly lower overall.

Net interest income is expected to increase again in the medium term.

The Helaba Group anticipates no significant change in credit risk even if the COVID-19 pandemic were to persist. Helaba has implemented precautionary measures in response to factors including possible risks from the crisis involving the Russian Federation and Ukraine, countries in which it has a small total exposure to borrowers of approximately € 27 m. This resulted in an addition to the portfolio-based loss allowance as part of the management adjustment.

Having been increased very significantly by additions made on a precautionary basis in prior years, total loss allowances are now quite substantial in size and it is therefore assumed that it will be possible to reduce additions to loss allowances in 2022.

The ongoing consistent expansion of customer business, most notably at the subsidiary companies, suggests net fee and commission income will again be noticeably stronger than in the prior year.

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

Valuation gains or losses – net trading income and gains and losses on measurement at fair value (non-trading) – will return to more normal levels in 2022. This indicates a sharp reduction as compared with the prior year figure, which was heavily affected by the reversal of impairments.

Other comprehensive income was significantly affected by one-off items in 2021 and is therefore likely to be significantly higher in 2022. The real estate projects of OFB and GWH and the expansion of real estate funds business have an important role to play in the planned course of business development.

General and administrative expenses are expected to be affected by another substantial increase in externally induced costs (including the European banking levy) in 2022. Project activities, particularly those associated with the modernisation of the IT infrastructure, and scheduled increases in collectively agreed pay will also have a negative effect on general and administrative expenses, as will the growth initiatives at the subsidiaries and in development business. General and administrative expenses are nevertheless expected to increase by only a moderate amount due to Helaba's rigorous cost management and the consistent implementation of the measures from the Scope – Growth through Efficiency project established in 2019.

Group net profit before taxes for 2022 is budgeted to be largely unchanged from the prior year, with income from operations continuing to grow and loss allowances down from the levels seen in 2021.

Return on equity should accordingly be stable and the cost-income ratio should remain within the target range (< 70 %). The Common Equity Tier 1 capital ratio for the Helaba Regulatory Group is budgeted to decrease slightly as a result of the planned expansion of business. 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). Helaba has a target LCR of 125 %, which is above the regulatory minimum requirement, at Group level in 2022. The Helaba Group actually expects an LCR of around 135 % for financial year 2022.

The net stable funding ratio (NSFR) – a medium- and long-term liquidity ratio – is to be introduced on a mandatory basis from June 2021 after the CRR II comes into force. The target figure for 2022 is 105 %. The Helaba Group is forecasting an NSFR of around 110% for 2022.

The wide-ranging implications of the COVID-19 pandemic remain the main risk factor in terms of the Helaba Group's performance. The aforementioned uncertainties are the factor most likely to cause actual developments to differ substantially from the economic parameters assumed by Helaba on the basis of its macroeconomic forecasts.

Expected development of the segments

A recovery from the effects of the COVID-19 pandemic is expected in the domestic and international real estate lending business segment. Helaba's consistently strong market position and a growing volume of business should produce a noticeable increase in income in 2022. The volume of new medium- and long-term real estate lending business in 2022 is budgeted to be very significantly above the prior-year level. Additions to loss allowances in the Real Estate segment are expected to be much lower than in the prior year. With general and administrative expenses remaining stable, the segment's profit before taxes in 2022 is anticipated to be very significantly higher than the prior-year level.

Income in the Corporates & Markets segment from municipal lending business is expected to be noticeably lower in 2022. Business with corporate customers is expected to yield essentially stable income in Asset Finance but noticeably lower income in Corporate Banking, where the prior-year figure was affected by one-off items. This income will be offset by a sharply increased charge from the expected loss allowance, only a small part of which is allocated to actual default events. A very large increase is anticipated in capital market business by the end of 2022. Savings Banks & SME expects income to return to more normal levels in 2022 after the significant growth seen in 2021. Profit before taxes is forecast to be significantly lower than the prior-year figure overall in 2022 as a result of this development.

In the Retail & Asset Management segment, regional market leader Frankfurter Sparkasse will remain a long-term positive contributor to earnings in 2022, although earnings performance is forecast to be very significantly below the prior-year figure on account of the ongoing adverse impact of low interest rates and the expected higher additions to loss allowances. GWH is anticipating significantly increased contributions to earnings in 2022 compared with the prior year. Helaba Invest is expected to post slightly higher earnings in 2022. Frankfurter Bankgesellschaft should see a further increase in earnings, although general and administrative expenses will also rise due to the ongoing expansion of its business. Overall profit before taxes is expected to be down noticeably year on year.

Moderate growth in the volume of business is expected in 2022 for the WIBank segment. The forecast noticeable increase in income as compared with the prior year is likely to be offset by the anticipated rise in general and administrative expenses. The overall effect of these developments will be to hold profit before taxes at 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 down on the prior-year level. OFB expects income in 2022 to be substantially down on the prior-year figure, which was affected by the completion of multiple high-volume projects.

Overall assessment

Helaba recorded a Group net profit before taxes of € 569 m (2020: € 223 m) for financial year 2021 and is thus firmly back on course. This most welcome result, which brings Helaba right back to pre-pandemic levels, underlines the stability of the broadly diversified business model and the operational strength of the business segments. Work to expand the ESG product range and the Sustainable Finance Advisory proposition progressed well in 2021 and the modernisation of the IT infrastructure commenced as scheduled.

In operating business, net fee and commission income in particular increased significantly. Net interest income was boosted by Helaba's participation in the ECB's tendering process. The rigorous approach to cost management instituted through the Scope – Growth through Efficiency and FRASPA 2025 transformation programmes has helped to counter the upwards pressure on costs.

Helaba was able to reduce additions to loss allowances in 2021 as compared with the high level seen in 2020 thanks not least to the economic recovery. This was done taking full account of possible negative consequences of the COVID-19 pandemic and geopolitical tensions.

The actions implemented from the strategic agenda are working and were progressed consistently in 2021.

General conditions appear set to remain difficult in 2022 as a result of the persistent uncertainty stemming from the developing inflation situation, the future course of the pandemic, supply chain bottlenecks and geopolitical tensions. Thanks to its broadly diversified business model and the consistent implementation of the strategic agenda, Helaba finds itself well placed to engage with the challenges to come in 2022. There are opportunities available for further growth too in connection with the essential transformation process on the pathway to sustainable economic systems. Helaba's earnings target for 2022 is in line with the medium-term objective.

The net profit generated in financial year 2021 allows Helaba to service all subordinated debt, profit participation rights and silent participations, pay a dividend and make appropriations to reserves.

Frankfurt am Main / Erfurt, 1 March 2022

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 2021

	Notes	2021 in € m	2020 in € m	Change in %
Net interest income	(4)	1,326	1,172	13.1
Interest income		3,349	3,340	0.3
thereof: Calculated using the effective interest method		1,919	2,085	–7.9
Interest expenses		–2,023	–2,168	6.7
Loss allowances	(5)	–207	–305	32.3
Net interest income after loss allowances		**1,119**	**867**	**29.1**
Dividend income	(7)	9	16	–43.3
Net fee and commission income	(8)	485	435	11.4
Fee and commission income		617	555	11.2
Fee and commission expenses		–132	–119	–10.2
Net trading income	(9)	80	35	>100,0
Gains or losses on other financial instruments mandatorily measured at fair value through profit or loss	(10)	–297	29	>–100,0
Gains or losses on financial instruments designated voluntarily at fair value	(11)	403	–59	>100,0
Net income from hedge accounting	(12)	–3	–2	–35.6
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	(13)	–0	10	>–100,0
thereof: From financial assets measured at amortised cost		–0	2	>–100,0
Share of profit or loss of equity-accounted entities	(14)	22	4	>100,0
Other net operating income	(15)	266	356	–25.2
General and administrative expenses	(16)	–1,387	–1,340	–3.5
Depreciation	(17)	–128	–128	0.6
Profit or loss before tax		**569**	**223**	**>100,0**
Taxes on income	(18)	–67	–46	–46.5
Consolidated net profit		**501**	**177**	**>100,0**
thereof: Attributable to non-controlling interests		2	1	51.6
thereof: Attributable to shareholders of the parent		500	176	>100,0

Consolidated Statement of Comprehensive Income

for the period 1 January to 31 December 2021

	2021	2020	Change
	in € m	in € m	in %
Consolidated net profit according to the consolidated income statement	**501**	**177**	**>100,0**
Items that will not be reclassified to the consolidated income statement:	**62**	**–28**	**>100,0**
Remeasurement of net defined benefit liability	177	–78	>100,0
Change in fair value of equity instruments measured at fair value through other comprehensive income	1	4	–78.1
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	–98	33	>–100,0
Taxes on income on items that will not be reclassified to the consolidated income statement	–19	13	>–100,0
Items that will be subsequently reclassified to the consolidated income statement:	**–79**	**5**	**>–100,0**
Share of profit or loss of equity-accounted entities	–0	–0	64.8
Unrealised gains (+)/losses (–) recognised in the reporting period	–0	–0	64.8
Gains (–)/ losses (+) reclassified to the consolidated income statement in the reporting period	0	0	–64.8
Change in fair value of debt instruments measured at fair value through other comprehensive income	–123	35	>–100,0
Unrealised gains (+)/losses (–) recognised in the reporting period	–124	42	>–100,0
Gains (–)/ losses (+) reclassified to the consolidated income statement in the reporting period	0	–7	>100,0
Gains or losses from currency translation of foreign operations	12	–13	>100,0
Unrealised gains (+)/losses (–) recognised in the reporting period	12	–13	>100,0
Gains or losses from fair value hedges of currency risk	–10	–7	–28.6
Unrealised gains (+)/losses (–) recognised in the reporting period	–10	–7	–28.6
Taxes on income on items that will be subsequently reclassified to the consolidated income statement	42	–9	>100,0
Other comprehensive income after taxes	**–18**	**–23**	**23.6**
Comprehensive income for the reporting period	**484**	**154**	**>100,0**
thereof: Attributable to non-controlling interests	2	1	51.6
thereof: Attributable to shareholders of the parent	482	153	>100,0

Consolidated Statement of Financial Position

as at 31 December 2021

Assets

		31.12.2021	31.12.2020	Change
	Notes	in € m	in € m	in %
Cash on hand, demand deposits and overnight money balances with central banks and banks	(20), (36)	34,039	26,429	28.8
Financial assets measured at amortised cost	(21), (36)	130,014	131,847	–1.4
Trading assets	(22)	15,308	21,173	–27.7
Other financial assets mandatorily measured at fair value through profit or loss	(23)	5,702	8,206	–30.5
Financial assets designated voluntarily at fair value	(24)	3,661	3,955	–7.4
Negative fair values of hedging derivatives under hedge accounting	(25)	541	1,258	–57.0
Financial assets measured at fair value through other comprehensive income	(26), (36)	17,194	21,018	–18.2
Shares in equity-accounted entities	(27)	40	49	–19.1
Investment property	(28)	2,994	2,702	10.8
Property and equipment	(29)	669	682	–2.0
Intangible assets	(30)	161	134	20.0
Income tax assets	(31)	788	704	12.1
Current income tax assets		193	126	53.4
Deferred income tax assets		596	578	3.1
Other assets	(32)	1,228	1,166	5.3
Total assets		**212,341**	**219,324**	**–3.2**

Equity and liabilities

	Notes	31.12.2021 in € m	31.12.2020 in € m	Change in %
Financial liabilities measured at amortised cost	(21)	168,256	167,731	0.3
Trading liabilities	(22)	13,301	17,793	−25.2
Negative fair values of non-trading derivatives	(23)	4,850	7,322	−33.8
Financial liabilities designated voluntarily at fair value	(24)	12,268	12,872	−4.7
Negative fair values of hedging derivatives under hedge accounting	(25)	1,951	1,671	16.7
Provisions	(33)	1,877	2,551	−26.4
Income tax liabilities	(31)	106	144	−26.3
Current income tax liabilities		98	136	−27.9
Deferred income tax liabilities		8	8	1.0
Other liabilities	(32)	510	399	27.9
Equity	(34)	9,222	8,842	4.3
Subscribed capital		2,509	2,509	–
Capital reserves		1,546	1,546	–
Additional Tier 1 capital instruments		354	354	–
Retained earnings		5,338	4,942	8.0
Accumulated other comprehensive income (OCI)		−529	−511	−3.5
Non-controlling interests		4	2	76.6
Total equity and liabilities		**212,341**	**219,324**	**−3.2**

Consolidated Statement of Changes in Equity

for the period 1 January to 31 December 2021

in € m

	Subscribed capital	Capital reserves	Additional Tier 1 capital instruments	Retained earnings	Accumulated other comprehensive income	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
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**
Dividend payment				–104		–104	–	–104
Comprehensive income for the reporting period				500	–18	482	2	484
thereof: Consolidated net profit				500		500	2	501
thereof: Other comprehensive income after taxes					–18	–18	–	–18
As at 31.12.2021	**2,509**	**1,546**	**354**	**5,338**	**–529**	**9,218**	**4**	**9,222**

Consolidated Cash Flow Statement

for the period 1 January to 31 December 2021

in € m

	2021	2020
Consolidated net profit	**501**	**177**
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	356	459
Additions to and reversals of provisions outside the scope of application of IFRS 9	–11	–13
Other non-cash expense/income	–201	–121
Gains or losses from the derecognition of non-financial assets and financial instruments	–80	–71
Other adjustments	–1,275	–1,126
Subtotal	**–710**	**–695**
Changes in assets and liabilities from operating activities after adjustment for non-cash items:		
Loans and receivables measured at amortised cost	2,013	–1,838
Trading assets/liabilities	1,917	–3,017
Other loans and receivables mandatorily measured at fair value through profit or loss	21	26
Loans and receivables designated voluntarily at fair value	89	229
Loans and receivables measured at fair value through other comprehensive income	17	–38
Other assets/liabilities from operating activities	–565	322
Financial liabilities measured at amortised cost[1)]	160	12,371
Financial liabilities designated voluntarily at fair value	–100	–168
Interest received	3,461	3,421
Interest paid	–1,731	–2,065
Dividends and profit distributions received	9	16
Income tax payments	–59	–62
Cash flow from operating activities[1)]	**4,522**	**8,503**
Proceeds from the disposal of:		

in € m

	2021	2020
Financial assets measured at amortised cost excluding loans and receivables	73	–
Other financial assets mandatorily measured at fair value through profit or loss excluding loans and receivables	1,696	1,426
Financial assets designated voluntarily at fair value excluding loans and receivables	1	4
Financial assets measured at fair value through other comprehensive income excluding loans and receivables	5,977	9,190
Investment property	42	41
Property and equipment	44	31
Intangible assets	3	–0
Payments for the acquisition of:		
Financial assets measured at amortised cost excluding loans and receivables	–461	–
Other financial assets mandatorily measured at fair value through profit or loss excluding loans and receivables	–1,152	–668
Financial assets measured at fair value through other comprehensive income excluding loans and receivables	–2,605	–6,341
Investment property	–368	–353
Property and equipment	–41	–100
Intangible assets	–50	–59
Effect of changes in basis of consolidation:		
Proceeds from the disposal of subsidiaries and other operations	4	229
Payments made for the acquisition of subsidiaries and other operations	0	–
Cash flow from investing activities	**3,163**	**3,398**
Dividend payments	–104	–14
Repayment of lease liabilities	–46	–50
Change in cash and cash equivalents from other financing activities (subordinated liabilities)[2]	11	–2
Cash flow from financing activities[1]	**–139**	**–66**

	2021	2020
		in € m
Cash and cash equivalents as at 1.1.	**26,429**	**14,555**
Cash flow from operating activities[1]	4,522	8,503
Cash flow from investing activities	3,163	3,398
Cash flow from financing activities[1, 2]	–139	–66
Effect of exchange rate changes, measurement changes and changes in basis of consolidation	64	39
Cash and cash equivalents as at 31.12.	**34,039**	**26,429**
thereof: Cash on hand	70	71
thereof: Demand deposits and overnight money balances at central banks and banks	33,969	26,358

[1] Prior-year figures corrected: the repayment of lease liabilities of € 50 m is now reported as a separate line under cash flow from financing activities. In the previous year, this amount had been included in the financial liabilities measured at amortised cost within cash flow from operating activities.
[2] Non-cash changes in subordinated liabilities amounted to a decrease of € 3 m (31 December 2020: decrease of € 1 m) and were attributable to accrued interest and measurement effects.

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, the repayment of lease 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 2021 included € 44 m relating to entities consolidated for the first time (31 December 2020: € 1 m). Deconsolidations in the reporting period did not lead to the derecognition of cash and cash equivalents (2020: € 0 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

182 Disclosures on Financial Instruments and Off-Balance Sheet Transactions

249 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 2021 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. If a figure is reported as "0", this means that the amount has been rounded to zero. If a figure is reported as "–", this means that the figure is zero.

The IFRSs and International Financial Reporting Standards Interpretations (IFRICs) that were in force as at 31 December 2021 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 01 March 2022 and will be submitted for approval by the Board of Public Owners on 30 March 2022.

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 (36))
- the calculation of the fair values of certain financial assets and liabilities (see Note (39))
- provisions and other obligations (see Note (33)).
- 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 COVID-19 pandemic has significantly heightened the uncertainty surrounding the necessary assumptions, estimates and assessments in accounting policies. The main areas of uncertainty are the assessment about future macroeconomic conditions and the analysis of whether there has been a significant rise in credit risk. Helaba has taken into account its assessment of future macroeconomic conditions that were not yet fully reflected in the loss allowance models as at the reporting date by recognising a portfolio loan loss allowance. For further details, please refer to Note (36).

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 2021 financial year was the first year in which mandatory application was required for the following IFRSs and IFRICs adopted by the EU. The adoption of the new or amended standards and interpretations had little or no impact on the consolidated financial statements.

- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9

  The IASB has published the final amendments to IFRS 17 relating to the accounting treatment of insurance contracts. An associated amendment to IFRS 4 has been applied at the same time, as a result of which the existing option to delay the initial application of IFRS 9 has been extended to the new date on which IFRS 17 comes into effect.

- Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions beyond 30 June 2021

  The amendments to IFRS 16 Leases extend the optional practical expedient available to lessees in connection with the assessment as to whether a rent concession (such as a rent deferral or reduction) in connection with the COVID-19 pandemic is a modification or not.

- Amendments and additions to various standards in connection with the reform of interbank offered rates (IBOR), phase 2. 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 and additions to IFRS 9 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. In particular, the practical expedients for the accounting treatment of modifications of the large number of existing contractual relationships are 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.

Implementation of the IBOR Reform at Helaba

Helaba is continuing to use a project to manage the reforms initiated by regulators. The implementation of the reforms requires extensive modifications to contracts and IT systems.

At 31 December 2021, the previous EONIA rates were switched to the euro short-term rate (€STR), and key LIBOR rates to risk-free rates, in accordance with mandatory requirements. This involved switching the GBP LIBOR, CHF LIBOR and JPY LIBOR to SONIA (Sterling Overnight Index Average), SARON (Swiss Average Rate Overnight) and TONAR (Tokyo Overnight Average Rate) respectively, and eliminating the EUR LIBOR as well as short-term USD LIBOR rates. During 2021, the Helaba Group successfully modified the vast majority of contracts with customers affected by these changes unless the contracts were expiring anyway or were being terminated in good time by mutual consent. In individual cases, fallback provisions that have already been agreed as a precaution in loan agreements or the ISDA protocols (ISDA IBOR Fallbacks Protocol and IBOR Fallbacks Supplement) are being used in the derivatives business.

The central clearing counterparties used by the Bank in derivatives business changed over their discount curves back in 2020 and applied appropriate compensation payments in connection with the adjustment of interest agreements for collateral in line with €STR requirements. Similar to the changes made by central clearing counterparties, interest agreements in bilateral collateralised transactions were switched to €STR with compensation payments or adaptations for the modified €STR. Accordingly, for its internal purposes, the Bank is also using measurement parameters that have been adapted for the €STR and SOFR benchmarks. The changeover in derivative transactions carried out by clearing houses in 2021 did not have any material impact on the Bank.

In 2021, the Bank signed up to the ISDA fallback protocols. In a small number of cases, no advance contractual modifications were agreed with the counterparties in derivatives contracts. These transactions related predominantly to the previous GBP LIBOR and are being continued in accordance with the ISDA fallback protocols.

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 2021, the notional amounts of these interest rate swaps designated as hedges with a variable component affected by the IBOR reform amounted to € 66.8 bn on an unnetted basis (31 December 2020: € 69.4 bn). The bulk of this overall notional amount is linked to the Euro Interbank Offered Rate (EURIBOR).

Overall, there were no material effects on financial circumstances from the contractual changeovers. Likewise, the contractual changeovers had no material impact on hedge accounting relationships.

The contractual switch from USD LIBOR rates for existing contracts (i.e. contracts closed up to and including 2021) is mandatory by 30 June 2023. USD LIBOR rates can still be expected up to 30 June 2023 (at the latest) for at least common maturities. From 2022, the new risk-free rates are mandatory benchmarks for new transactions in the USD currency area. At a very early stage, Helaba began to use the new SOFR (Secured Overnight Financing Rate) benchmark interest rate in customer contracts.

As regards EURIBOR, it is currently unlikely that there will be any specific switch to a potential successor benchmark interest rate under the reforms already carried out.

Unmodified contracts held by the Bank that were still in existence at 31 December 2021 but nevertheless affected by the switch in benchmark interest rates mainly related to the USD LIBOR and EURIBOR.

in € m

	Non-derivative financial assets		Non-derivative financial liabilities		Derivatives (notional amounts)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
EONIA	400	10,496	3,723	8,400	–	15,977
EURIBOR	22,497	21,920	3,074	7,863	446,969	407,441
LIBOR						
USD	11,327	11,221	442	1,693	53,110	49,878
GBP	3,212	4,617	17	257	8,155	23,936
CHF	140	198	–	–	152	1,837

Overall, no material impact is anticipated at the moment from outstanding modifications, changeovers or amendments to other market parameters used in valuations. The impact and market changes arising from the outstanding switch away from USD LIBOR rates and from existing hedges structured on this basis are currently still being analysed.

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 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- 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

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts
- Annual Improvements to IFRSs – 2018–2020 Cycle

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

To improve comparability with other line items of the statement of financial position, the Helaba Group has adjusted the presentation of the demand deposits and overnight money balances with central banks and banks line item in the notes. In the new presentation, the item is broken down by the Group's measurement categories for financial instruments. This has led to presentation changes within Notes (20) and (36).

In Note (36), the plus/minus sign used for the balance of loss allowances has been adjusted. From now on, the loss allowances will be reported without a minus sign. This has led to a corresponding change in the plus/minus signs within the statements of changes in loss allowances. This change in the use of plus/minus signs means that the balance of loss allowances and the provisions for loan commitments and financial guarantees are now presented in the same way, i.e. as positive figures, thereby making the credit risk disclosures more comprehensible and consistent.

At the reporting date, the Helaba Group modified the IFRS 9 transfer logic. It no longer exercises the 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 option was only used for investment-grade bonds and other fixed-income securities. From 31 December 2021, these transactions are now also subject to the standard criterion for a transfer into stage 2 and will be allocated to stage 2 if there has been a significant increase in credit risk since the date of initial recognition. All financial instruments falling within the scope of the impairment model are therefore subject to a uniform transfer logic, thereby ensuring that the presentation is more consistent and transparent. This modification constitutes a change in accounting estimates in accordance with IAS 8.32 et seq. At the reporting date, the change resulted in FVOCI transactions with a gross carrying amount of € 46 m being reported in stage 2 instead of stage 1.

As part of an upgrade to its measurement models and estimation procedures, Helaba has made two modifications to the calculation of credit risk arising in connection with OTC derivatives (credit value adjustments). Firstly, the estimation of credit spreads derived from bonds has been modified in line with the new market environment in the wake of the IBOR reform. The yield curve used for discounting in connection with determining the credit spreads for different maturities has been switched from EONIA to €STR rates. The credit spreads determined in this way are used in turn to determine the probability of default applied in the calculation of the credit value adjustment. This modification had a negative effect of € 35 m on net trading income. The second modification relates to guarantees received in the customer business: where such guarantees have been received from third parties and the credit quality of the guarantor has led to a lower probability of default than that arising from the original customer rating, Helaba has estimated the probability of default on the basis of the credit quality of the guarantor. This modification resulted in a positive effect of € 18 m on net trading income.

These measurement model modifications constituted changes to estimates in accordance with IAS 8.32 et seq.

The figure for the repayment of lease liabilities has been added to the cash flow statement. The presentation of the prior-year figures has been adjusted accordingly.

Presentation changes or adjustments have been applied to prior-year figures within the disclosures in Notes (8) and (36). Details are included in the relevant disclosures. There has been no impact on the figures for consolidated net profit or equity from these changes.

(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 multistage 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 121 entities are consolidated in the Helaba Group (31 December 2020: 115). Of this total, 90 (31 December 2020: 85) entities are fully consolidated and 31 entities are included using the equity method (31 December 2020: 30). 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 24 (31 December 2020: 27) subsidiaries, 17 (31 December 2020: 17) joint ventures and ten (31 December 2020: 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

FHP Projektentwicklung GmbH & Co. KG, Berlin	Initial consolidation due to reaching materiality in February 2021, acquired in prior years
GWH Digital GmbH, Frankfurt am Main	Established in August 2021
HI-FSP-Infrastruktur-Fonds, Frankfurt am Main	Fund issued in April 2021
HI-Helaba Aktien Return-Fonds, Frankfurt am Main	Fund issued in January 2021
HI-Helaba Renten Return-Fonds, Frankfurt am Main	Fund issued in January 2021
OFB Biotech Campus GmbH & Co. KG, Frankfurt am Main	Established in August 2021
OFB gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	Treatment changed from equity accounting to consolidation due to departure of fellow partner in April 2021
OFB MK 14.3 GmbH & Co. KG, Frankfurt am Main	Treatment changed from equity accounting to consolidation due to departure of fellow partner in April 2021
OFB Sechste PE GmbH & Co. KG, Frankfurt am Main	Established in September 2021

Entities removed

Erste Veritas Frankfurt GmbH & Co. KG, Frankfurt am Main	Merger into Helaba in October 2021
HI-Helaba Aktien Return-Fonds, Frankfurt am Main	Contribution to pension plan assets in September 2021
HI-Helaba Renten Return-Fonds, Frankfurt am Main	Contribution to pension plan assets in September 2021
HI-HTNW Fonds, Frankfurt am Main	Entity removed in September 2021 due to immateriality
HI-RentPlus-Fonds, Frankfurt am Main	Fund liquidated in August 2021

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 HI-Helaba Aktien Return-Fonds amounted to € 2 m. The deconsolidation of HI-Helaba Renten Return-Fonds and HI-HTNW Fonds together resulted in an overall loss of approximately € 1 m. Helaba also received a retrospective purchase price payment of € 3 m for an entity deconsolidated in the previous year. The net gains on deconsolidation are reported within other net operating income.

Changes in the group of equity-accounted entities

Entities added

G & O MK 12 GmbH & Co. KG, Frankfurt am Main	Shares acquired in February 2021
Gatelands Immobilien GmbH & Co. KG, Schönefeld	Established in February 2021
Projekt am Sonnenberg Wiesbaden GmbH, Essen	Shares acquired in April 2021

Entities removed

OFB gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	Treatment changed from equity accounting to consolidation due to departure of fellow partner in April 2021

(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.

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

In the tender procedure in March and June 2021, the Helaba Group drew down funding totalling € 6.7 bn (compared with a total of € 17.5 bn in June and September of the previous year), which means that its total borrowing under the ECB's TLTRO III programme amounted to € 24.2 bn as at 31 December 2021.

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 guaranteed reduction in this interest rate of 50 basis points for a special interest period up to 23 June 2022. In addition, depending on the growth in net lending granted as at a particular accounting date, there is also the opportunity to earn an additional interest benefit for special interest periods in the form of a (pro rata) reduction in the primary debt.

In 2021, the income from negative interest rates in connection with liabilities included a TLTRO III bonus amount totalling € 147 m (2020: no bonus). 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. The availability of additional interest benefits depends on the attainment of future net lending growth as at particular accounting dates. This condition was satisfied on 31 March 2021 in respect of the special interest period from 24 June 2020 to 23 June 2021 and was confirmed in writing by Deutsche Bundesbank on 9 September 2021. The receipt of any additional interest benefit for the special interest period from 24 June 2021 to 23 June 2022 will be decided in June 2022, depending on the net lending granted by Helaba. As it was reasonably certain that all conditions would be satisfied or that the entitlement would arise, this additional interest benefit was recognised in 2021 on a pro rata basis.

in € m

	2021	2020
Interest income from	**3,349**	**3,340**
Financial assets measured at amortised cost	**1,885**	**2,016**
thereof: Calculated using the effective interest method	1,828	1,964
Bonds and other fixed-income securities	1	–
Loans and receivables	1,884	2,016
Non-trading financial assets mandatorily measured at fair value through profit or loss	**636**	**735**
Bonds and other fixed-income securities	8	23
Loans and receivables	4	4
Derivatives not held for trading	624	708
Financial assets designated voluntarily at fair value	**27**	**28**
Bonds and other fixed-income securities	3	3
Loans and receivables	24	25
Financial assets measured at fair value through other comprehensive income	**91**	**121**
thereof: Calculated using the effective interest method	91	120
Bonds and other fixed-income securities	85	114
Loans and receivables	6	7
Hedging derivatives under hedge accounting	**240**	**214**
Financial liabilities (negative interest)	**398**	**156**
Financial liabilities measured at amortised cost	398	156
Financial liabilities designated voluntarily at fair value	–	0
Other	**72**	**70**
Cash on hand and demand deposit balances	0	1
thereof: Calculated using the effective interest method	0	1
Commitment fees	72	69

Table continued on next page.

		in € m
	2021	2020
Interest expense on	**–2,023**	**–2,168**
Financial liabilities measured at amortised cost	**–849**	**–978**
Securitised liabilities	–263	–337
Deposits and loans	–585	–640
Other financial liabilities	–1	–1
Derivatives not held for trading	**–467**	**–481**
Financial liabilities designated voluntarily at fair value	**–161**	**–176**
Securitised liabilities	–52	–55
Deposits and loans	–109	–120
Hedging derivatives under hedge accounting	**–285**	**–349**
Financial assets (negative interest)	**–240**	**–155**
Financial assets measured at amortised cost	–239	–155
Financial assets measured mandatorily at fair value through profit or loss	–1	–0
Financial assets designated voluntarily at fair value	–0	–1
Financial assets measured at fair value through other comprehensive income	–0	–0
Provisions and other liabilities	**–22**	**–28**
Unwinding of discount on provisions for pension obligations	–21	–26
Unwinding of discount on other provisions	0	–0
Sundry liabilities	–2	–2
Net interest income	**1,326**	**1,172**

The interest income on financial assets measured at amortised cost that is not determined using the effective interest method largely consists of early termination fees.

(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

	2021	2020
Financial assets measured at amortised cost	**–191**	**–296**
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	–
Additions to cumulative loss allowances	–0	–
Reversals of cumulative loss allowances	0	–
Loans and receivables	–191	–296
Additions to cumulative loss allowances	–507	–509
Reversals of cumulative loss allowances	314	212
Direct write-offs	–3	–3
Recoveries on loans and receivables previously written off	6	4
Financial assets measured at fair value through other comprehensive income	**0**	**–1**
Bonds and other fixed-income securities	0	–0
Additions to cumulative loss allowances	–0	–1
Reversals of cumulative loss allowances	1	1
Loans and receivables	0	–1
Additions to cumulative loss allowances	–3	–1
Reversals of cumulative loss allowances	3	0
Loan commitments	**–3**	**–3**
Additions to provisions	–53	–45
Reversals of provisions	50	42
Financial guarantees	**–14**	**–5**
Additions to provisions	–32	–29
Reversals of provisions	19	24
Total	**–207**	**–305**

(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 (36)). Likewise, please refer to Note (36) for general disclosures on modifications and the distinction between substantial and non-substantial modifications.

In both the reporting period and the prior year, there were no gains or losses from non-substantial modifications of contractual cash flows.

(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

	2021	2020
Related to financial assets mandatorily measured at fair value through profit or loss	**7**	**14**
Equity shares and other variable-income securities	3	7
Shares in unconsolidated affiliates	2	5
Shares in non-equity-accounted joint ventures	0	0
Other equity investments	2	2
Related to financial assets measured at fair value through other comprehensive income	**1**	**2**
Other equity investments	1	2
Total	**9**	**16**

(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

	2021	2020
Lending and guarantee business	76	76
Account management and payment transactions	135	130
Asset management	142	111
Securities and securities deposit business	41	48
Management of public-sector subsidy and development programmes	56	44
Other fees and commissions	35	25
Total	**485**	**435**

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	**14**	**209**	**356**	**59**	**–**	**–21**	**617**
Lending and guarantee business	13	77	1	–	–	–5	87
Account management and payment transactions	–	71	70	–	–	–1	140
Asset management	–	–	155	–	–	–5	150
Securities and securities deposit business	–	54	60	–	–	–6	109
Management of public-sector subsidy and development programmes	–	–	–	56	–	–	56
Other	1	6	69	3	–	–4	75
Revenue in accordance with IFRS 15 under other operating income	**–**	**1**	**61**	**0**	**71**	**–10**	**123**
Total	**14**	**210**	**416**	**59**	**71**	**–30**	**740**

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
Fee and commission income	**18**	**195**	**307**	**47**	**–**	**–12**	**555**
Lending and guarantee business	16	63	2	–	–	–0	82
Account management and payment transactions	–	67	71	–	–	–1	136
Asset management	–	–	121	–	–	–5	115
Securities and securities deposit business	–	62	54	–	–	–4	112
Management of public-sector subsidy and development programmes	–	–	–	44	–	–	44
Other	1	3	60	2	–	–2	65
Revenue in accordance with IFRS 15 under other operating income	**–**	**1**	**48**	**1**	**52**	**–13**	**88**
Total	**18**	**196**	**356**	**47**	**52**	**–25**	**643**

[1] Prior-year figures adjusted: Because of an incomplete reallocation as part of an internal reorganisation, the prior-year figures have been adjusted for the lending and guarantee business (Corporates & Markets +€ € 1 m, Retail & Asset Management –€ 1 m), securities and securities deposit business (Corporates & Markets +€ 19 m, Retail & Asset Management –€ 19 m) and other (Corporates & Markets +€ 1 m, Retail & Asset Management –€ 1 m). Accordingly, the fee and commission income summary lines and the overall total lines have also been adjusted (Corporates & Markets +€ 21 m, Retail & Asset Management –€ 21 m).

As at 31 December 2021, the balance of receivables and contract assets in connection with IFRS 15 amounted to € 169 m (31 December 2020: € 74 m). As at 31 December 2021, Helaba had contractual liabilities of € 3 m (31 December 2020: € 4 m) that were expected to crystallise in the subsequent year with income of at least the same amount. As yet unrecognised income subject to revenue recognition over a period of time amounted to € 292 m as at 31 December 2021 (31 December 2020: none). The revenue is expected to be recognised in full by 2024.

(9) Net Trading Income

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.

in € m

	2021	2020
Equity-/index-related transactions	**2**	**1**
Equity shares and other variable-income securities	–2	–0
Equities	–2	0
Investment units	0	–0
Equity/index certificates	10	–1
Issued equity/index certificates	–6	2
Interest-rate-related transactions	**94**	**39**
Bonds and other fixed-income securities	–71	120
Loans and receivables	–19	38
Repayable on demand and at short notice	–0	–0
Securities repurchase transactions (reverse repos)	–2	–1
Other fixed-term loans	–17	39
Other receivables not classified as loans	–0	0
Short sales	–3	0
Issued money market instruments	2	–2
Deposits and loans	20	19
Payable on demand	6	5
Securities repurchase transactions (repos)	15	14
Other financial liabilities	–0	0
Interest-rate derivatives	166	–136
Currency-related transactions	**3**	**29**
Foreign exchange	11	–82
FX derivatives	–8	111
Credit derivatives	**–12**	**–22**
Commodity-related transactions	**17**	**21**
Net fee and commission income or expense	**–25**	**–32**
Total	**80**	**35**

(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

	2021	2020
Derivatives not held for trading	**–312**	**29**
Equity/index certificates	8	–12
Interest-rate derivatives	–342	72
Cross-currency derivatives (FX derivatives)	23	–31
Credit derivatives	–1	–
Bonds and other fixed-income securities	**–12**	**–3**
Loans and receivables	**–11**	**12**
Equity shares and other variable-income securities	**34**	**–5**
Shareholdings	**2**	**–6**
Shares in unconsolidated affiliates	–0	–5
Shares in non-equity-accounted joint ventures	0	–0
Shares in non-equity-accounted associates	–0	–0
Other equity investments	3	–0
Receivables from the purchase of endowment insurance policies	**1**	**3**
Total	**–297**	**29**

(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

	2021	2020
Bonds and other fixed-income securities	–8	6
Loans and receivables	–196	204
Securitised liabilities	240	–61
Deposits and loans	367	–208
Total	**403**	**–59**

(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).

Micro hedges are used to hedge interest rate and currency risks. 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	
	2021	2020	2021	2020
Fair value hedges – micro hedges	**–6**	**–4**	**–**	**–**
Interest rate hedges	–5	–4	–	–
Change in fair value of hedging derivatives in the reporting period	–26	–259	–	–
Interest-rate-related change in fair value of hedged items in the reporting period	20	256	–	–
Combined hedge of interest rate and currency risk	–0	–	0	–
Change in fair value of hedging derivatives in the reporting period	1	–	0	–
Interest-rate-related change in fair value of hedged items in the reporting period	–2	–	–	–
Fair value hedges – group hedges	**3**	**2**	**–10**	**–7**
Foreign currency hedges	3	2	–10	–7
Change in fair value of hedging derivatives in the reporting period	–1,221	1,358	–10	–7
Spot-rate-related change in fair value of hedged items in the reporting period	1,224	–1,356	–	–
Total	**–3**	**–2**	**–10**	**–7**

(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 (36)). 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

	2021	2020
Related to financial assets measured at amortised cost	**–0**	**2**
Bonds and other fixed-income securities	–0	–
Loans and receivables	–0	2
Related to financial assets measured at fair value through other comprehensive income	**–0**	**7**
Bonds and other fixed-income securities	–0	7
Related to financial liabilities measured at amortised cost	**0**	**2**
Deposits and loans	0	2
Total	**–0**	**10**

(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

	2021	2020
Share of profit or loss of equity-accounted joint ventures	**18**	**0**
Share of profit or loss	21	–0
Impairment losses or impairment loss reversals	–3	1
Gain/loss on disposals	–	–0
Share of profit or loss of equity-accounted associates	**4**	**4**
Share of profit or loss	4	4
Impairment losses or impairment loss reversals	–0	–
Total	**22**	**4**

(15) Other Net Operating Income

in € m

	2021	2020
Gains (+) or losses (–) from the disposal of non-financial assets	**81**	**60**
Investment property	28	25
Property and equipment	–0	23
Intangible assets	–	–0
Inventories	53	12
Impairment losses (–) or reversals of impairment losses (+) on non-financial assets	**–22**	**–25**
Investment property	–15	–1
Property and equipment	–0	–1
Intangible assets	–1	–9
Goodwill	–	–7
Other intangible assets	–1	–2
Inventories	–6	–14
Additions (–) to or reversals (+) of provisions	**11**	**13**
Provisions for off-balance sheet liabilities (excluding loan commitments and financial guarantees)	0	–0
Restructuring provisions	–22	0
Provisions for litigation risks and tax proceedings	2	–0
Sundry provisions	31	13
Income from the deconsolidation of subsidiaries	**4**	**97**
Other net operating income	**229**	**218**
Investment property	205	191
Property and equipment	15	15
Inventories	10	12
Rental income under non-cancellable subtenancy arrangements	**1**	**1**
Income from non-banking services	**27**	**20**
Income and expenses from the absorption of losses	**–0**	**–0**
Profit transfer expenses	**–0**	**–0**
Sundry other operating income and expenses	**–65**	**–29**
Total	**266**	**356**

As in the previous year, the impairment losses on non-financial assets mainly related to property held for sale.

The net restructuring provisions included additions of € 22 m at Frankfurter Sparkasse to cover planned branch closures and other restructuring.

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

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

in € m

	2021	2020
Income from investment property	**415**	**395**
Rental and lease income	376	364
Gains on derecognition	28	25
Reversals of impairment losses	–	0
Other income	11	5
Expenses from investment property	**−198**	**−179**
Operating and maintenance expenses	−178	−174
thereof: From property leased out	−178	−174
Losses on derecognition	−0	−0
Impairment losses	−15	−1
Miscellaneous expenses	−5	−4
Total	**218**	**215**

(16) General and Administrative Expenses

in € m

	2021	2020
Personnel expenses	**–709**	**–686**
Wages and salaries	–552	–537
Social security	–85	–81
Expenses for pensions and other benefits	–72	–68
Other administrative expenses	**–678**	**–654**
Business operating costs	–114	–113
Audit and consultancy services	–91	–89
IT expenses	–269	–267
Expenses for business premises	–40	–38
Cost of advertising, public relations and representation	–20	–20
Mandatory contributions	–144	–127
thereof: Contributions to SGVHT and DSGV protection schemes	–26	–32
thereof: Mandatory contributions to the European Single Resolution Fund	–73	–51
Total	**–1,387**	**–1,340**

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

	2021	2020
Audit fees	–4	–5
Other attestation services	–1	–1
Tax consultancy services	–	–0
Total	**–5**	**–6**

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	
	2021	2020	2021	2020	2021	2020
Helaba	**1,531**	**1,535**	**1,850**	**1,860**	**3,381**	**3,395**
Bank	1,127	1,153	1,580	1,601	2,707	2,754
WIBank	288	265	194	178	482	443
LBS	116	117	76	81	192	198
Group subsidiaries	**1,412**	**1,399**	**1,474**	**1,444**	**2,886**	**2,843**
Helaba group	**2,943**	**2,934**	**3,324**	**3,304**	**6,267**	**6,238**

(17) Depreciation and Amortisation

in € m

	2021	2020
Investment property	**–47**	**–45**
Buildings leased out	–47	–45
Vacant buildings	–	–0
Property and equipment	**–57**	**–60**
Owner-occupied land and buildings	–40	–43
Operating and office equipment	–15	–15
Machinery and technical equipment	–2	–2
Intangible assets	**–23**	**–23**
Concessions, industrial and similar rights	–0	–0
Purchased software	–21	–22
Internally generated software	–0	–0
Other intangible assets	–1	–1
Total	**–128**	**–128**

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 (€ 10 m; 2020: € 4 m), Frankfurter Sparkasse (€ 17 m; 2020: € 26 m) and the New York branch (€ 35 m; 2020: € 27 m). It included income relating to prior years amounting to € 65 m (2020: income of € 36 m).

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

The deferred tax expense recognised in the reporting year amounting to € 8 m (2020: deferred tax income of € 16 m) related mainly to the occurrence and reversal of temporary differences. This included deferred tax income relating to prior years of € 25 m (2020: deferred tax expense of € 1 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 no deferred tax income or expense (2020: deferred tax expense of € 1 m).

in € m

	2021	2020
Current taxes	–59	–62
Deferred taxes	–8	16
Total	**–67**	**–46**

in € m

	2021	2020
Profit or loss before tax	**569**	**223**
Applicable income tax rate in %	32	32
Expected income tax expense in the financial year	**–182**	**–71**
Effect of variance in tax rates	5	2
Effect of changes in the tax rate	0	–3
Effect of prior-period taxes recognised in the financial year	89	37
Tax-exempt income and trade tax reduction	37	23
Non-deductible operating expenses and trade tax addition	–35	–32
Impairment losses and adjustments	17	–1
Other effects	1	–1
Income tax expense	**–67**	**–46**

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	
	2021	2020	2021	2020	2021	2020
Items that will not be reclassified to the consolidated income statement:	**80**	**–41**	**–19**	**13**	**62**	**–28**
Remeasurement of net defined benefit liability	177	–78	–50	23	128	–55
Change in fair value of equity instruments measured at fair value through other comprehensive income	1	4	–0	–0	1	4
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	–98	33	31	–10	–67	23
Items that will be subsequently reclassified to the consolidated income statement:	**–122**	**14**	**42**	**–9**	**–79**	**5**
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	–123	35	39	–12	–84	23
Gains or losses from currency translation of foreign operations	12	–13	–	–	12	–13
Gains or losses from fair value hedges of currency risk	–10	–7	3	2	–6	–5
Total	**–41**	**–27**	**24**	**4**	**–18**	**–23**

(19) Segment Reporting

The following table shows the segment reporting for the reporting period:

in € m

	Real Estate	Corporates & Markets	Retail & Asset Management	WIBank	Other	Consolidation / reconciliation	Group
Net interest income	432	494	226	65	132	–23	1,326
Loss allowances	–86	–48	1	–0	–74	–0	–207
Net interest income after loss allowances	**346**	**446**	**227**	**65**	**58**	**–24**	**1,119**
Net fee and commission income	13	175	273	58	–31	–4	485
Income / expenses from investment property	–	–	218	–	–	–	218
Gains or losses on measurement at fair value	–	112	16	–1	56	–	183
Net trading income	–	84	–3	–	–	–1	80
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–	28	19	–1	56	1	103
Share of profit or loss of equity-accounted entities	–	–1	4	–	19	–	22
Other net income / expense	0	9	77	–4	2	–28	57
Total income	**360**	**742**	**815**	**119**	**104**	**–56**	**2,083**
General and administrative expenses, including depreciation and amortisation	–136	–504	–570	–86	–248	29	–1,515
Profit or loss before tax	**224**	**238**	**245**	**33**	**–144**	**–27**	**569**
Assets (€ bn)	33.2	66.5	34.4	25.8	67.0	–14.6	212.3
Risk-weighted assets (€ bn)	17.9	28.4	7.5	1.4	8.7	–	63.9
Allocated capital (€ m)	2,149	3,278	2,301	159	1,054	0	8,941
Return on equity (%)	10.4	7.2	10.6	20.7	–	–	6.4
Cost-income ratio (%)	30.4	63.8	70.0	72.4	–	–	66.1

The following table shows the figures for the comparative period:

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	–	–	–1	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 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. Helaba'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 pro-

vides advice and products for municipal authorities and their corporations. In addition to the lending products, this segment also includes the trading and sales activities, plus the depositary income and expenses, from the Capital Markets division.

- 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 Helicon KG and the GWH Group, 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. This net income is reported separately 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 exceptional circumstance (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

	2021	2020
Real estate lending	360	404
Property management and development	303	346
Corporate loans	415	320
Municipal lending business	47	50
Treasury products	242	122
Capital market products	194	97
Fund management/asset management	184	153
Home savings business	41	38
Sparkasse lending business	22	20
Cash Management	63	56
Public development and infrastructure business	119	112
Retail	363	310
Other products/reconciliation	–270	–336
Group	**2,083**	**1,691**

The breakdown by region is as follows:

in € m

	2021	2020
Germany	1,855	1,459
Europe (excluding Germany)	77	91
World (excluding Europe)	151	141
Group	**2,083**	**1,691**

Consolidated Statement of Financial Position Disclosures

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

in € m

	31.12.2021	31.12.2020[1]
Cash on hand	**70**	**71**
Financial assets measured at amortised cost	**33,682**	**26,038**
Demand deposits at central banks	33,452	25,619
With Deutsche Bundesbank	32,061	24,364
With other central banks	1,391	1,255
Demand deposits and overnight money balances at banks	230	418
Financial assets mandatorily measured at fair value	**287**	**320**
Demand deposits and overnight money balances at banks	287	320
Total	**34,039**	**26,429**

[1] Presentation adjusted. See Note (1).

(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 (36) 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 (45).

For disclosures on liabilities arising under leases, please refer to Note (49).

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

in € m

	31.12.2021	31.12.2020
Bonds and other fixed-income securities	**389**	**–**
thereof: Listed	389	–
Medium- and long-term bonds	389	–
Loans and receivables	**129,625**	**131,847**
Repayable on demand and at short notice	9,805	13,242
Credit card receivables	13	13
Trade accounts receivable, including factoring	2,764	2,544
Other fixed-term loans	116,987	116,001
Promissory note loans	2,573	2,871
Registered bonds	1,064	966
Forwarding loans	9,248	8,569
Time deposits	4,738	2,108
Bausparkasse building loans	1,029	973
Sundry other fixed-term loans	98,336	100,514
Other receivables not classified as loans	56	48
Total	**130,014**	**131,847**

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

in € m

	31.12.2021	31.12.2020
Commercial real estate loans	34,821	34,595
Residential building loans	6,831	6,448
Consumer loans to private households	221	228
Infrastructure loans	28,071	29,010
Asset finance	6,149	6,974
Leasing funding	4,438	4,463
Import/export finance	19	3
Other financing purposes	36,437	34,279
Total	**116,987**	**116,001**

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

in € m

	31.12.2021	31.12.2020
Securitised liabilities	**44,363**	**49,869**
Issued money market instruments	3,402	4,152
Commercial paper (CP)	1,540	1,524
Certificates of deposit (CD)	1,862	1,752
Asset-backed commercial paper (ABCP)	–	876
Medium- and long-term bonds issued	40,961	45,718
Mortgage Pfandbriefe	7,342	9,305
Public Pfandbriefe	10,425	12,454
Structured (hybrid) bonds	1,168	1,490
Other medium- and long-term bonds	22,025	22,469
Deposits and loans	**123,528**	**117,453**
Payable on demand	43,842	44,543
With an agreed term	72,978	66,249
With an agreed period of notice	6,708	6,661
Other financial liabilities	**365**	**409**
Total	**168,256**	**167,731**

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 programme, the new drawdowns under this arrangement amounting to a total of € 6.7 bn in 2021 (2020: € 17.4 bn). See Note (4) for details. There were no repayments under the tender programme in 2021 (2020: repayment of € 2.2 bn).

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Bonds and other fixed-income securities	**103**	**–**	**241**	**–**	**44**	**–**	**389**	**–**
Other banks	103	–	241	–	44	–	389	–
Other financial corporations	–	–	0	–	–	–	0	–
Loans and receivables	**82,197**	**81,782**	**25,890**	**35,683**	**21,538**	**14,382**	**129,625**	**131,847**
Central banks	56	59	–	–	–	–	56	59
Central giro institutions	322	256	–	–	–	–	322	256
Sparkassen	6,681	6,028	–	–	–	–	6,681	6,028
Other banks	2,132	2,792	2,385	7,875	4,109	911	8,627	11,578
Other financial corporations	5,557	5,264	3,331	4,562	1,557	492	10,445	10,318
Non-financial corporations	32,413	30,823	18,447	21,300	15,562	12,736	66,421	64,859
Government	26,963	28,848	1,704	1,924	127	70	28,794	30,841
Households	8,072	7,712	23	22	183	174	8,278	7,908
Total	**82,300**	**81,782**	**26,131**	**35,683**	**21,582**	**14,382**	**130,014**	**131,847**

Following the UK’s withdrawal from the EU, transactions with counterparties in that country amounting to € 7,477 m are now reported under the World region. As at 31 December 2020, these transactions had amounted to € 8,595 m and had been included in the European Union (excluding Germany) region.

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Deposits and loans	**116,058**	**112,278**	**1,411**	**2,733**	**6,059**	**2,442**	**123,528**	**117,453**
Central banks	23,865	17,416	–	–	–	–	23,865	17,416
Central giro institutions	1,009	1,135	–	–	–	–	1,009	1,135
Sparkassen	12,359	13,452	–	–	–	–	12,359	13,452
Other banks	20,941	20,508	544	1,084	1,399	796	22,883	22,389
Other financial corporations	20,155	23,279	523	965	3,213	670	23,890	24,914
Non-financial corporations	8,924	7,361	236	406	581	765	9,741	8,532
Government	7,882	8,266	0	138	649	1	8,531	8,405
Households	20,923	20,862	108	139	218	210	21,249	21,211
Other financial liabilities	**341**	**388**	**9**	**8**	**14**	**12**	**365**	**409**
Central giro institutions	3	3	–	–	–	–	3	3
Sparkassen	2	2	–	–	–	–	2	2
Other banks	2	2	–	–	–	–	2	2
Other financial corporations	66	79	–	–	10	10	77	89
Non-financial corporations	183	229	9	8	4	2	196	239
Government	29	24	–	–	–	0	29	24
Households	56	49	–	–	0	0	56	49
Total	**116,399**	**112,667**	**1,421**	**2,741**	**6,073**	**2,454**	**123,893**	**117,862**

Following the UK's withdrawal from the EU, transactions with counterparties in that country amounting to € 1,786 m are now reported under the World region. As at 31 December 2020, these transactions had amounted to € 675 m and had been included in the European Union (excluding Germany) region.

(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 (45).

Please refer to Note (40) for detailed information on derivatives.

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

in € m

	31.12.2021	31.12.2020
Positive fair values of derivatives held for trading	**11,309**	**15,730**
thereof: Traded OTC	11,304	15,726
thereof: Exchange-traded	5	3
Equity- / index-related transactions	192	289
Interest-rate-related transactions	10,442	14,612
Currency-related transactions	660	809
Credit derivatives	14	17
Commodity-related transactions	2	2
Bonds and other fixed-income securities	**2,256**	**4,413**
thereof: Listed	2,256	4,371
Money market instruments	28	2
Medium- and long-term bonds	2,228	4,411
Loans and receivables	**1,721**	**1,008**
Repayable on demand and at short notice	3	4
Receivables from securities repurchase transactions (reverse repos)	210	87
Other fixed-term loans	1,508	917
Equity shares and other variable-income securities	**22**	**23**
thereof: Listed	22	23
Equities	22	23
Trading assets	**15,308**	**21,173**

in € m

	31.12.2021	31.12.2020
Negative fair values of derivatives held for trading	**8,572**	**12,502**
thereof: Traded OTC	8,562	12,493
thereof: Exchange-traded	10	10
Equity-/index-related transactions	189	289
Interest-rate-related transactions	7,806	11,514
Currency-related transactions	564	682
Credit derivatives	13	17
Commodity-related transactions	0	0
Securitised liabilities	**264**	**512**
Issued money market instruments	230	481
Commercial paper (CP)	230	330
Certificates of deposit (CD)	–	150
Issued equity/index certificates	33	31
Deposits and loans	**4,238**	**4,695**
Payable on demand	903	650
With an agreed term	3,335	4,044
Liabilities arising from short-selling	**227**	**85**
Other financial liabilities	**0**	**0**
Trading liabilities	**13,301**	**17,793**

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

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Bonds and other fixed-income securities	**972**	**1,499**	**872**	**2,219**	**412**	**695**	**2,256**	**4,413**
Central giro institutions	122	90	–	–	–	–	122	90
Sparkassen	78	56	–	–	–	–	78	56
Other banks	351	859	708	1,958	409	656	1,467	3,473
Other financial corporations	10	7	13	7	–	2	23	16
Non-financial corporations	32	23	16	16	4	13	52	52
Government	380	463	135	238	–	23	515	725
Loans and receivables	**1,551**	**782**	**146**	**222**	**25**	**4**	**1,721**	**1,008**
Central banks	210	76	–	–	–	–	210	76
Central giro institutions	193	45	–	–	–	–	193	45
Sparkassen	179	161	–	–	–	–	179	161
Other banks	502	144	0	37	–	–	502	181
Other financial corporations	5	–	–	–	3	4	8	4
Non-financial corporations	162	113	139	185	21	–	322	298
Government	300	243	7	–	–	–	307	243
Equity shares and other variable-income securities	**21**	**20**	**1**	**2**	**–**	**–**	**22**	**23**
Other banks	–	0	0	0	–	–	0	0
Other financial corporations	3	4	0	2	–	–	3	5
Non-financial corporations	18	16	1	1	–	–	19	17
Total	**2,544**	**2,302**	**1,019**	**2,443**	**437**	**699**	**4,000**	**5,443**

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

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Deposits and loans	**3,598**	**4,215**	**601**	**457**	**39**	**23**	**4,238**	**4,695**
Sparkassen	451	1,116	–	–	–	–	451	1,116
Other banks	21	28	0	107	39	23	60	158
Other financial corporations	971	1,289	128	349	–	–	1,099	1,638
Non-financial corporations	1,189	231	472	0	0	–	1,662	231
Government	966	1,552	–	–	–	–	966	1,552
Households	0	0	–	–	–	–	0	0
Liabilities arising from short-selling	**227**	**74**	**–**	**11**	**–**	**–**	**227**	**85**
Other financial corporations	–	0	–	–	–	–	–	0
Government	227	74	–	11	–	–	227	85
Other financial liabilities	**0**	**0**	**–**	**–**	**–**	**–**	**0**	**0**
Sparkassen	0	0	–	–	–	–	0	0
Total	**3,825**	**4,288**	**601**	**468**	**39**	**23**	**4,465**	**4,779**

(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

	31.12.2021	31.12.2020
Positive fair values of non-trading derivatives	**4,161**	**6,430**
thereof: Traded OTC	4,161	6,430
Equity-/index-related transactions	1	1
Interest-rate-related transactions	4,036	6,376
Currency-related transactions	125	53
Bonds and other fixed-income securities	**903**	**1,214**
thereof: Listed	746	1,072
Money market instruments	–	249
Medium- and long-term bonds	903	964
Loans and receivables	**272**	**304**
Repayable on demand and at short notice	1	1
Other fixed-term loans	271	303
Equity shares and other variable-income securities	**275**	**148**
thereof: Listed	7	4
Equities	0	0
Investment units	275	147
Shareholdings	**71**	**65**
Shares in unconsolidated affiliates	10	12
Shares in non-equity-accounted joint ventures	5	5
Shares in non-equity-accounted associates	4	4
Other equity investments	52	44
Receivables from the purchase of endowment insurance policies	**20**	**46**
Total	**5,702**	**8,206**

in € m

	31.12.2021	31.12.2020
Negative fair values of non-trading derivatives	**4,850**	**7,322**
thereof: Traded OTC	4,849	7,321
thereof: Exchange-traded	1	1
Equity-/index-related transactions	1	1
Interest-rate-related transactions	4,677	6,738
Currency-related transactions	171	583
Credit derivatives	1	–
Total	**4,850**	**7,322**

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Bonds and other fixed-income securities	**81**	**408**	**450**	**505**	**372**	**301**	**903**	**1,214**
Central giro institutions	1	–	–	–	–	–	1	–
Other banks	8	8	53	50	19	13	80	71
Other financial corporations	14	18	163	200	120	88	298	306
Non-financial corporations	56	61	234	255	233	200	523	516
Government	1	321	0	1	–	–	2	321
Loans and receivables	**259**	**291**	**–**	**4**	**13**	**9**	**272**	**304**
Other financial corporations	1	1	–	0	9	9	10	10
Non-financial corporations	92	100	–	4	4	–	95	104
Government	167	190	–	–	–	–	167	190
Equity shares and other variable-income securities	**110**	**76**	**148**	**60**	**16**	**12**	**275**	**148**
Other financial corporations	110	75	148	60	16	12	275	147
Non-financial corporations	0	0	0	0	0	0	0	1
Shareholdings	**70**	**64**	**1**	**0**	**0**	**0**	**71**	**65**
Other banks	2	1	–	–	–	–	2	1
Other financial corporations	34	33	–	–	0	0	34	33
Non-financial corporations	34	30	1	0	0	–0	35	30
Receivables from the purchase of endowment insurance policies	**20**	**46**	**–**	**–**	**–**	**–**	**20**	**46**
Other financial corporations	20	46	–	–	–	–	20	46
Total	**541**	**884**	**599**	**569**	**401**	**322**	**1,542**	**1,775**

Please refer to Note (40) 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	
	31.12.2021	31.12.2020	1.1. – 31.12.2021	1.1. – 31.12.2020	31.12.2021	31.12.2020
Bonds and other fixed-income securities	130	139	0	2	4	4
thereof: Listed	130	139				
Loans and receivables	3,532	3,816	4	15	–8	–4
Total	**3,661**	**3,955**	**4**	**18**	**–4**	**–0**

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Securitised liabilities	6,509	6,094	6,591	5,963	21	–17
Deposits and loans	5,759	6,778	6,203	7,097	–12	–72
Total	**12,268**	**12,872**	**12,794**	**13,060**	**10**	**–89**

For detailed disclosures on issuing activities, see Note (45).

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Bonds and other fixed-income securities	**130**	**139**	**–**	**–**	**–**	**–**	**130**	**139**
Government	130	139	–	–	–	–	130	139
Loans and receivables	**3,532**	**3,816**	**–**	**–**	**–**	**–**	**3,532**	**3,816**
Other financial corporations	0	0	–	–	–	–	0	0
Non-financial corporations	49	58	–	–	–	–	49	58
Government	3,483	3,759	–	–	–	–	3,483	3,759
Financial assets	**3,661**	**3,955**	**–**	**–**	**–**	**–**	**3,661**	**3,955**
Deposits and loans	**5,607**	**6,712**	**142**	**55**	**10**	**10**	**5,759**	**6,778**
Sparkassen	597	636	–	–	–	–	597	636
Other banks	91	147	–	–	10	10	101	158
Other financial corporations	4,588	5,541	142	55	–	–	4,730	5,597
Non-financial corporations	199	198	–	–	–	–	199	198
Government	133	190	–	–	–	–	133	190
Financial liabilities	**5,607**	**6,712**	**142**	**55**	**10**	**10**	**5,759**	**6,778**

(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.

The following 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 (RFR) yield curves (RFR 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.

- Fair value hedges for interest rate and currency risk
  This is a combination of the two hedge accounting models described above (fair value hedges for interest rate risk and fair value hedges for currency risk). In this case, fixed-for-floating cross-currency swaps are used as hedging instruments. The interest rate component is hedged as in fair value hedges for interest rate risk. The hedging of the currency risk is reported in OCI in the same way as in fair value hedges of currency risk. As in fair value hedges for interest rate risk, hedged banking book transactions are allocated to the cross-currency swaps individually for each swap (micro hedges, no group hedges). It is also the case in these arrangements that the resulting offsetting of values is not perfect (i.e. there is some ineffectiveness). Consequently, the interest rate ineffectiveness is reported in the consolidated income statement under net income from hedge accounting and the hedge costs are recognised in OCI.

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Fair value hedges – micro hedges	**52,393**	**53,319**	**525**	**942**	**1,633**	**1,522**
thereof: Traded OTC	52,393	53,319	525	942	1,633	1,522
Interest rate hedges	51,872	53,319	525	942	1,282	1,522
Interest rate swaps	51,715	53,264	524	942	1,282	1,521
Cross-currency swaps	157	55	1	–	–	1
Combined hedge of interest rate and currency risk	521	–	–	–	351	–
Cross-currency swaps	521	–	–	–	351	–
Fair value hedges – group hedges	**14,530**	**16,233**	**16**	**316**	**318**	**149**
thereof: Traded OTC	14,530	16,233	16	316	318	149
Foreign currency hedges	14,530	16,233	16	316	318	149
Cross-currency swaps	14,530	16,233	16	316	318	149
Total	**66,923**	**69,552**	**541**	**1,258**	**1,951**	**1,671**

The following table shows the notional amounts by remaining maturity of the hedging derivatives used in hedge accounting as at the 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	**2,943**	**4,798**	**23,143**	**21,509**	**52,393**
Interest rate hedges	2,943	4,798	23,143	20,988	51,872
Interest rate swaps	2,943	4,798	22,986	20,988	51,715
Cross-currency swaps	–	–	157	–	157
Plan assets without direct allocation	–	–	–	521	521
Cross-currency swaps	–	–	–	521	521
Fair value hedges – group hedges	**–**	**1,638**	**10,040**	**2,852**	**14,530**
Foreign currency hedges	–	1,638	10,040	2,852	14,530
Cross-currency swaps	–	1,638	10,040	2,852	14,530
Total	**2,943**	**6,435**	**33,184**	**24,361**	**66,923**

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	**1,325**	**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 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Interest rate hedges						
Financial assets measured at amortised cost	15,277	14,367	28	717	463	529
Loans and receivables	15,277	14,367	28	717	463	529
Financial assets measured at fair value through other comprehensive income	8,986	12,117	33	150	1	4
Bonds and other fixed-income securities	8,986	12,117	33	150	1	4
Financial liabilities measured at amortised cost	30,929	31,918	326	1,115	94	171
Securitised liabilities	19,949	20,760	263	728	7	63
Deposits and loans	10,980	11,158	63	386	87	108
Combined hedge of interest rate and currency risk						
Financial assets measured at fair value through other comprehensive income	804	–	–2	–	–	–
Bonds and other fixed-income securities	804	–	–2	–	–	–
Foreign currency hedges						
Financial assets measured at amortised cost	13,388	14,840	–	–	–	–
Loans and receivables	13,388	14,840	–	–	–	–
Financial assets measured at fair value through other comprehensive income	1,373	1,164	–	–	–	–
Bonds and other fixed-income securities	1,373	1,164	–	–	–	–

(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 (36) for further disclosures.

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

in € m

	31.12.2021	31.12.2020
Bonds and other fixed-income securities	**16,506**	**20,299**
thereof: Listed	16,217	19,803
Money market instruments	240	572
Medium- and long-term bonds	16,266	19,727
Loans and receivables	**656**	**683**
Other fixed-term loans	656	683
Shareholdings	**32**	**36**
Shares in unconsolidated affiliates	0	5
Other equity investments	32	31
Total	**17,194**	**21,018**

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Bonds and other fixed-income securities	**5,350**	**7,085**	**6,067**	**8,694**	**5,088**	**4,520**	**16,506**	**20,299**
Central giro institutions	595	682	–	–	–	–	595	682
Other banks	1,494	1,639	4,906	7,281	4,560	4,032	10,960	12,952
Other financial corporations	15	12	51	271	127	93	193	376
Non-financial corporations	50	57	71	70	62	22	182	149
Government	3,197	4,694	1,040	1,073	339	373	4,576	6,140
Loans and receivables	**500**	**431**	**117**	**203**	**39**	**49**	**656**	**683**
Other financial corporations	14	10	14	106	–	–	28	116
Non-financial corporations	486	419	104	97	39	49	628	564
Government	–	3	–	–	–	–	–	3
Shareholdings	**32**	**36**	**–**	**–**	**–**	**–**	**32**	**36**
Other banks	19	17	–	–	–	–	19	17
Other financial corporations	13	20	–	–	–	–	13	20
Total	**5,882**	**7,552**	**6,185**	**8,896**	**5,127**	**4,570**	**17,194**	**21,018**

Following the UK's withdrawal from the EU, transactions with counterparties in that country amounting to € 937 m are now reported under the World region. As at 31 December 2020, these transactions had been included in the European Union (excluding Germany) region in an amount of € 1,400 m.

(27) Shares in Equity-Accounted Entities

In the reporting period, a total of 28 (31 December 2020: 28) joint ventures and 3 (31 December 2020: 2) associates were accounted for using the equity method.

The breakdown of equity-accounted investments is shown below:

in € m

	31.12.2021	31.12.2020
Investments in joint ventures	**37**	**46**
Non-financial corporations	37	46
Investments in associates	**3**	**3**
Other financial corporations	0	1
Non-financial corporations	3	3
Total	**40**	**49**

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 € 3 m (2020: € 1 m); the cumulative total of such unrecognised losses amounted to € 4 m as at 31 December 2021 (31 December 2020: € 2 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Financial information – total				
Total assets	462	414	69	30
Total liabilities	396	348	37	1
Profit or loss from continuing operations	44	–1	14	17
Other net income / expense	–	–	–0	–1
Comprehensive income	44	–1	14	16
Financial information – proportionate				
Total assets	213	192	20	4
Total liabilities	185	160	18	0
Profit or loss from continuing operations	22	–1	2	4
Other net income / expense	–	–	–0	–0
Comprehensive income	22	–1	2	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

	31.12.2021	31.12.2020
Land and buildings leased to third parties	2,635	2,318
thereof: Right-of-use assets under leases	49	52
Undeveloped land	13	21
Vacant buildings	–	2
Investment property under construction	347	361
Total	**2,994**	**2,702**

Real estate and leasing right-of-use assets held by the GWH Group accounted for € 2,762 m (31 December 2020: € 2,486 m) of the total investment property. The contractual obligations to purchase, construct or develop investment property in the GWH Group amounted to € 528 m (31 December 2020: € 566 m).

The fair values of the properties and right-of-use assets as at 31 December 2021 came to a total of € 5,401 m (31 December 2020: € 4,706 m) and were allocated to Level 3. Please refer to Note (39) for information on determining fair value.

The table below shows the changes in investment property:

in € m

	2021	2020
Cost		
Balance as at 1.1.	**3,210**	**2,973**
Changes in basis of consolidation	–	–98
Additions	352	353
Additions from original acquisition / construction	368	353
Additions from subsequent additional costs	–17	–
Disposals	–0	–26
Changes due to currency translation and other adjustments	–	8
Balance as at 31.12.	**3,562**	**3,210**
Accumulated depreciation		
Balance as at 1.1.	**–504**	**–461**
Changes in basis of consolidation	–	0
Depreciation	–47	–45
Disposals	3	2
Changes due to currency translation and other adjustments	–	–0
Balance as at 31.12.	**–548**	**–504**
Cumulative loss allowances		
Balance as at 1.1.	**–4**	**–3**
Impairment losses	–15	–1
Reversals of impairment losses	–	0
Balance as at 31.12.	**–19**	**–4**
Carrying amounts as at 31.12.	**2,994**	**2,702**

(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

	31.12.2021	31.12.2020
Owner-occupied land and buildings	577	594
thereof: Right-of-use assets under leases	122	141
Operating and office equipment	62	61
thereof: Right-of-use assets under leases	4	4
Machinery and technical equipment	30	28
thereof: Right-of-use assets under leases	0	0
Total	**669**	**682**

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 € 66 m as at 31 December 2021 (31 December 2020: € 68 m).

Some machinery and technical equipment was also leased out. The carrying amount of machinery and technical equipment leased out by the Helaba Group (under operating leases) stood at € 18 m as at 31 December 2021 (31 December 2020: € 19 m).

As in the previous year, there were no contractual obligations to acquire property or equipment.

The changes in property and equipment were as follows:

	Owner-occupied land and buildings		Operating and office equipment		Machinery and technical equipment		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Cost								
Balance as at 1.1.	**890**	**824**	**242**	**226**	**31**	**27**	**1,163**	**1,077**
Changes in basis of consolidation	–	1	–	0	–	–	–	2
Additions	24	75	13	19	4	4	41	98
Disposals	–20	–9	–6	–4	–0	–	–26	–13
Changes due to currency translation and other adjustments	0	–1	1	–0	0	–0	1	–1
Balance as at 31.12.	**894**	**890**	**251**	**242**	**35**	**31**	**1,180**	**1,163**
Accumulated depreciation								
Balance as at 1.1.	**–291**	**–250**	**–181**	**–169**	**–3**	**–1**	**–475**	**–420**
Changes in basis of consolidation	–	–	–	0	–	–	–	0
Depreciation	–40	–43	–15	–15	–2	–2	–57	–60
Disposals	17	0	7	3	0	–	25	4
Changes due to currency translation and other adjustments	2	1	–0	0	0	0	2	1
Balance as at 31.12.	**–312**	**–291**	**–189**	**–181**	**–5**	**–3**	**–506**	**–475**
Cumulative loss allowances								
Balance as at 1.1.	**–5**	**–4**	**–0**	**–0**	**–**	**–**	**–5**	**–5**
Impairment losses	–	–2	–0	–0	–	–	–0	–2
Reversals of impairment losses	–	1	–	–	–	–	–	1
Disposals	–	–	–	–0	–	–	–	–0
Changes due to currency translation and other adjustments	0	–0	–	–	–	–	0	–0
Balance as at 31.12.	**–5**	**–5**	**–0**	**–0**	**–**	**–**	**–5**	**–5**
Carrying amounts as at 31.12.	**577**	**594**	**62**	**61**	**30**	**28**	**669**	**682**

For disclosures on right-of-use assets arising under leases, please refer to Note (49).

(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

	31.12.2021	31.12.2020
Goodwill	13	13
Concessions, industrial and similar rights	1	1
Software	143	116
thereof: Purchased	142	114
thereof: Internally generated	1	1
Other intangible assets	3	4
Total	**161**	**134**

Recognised 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 arose from the acquisition of 75.1 % of the shares in IMAP M&A Consultants AG and has been allocated to the Retail & Asset Management segment. Goodwill for the "IMAP" cash-generating unit (company) was tested for impairment on 31 December 2021 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 2026, the planning is differentiated on the basis of the surpluses. For the purposes of projecting the long-term earnings from 2027 onwards, a growth markdown of 1.0 % is assumed in the discounting applied. Present value was calculated on the basis of a market discount rate of 0.1 % plus a market risk premium of 7.0 % and a custom beta of 0.81 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 9.3 %.

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 intangible assets changed as follows:

	Goodwill		Concessions and industrial rights		Purchased software		Internally generated software		Other intangible assets		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Cost												
Balance as at 1.1.	**164**	**151**	**2**	**1**	**339**	**294**	**2**	**1**	**7**	**2**	**514**	**449**
Changes in basis of consolidation	–	13	–	–	–	0	–	–	–	4	–	17
Additions	–	–	0	1	53	46	0	0	–	–	54	47
Additions from internal development	–	–	–	1	4	4	–	–	–	–	4	5
Other additions	–	–	0	–	50	42	0	0	–	–	50	42
Disposals	–	–	–	–	−1	−0	−0	–	–	–	−1	−0
Changes due to currency translation and other adjustments	–	–	–	–	−0	−1	–	–	0	0	−0	−1
Balance as at 31.12.	**164**	**164**	**2**	**2**	**391**	**339**	**1**	**2**	**7**	**7**	**566**	**514**
Accumulated amortisation												
Balance as at 1.1.	**–**	**–**	**−1**	**−0**	**−222**	**−203**	**−0**	**−0**	**−1**	**−0**	**−223**	**−203**
Amortiisation	–	–	−0	−0	−21	−22	−0	−0	−1	−1	−23	−23
Disposals	–	–	–	–	1	0	–	–	–	–	1	0
Changes due to currency translation and other adjustments	–	–	–	–	−2	3	–	–	−0	−0	−2	3
Balance as at 31.12.	**–**	**–**	**−1**	**−1**	**−245**	**−222**	**−1**	**−0**	**−1**	**−1**	**−248**	**−223**
Accumulated impairment losses												
Balance as at 1.1.	**−151**	**−144**	**–**	**–**	**−3**	**−0**	**–**	**–**	**−3**	**−1**	**−156**	**−145**
Impairment losses	–	−7	–	–	−1	−0	–	–	–	−2	−1	−9
Changes due to currency translation and other adjustments	–	–	–	–	–	−2	–	–	–	–	–	−2
Balance as at 31.12.	**−151**	**−151**	**–**	**–**	**−4**	**−3**	**–**	**–**	**−3**	**−3**	**−158**	**−156**
Carrying amounts as at 31.12.	**13**	**13**	**1**	**1**	**143**	**114**	**1**	**1**	**3**	**4**	**161**	**134**

(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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Financial assets and liabilities measured at amortised cost	641	334	652	1,714
Financial assets, financial liabilities, trading assets and trading liabilities measured at fair value through profit or loss	2,093	4,534	1,895	2,897
Financial assets measured at fair value through other comprehensive income	52	77	186	321
Other assets	80	55	89	89
Provisions for employee benefits	423	463	4	6
Other provisions	64	81	29	24
Other liabilities	82	63	7	–
Tax loss carryforwards	15	14	–	–
Deferred tax assets and liabilities, gross	**3,450**	**5,621**	**2,862**	**5,051**
Netted against deferred tax liabilities / assets	−2,854	−5,043	−2,854	−5,043
Total	**596**	**578**	**8**	**8**
thereof: Non-current	470	417	6	6

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Items that will not be reclassified to the consolidated income statement:	**–829**	**–909**	**246**	**265**	**–583**	**–645**
Remeasurement of net defined benefit liability	–816	–994	243	293	–573	–701
Change in fair value of equity instruments measured at fair value through other comprehensive income	–3	–4	–0	–0	–3	–4
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	–10	89	3	–28	–6	61
Items that will be subsequently reclassified to the consolidated income statement:	**70**	**192**	**–17**	**–59**	**54**	**133**
Share of profit or loss of equity-accounted entities	–1	–1	0	0	–1	–1
Change in fair value of debt instruments measured at fair value through other comprehensive income	115	238	–37	–76	78	163
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	36	25	–	–	36	25
Gains or losses from fair value hedges of currency risk	–63	–54	20	17	–43	–37
Total	**–759**	**–718**	**230**	**206**	**–529**	**–511**

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 2021 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 2021, the Helaba Group had recognised deferred tax assets of € 4 m (31 December 2020: € 4 m) in respect of corporate income tax loss carryforwards of € 22 m (31 December 2020: € 23 m) and deferred tax assets of € 11 m (31 December 2020: € 10 m) in respect of trade tax loss carryforwards of € 102 m (31 December 2020: € 99 m).

Overall, no deferred tax assets had been recognised in respect of corporate income tax loss carryforwards of € 22 m (31 December 2020: € 26 m) and in respect of trade tax loss carryforwards of € 52 m (31 December 2020: € 51 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) 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

	31.12.2021	31.12.2020
Inventories	**695**	**591**
Property held for sale	688	588
Other inventories / work in progress	8	3
Advance payments and payments on account	**252**	**225**
Other taxes receivable	**1**	**1**
Sundry assets	**280**	**349**
Other assets	**1,228**	**1,166**

in € m

	31.12.2021	31.12.2020
Advance payments / payments on account	193	190
Tax liabilities, other taxes	44	29
Employee benefits due in short term	94	76
Sundry liabilities	179	103
Other liabilities	**510**	**399**

(33) Provisions

in € m

	31.12.2021	31.12.2020
Provisions for employee benefits	**1,540**	**2,204**
Pensions and similar defined benefit obligations	1,459	2,135
Other employee benefits due in the long term	80	68
Other provisions	**337**	**347**
Provisions for off-balance sheet liabilities	72	56
Provisions for loan commitments and financial guarantees	71	55
Provisions for other off-balance sheet obligations	1	1
Restructuring provisions	59	71
Provisions for litigation risks	14	17
Sundry provisions	192	204
Total	**1,877**	**2,551**

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	
	2021	2020	2021	2020	2021	2020
Balance as at 1.1.	**2,537**	**2,424**	**–402**	**–383**	**2,135**	**2,041**
Total pension cost	83	87	–8	–7	76	81
Interest expense (+)/interest income (–)	26	30	–5	–5	21	26
Current service cost	57	55	–	–	57	55
Past service cost	–2	–	–	–	–2	–
Gains or losses on settlement	3	2	–3	–2	–	–
Total gains or losses on remeasurement	–174	93	–3	–15	–177	78
Actuarial gains (–)/losses (+) on financial assumptions	–111	104	–	–	–111	104
Actuarial gains (–)/losses (+) on demographic assumptions	–4	–	–	–	–4	–
Experience adjustment gains (–)/losses (+)	–60	–11	–	–	–60	–11
Gains or losses on remeasurement of plan assets	–	–	–3	–15	–3	–15
Employee contributions	3	2	–3	–2	0	0
Employer contributions	–	–	–524	–11	–524	–11
Benefits paid	–67	–66	14	14	–53	–52
Changes in basis of consolidation	–	0	–	–	–	0
Changes due to currency translation	9	–4	–6	2	3	–1
Balance as at 31.12.	**2,391**	**2,537**	**–931**	**–402**	**1,459**	**2,135**

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.

In 2021, Landesbank Hessen-Thüringen transferred assets of around € 500 m to a legally independent trustee, Helaba Pensionsmanagement e.V., as part of a contractual trust arrangement (CTA). These assets consist of two special fixed-income and equity funds for institutional investors. The funds serve as cover assets that will enable Helaba to satisfy its defined benefit obligations and qualify as plan assets within the meaning of IAS 19.

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Domestic defined benefit plans	**2,255**	**2,394**	**–821**	**–304**	**1,433**	**2,090**
Landesbank Hessen-Thüringen	**1,594**	**1,681**	**–548**	**–41**	**1,046**	**1,640**
Comprehensive defined benefit plans	737	803	–	–	737	803
Defined benefit plan up to 1985	599	656	–	–	599	656
Individual commitments	89	95	–	–	89	95
VBB dual contract holders	49	52	–	–	49	52
Final salary plans (Retirement pension scheme 1986–1998)	288	297	–	–	288	297
Pension credit system (Retirement pension scheme from 1999)	422	425	–	–	422	425
Other plans	147	156	–43	–41	104	115
Plan asset without direct allocation	–	–	–505	–	–505	–
Frankfurter Sparkasse	**586**	**635**	**–261**	**–252**	**325**	**383**
Frankfurter Sparkasse pension fund	296	317	–259	–250	37	67
Pension fund adjustment obligation	105	124	–	–	105	124
ZVK Frankfurt	103	106	–	–	103	106
Individual commitments	72	78	–	–	72	78
Other plans	10	10	–2	–2	8	8
Other Group companies	**75**	**78**	**–13**	**–11**	**62**	**67**
Foreign defined benefit plans	**136**	**143**	**–110**	**–98**	**26**	**45**
Total	**2,391**	**2,537**	**–931**	**–402**	**1,459**	**2,135**

The plan assets of the individual Group companies are invested in accordance with the respective investment guidelines, which are determined (together with the investment focus) by an investment committee.

The following table shows the breakdown of plan assets:

in € m

	31.12.2021	31.12.2020
Plan assets quoted in active markets	**322**	**306**
Cash on hand, demand deposits and overnight money balances with central banks and banks	0	3
Bonds and other fixed-income securities	182	223
Equity shares and other variable-income securities	140	80
Plan assets not quoted in active markets	**610**	**96**
Cash on hand, demand deposits and overnight money balances with central banks and banks	0	0
Equity shares and other variable-income securities	561	53
Qualifying insurance contracts	49	43
Fair values of plan assets	**931**	**402**

As at the reporting date, the plan assets included the Group's own bonds in an amount of € 115 m held via investment funds (31 December 2020: none).

For the next financial year, Helaba expects to make contributions to plan assets of € 12 m (2020: € 12 m).

The Helaba Group's pension obligations are exposed to various risks. These risks stem from general market risk (largely interest rate risk and inflation risk) and biometric risk (mainly longevity risk). However, there are no extraordinary risks arising in connection with pension obligations.

- 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 been a noticeable increase in pension provisions as a result of the general low level of 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.

The portfolio is diversified in order to counter market price volatility in connection with plan assets and is regularly monitored by the relevant investment committee.

- 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

	31.12.2021	31.12.2020
Discount rate	1.2	1.0
Salary trend	2.0	2.0
Pension trend	1.5	1.4

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

	31.12.2021	31.12.2020
Discount rate (decreased by 50 basis points)	242	270
Salary trend (increased by 25 basis points)	70	83
Pension trend (increased by 25 basis points)	70	80
Life expectancy (improved by 10 %)	118	129

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 2020, the weighted average maturity of the defined benefit obligations was 19.4 years (31 December 2019: 20.3 years). The following table shows the maturity structure of the forecast pension payments:

in € m

	31.12.2021	31.12.2020
Forecast pension payments with maturities of up to one year	68	68
Forecast pension payments with maturities of one year to five years	284	279
Forecast pension payments with maturities of five years to ten years	392	389

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 (2020: € 4 m).

The employer subsidy for pension insurance in the reporting period amounted to € 38 m (2020: € 36 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	Sundry provisions
As at 1.1.2021	**68**	**1**	**71**	**17**	**204**
Changes in basis of consolidation	–	–	–	–	0
Utilisation	–38	–	–9	–1	–171
Reversals	–2	–0	–3	–3	–31
Reclassifications	26	–	–23	0	–0
Interest cost	–0	–	–0	0	–0
Additions	25	0	25	1	190
Changes due to currency translation and other adjustments	1	–	–	–	1
As at 31.12.2021	**80**	**1**	**59**	**14**	**192**

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

in € m

	Provisions for other long-term employee benefits	Provisions for other off-balance sheet obligations	Restructuring provisions	Provisions for litigation risks	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**

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 (36) 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 related mainly to Helaba's "Scope – Growth through Efficiency" programme, for which provisions of € 32 m (31 December 2020: € 59 m) had been recognised as at the reporting date, and to restructuring measures at Frankfurter Sparkasse (such as planned branch closures) in an amount of € 22 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 (46).

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 € 141 m (31 December 2020: € 182 m).

(34) 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 2021, 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 2021, the bond amounts recognised in the consolidated statement of financial position stood at € 354 m (31 December 2020: € 354 m).

The retained earnings amounting to € 5,338 m (31 December 2020: € 4,942 m) 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 (31 December 2020: € 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 following table shows the changes in the individual components of accumulated other comprehensive income (OCI) in the reporting period:

in € m

	Items that will be subsequently reclassified to the consolidated income statement, net of tax			Items that will not be reclassified to the consolidated income statement, net of tax					Accumulated other comprehensive income
	Remeasurements of the net liability under defined benefit plans	Changes 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	Changes 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 1.1.2020	**–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**
Other comprehensive income for the reporting period	128	1	–67	–0	–84	–	12	–6	–18
As at 31.12.2021	**–573**	**–3**	**–6**	**–1**	**78**	**–17**	**36**	**–43**	**–529**

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 increase the minimum CET1 capital ratio for each bank by at least 2.5 %. In terms of the buffer requirements for systemically important banks, it is the buffer for other systemically important banks that is relevant to Helaba.

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 2021 under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 5.48 % (2020: 5.48 %) plus the applicable capital buffer requirements. The CET1 capital ratio requirement, including the relevant capital buffer requirements, as at 31 December 2021 therefore came to 8.51 % (31 December 2020: 8.75 %).

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 2021, the breakdown of the own funds of the Helaba banking group was as follows (each amount shown after regulatory adjustments):

in € m

	31.12.2021	31.12.2020
Tier 1 capital	**9,616**	**9,447**
Common Equity Tier 1 capital (CET1)	9,157	8,882
Additional Tier 1 capital	459	564
Tier 2 capital	**1,957**	**2,089**
Own funds, total	**11,573**	**11,536**

The following capital requirements and ratios were applicable as at 31 December 2021:

in € m

	31.12.2021	31.12.2020
Default risk (including equity investments and securitisations)	4,373	4,282
Market risk (including CVA risk)	469	287
Operational risk	268	274
Total own funds requirement	**5,110**	**4,843**
CET1 capital ratio	14.3 %	14.7 %
Tier 1 capital ratio	15.1 %	15.6 %
Total capital ratio	18.1 %	19.1 %

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. The leverage ratio has for the first time become a mandatory capital requirement following the initial application of the CRR amendments from 28 June 2021. Under the CRR, banks generally have to comply with a leverage ratio of 3.0 %. However, the ECB has extended the temporary relief measure in connection with the calculation of the leverage ratio, which was due to expire on 28 June 2021, until 31 March 2022 because of the continued prevalence of the COVID-19 pandemic. The relief measure provides for a recalibration of the required minimum leverage ratio. Under these arrangements, the ratio is not fixed at 3.0 % but varies according to the reference date; as a result, it is slightly higher than 3.0 %. As at 31 December 2021, banks were required to comply with a leverage ratio of 3.2 %.

In a letter dated 3 November 2021, the ECB authorised Helaba, for the purposes of calculating the leverage ratio, to treat WIBank as a public-sector development bank within the meaning of Article 429a (2) (3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council and therefore to remove development loans from the calculation of leverage ratio.

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

(35) 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.

(36) 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.

At the reporting date, the Helaba Group modified the IFRS 9 transfer logic. It no longer exercises the 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 option was only used for investment-grade bonds and other fixed-income securities. From 31 December 2021, these transactions are now also subject to the standard criterion for a transfer into stage 2 and will be allocated to stage 2 if there has been a significant increase in credit risk since the date of initial recognition. This modification constitutes a change in accounting estimates in accordance with IAS 8.32 et seq.

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. As at 31 December 2021, the adjustment of loss allowances recognised in this regard amounted to € 296 m (31 December 2020: € 183 m). It included adjustments because of the COVID-19 pandemic (see section covering the impact of the COVID-19 pandemic) and the conflict in Ukraine. A portfolio-based loss allowance of € 15 m was recognised for the first time in 2021 respect of certain exposures in order to take account of the risk of possible sanctions against Russia in response to the conflict in Ukraine. The portfolio-based loss allowance that had been recognised in the previous year for the expected effects from the recalibration of the Domestic Real Estate rating module was reversed in full when the recalibration was implemented in 2021 (31 December 2020: € 12 m).

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 exceptional circumstances as part of the model. For the purposes of figures determined as at 31 December 2021, an exceptional circumstance was identified because of the COVID-19 pandemic. 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;
- 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 or 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 € 229 m (31 December 2020: € 433 m). The corresponding modification gains or losses amounted to € 0 m (31 December 2020: € 0 m). The portfolio contains modified assets with a gross carrying amount of € 3 m (31 December 2020: € 1 m) that were assigned to stages 2 or 79 at the date of modification, but transferred to stage 3 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

	31.12.2021	31.12.2020
Cumulative loss allowances[1]	**718**	**557**
In respect of financial assets measured at amortised cost[1]	714	553
Demand deposits and overnight money balances at central banks and banks[1]	0	0
Bonds and other fixed-income securities[1]	0	–
Loans and receivables[1]	714	553
In respect of financial assets measured at fair value through other comprehensive income[1]	3	4
Bonds and other fixed-income securities[1]	2	2
Loans and receivables[1]	1	1
Loan loss provisions	**71**	**55**
For loan commitments	27	25
For financial guarantees	44	30
Total	**789**	**612**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

Impact of the COVID-19 pandemic

As part of the credit process that has been implemented, very close monitoring is being carried out to identify potential effects from the COVID-19 pandemic on credit risk in the Helaba Group. In this monitoring, an analysis is 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 are 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 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. 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 2021, the gross carrying amount of loans that were subject to an approved EBA-compliant moratorium amounted to € 284 m (31 December 2020: € 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 2021, Helaba had on its books loans of € 740 m with COVID-19-related public-sector guarantees (KfW development bank programmes, federal state guarantees) (31 December 2020: € 490 m). 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 (48)).

In addition, as at 31 December 2021 there were exposures with a gross carrying amount of € 1,608 m (31 December 2020: € 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 because of the ongoing negative economic impact and uncertainty in the context of the pandemic. 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 exceptional circumstances at sub-portfolio level. Exceptional circumstances are situations in which an adjustment of the risk parameters is required, for example because of unusual macroeconomic circumstances. As part of the regular ECL calculation process, quarterly reviews are carried out on the basis of economic forecasts made by the Helaba Group to establish whether exceptional circumstances are present. Various macroeconomic parameters are analysed according to scenario to identify an exceptional circumstance. These parameters include gross domestic product, unemployment rate, oil price, consumer price and share price indices, together with trends in interest rates and exchange rates. Three internal macroeconomic scenarios at Helaba are used in the scenario-related evaluation. An exceptional circumstance is identified largely by means of a comparison between the current portfolio probability of default and the default rate forecast in the scenarios. If an exceptional circumstance is identified on this basis for one or more risk parameters, the parameters are adjusted at sub-portfolio level as part of the model.

The pandemic-related impact on anticipated economic growth has been assessed as an exceptional circumstance for certain sub-portfolios and factored into loss allowances. The core assumption in the various scenarios relates to how the COVID-19 pandemic is likely to progress and the resulting economic consequences. In the baseline scenario, the global economy is on the path to recovery but economic activity in Germany and the euro zone has weakened again during the winter as a consequence of new COVID-19 measures because the pandemic has not yet come to an end. Manufacturing is also being held back by shortages of materials and supply chain difficulties, although these problems ease during the course of 2022. In addition, a significant catch-up effect is anticipated. In 2021, high energy prices and increasing shortages of many products in connection with the global recovery led to considerably higher inflation rates in Germany. Sharp rises in consumer prices will continue in 2022. On the other hand, the ECB is continuing to keep its key interest rates low but is scaling back its bond-buying programmes. The flood of liquidity has helped to restrict the number of business insolvencies and thereby stabilise the banking sector. The ECB's asset-buying programmes are helping to keep risk premiums on government and corporate bonds at a low level. Capital market interest rates are rising moderately as a consequence of the economic recovery and higher inflation rates.

In the negative alternative scenario, the recovery from the pandemic is interrupted by significant setbacks. Following a recession in the first half of the year, economic activity in Europe only picks up again later in 2022. An extremely expansionary monetary policy remains in place and the return to a normal fiscal policy is delayed. A rising level of defaults has an adverse impact on banks. A low oil price and a new economic slump force down inflation. In the positive alternative scenario, pent-up demand is unleashed thanks to a faster end to the restrictions in many countries. Shortages of materials and supply chain difficulties are quickly overcome as a consequence of greater growth in capital investment. The oil price continues to rise leading to an even greater rise in inflation. The ECB terminates its bond-buying programmes and begins to raise interest rates again.

Key parameters used in the analysis for the principal market of Germany included the following:

in %

	Positive		Base		Negative	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Gross domestic product	5.4	6.2	4.0	4.2	−0.3	−1.4
Unemployment rate	4.9	5.8	5.1	6.2	6.4	7.2
Rate of change consumer price index	4.0	2.9	2.7	1.9	1.4	0.5
Short term interest, 3 months	−0.2	−0.2	−0.5	−0.5	−0.7	−0.7

Compared with 31 December 2020, macroeconomic parameters have improved overall and the impact of the exceptional circumstances on loss allowances has diminished. However, the recovery from the COVID-19 pandemic has been stuttering and has been hit by unexpected setbacks. As at 31 December 2021, the effect of the exceptional circumstances was therefore calculated on the basis of the impact in the negative scenario, which took account of the uncertainty in the macroeconomic environment. For the sub-portfolios concerned, a focus on a weighted scenario comprising baseline scenario (probability of 75 %), positive scenario (probability of 15 %) and negative scenario (probability of 10 %) would lead to a reduction in the loss allowance requirement of € 20 m. A focus on the positive scenario would lead to a reduction in the loss allowance of € 25 m.

As at 31 December 2021, there was a heightened risk of defaults. The ongoing restrictions on public life because of the COVID-19 pandemic and the resulting macroeconomic consequences, including the material shortages and supply chain problems caused by the pandemic, needed to be factored in. These risks were not fully reflected in the individual calculations of loss allowances as a result of rating deteriorations and default events. At € 10,264 m, the proportion of financial assets and off-balance sheet commitments at stage 2 equated to 4.7 % of the total volume (31 December 2020: € 8,931 m or 4.2 %). The volume of transactions at stage 3 amounted to € 1,312 m, equating to 0.6 % of the total volume, compared with € 894 m or 0.4 % as at the prior-year reporting date. Actual rating deteriorations or default events were 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 € 171 m recognised as at 31 December 2020 because of the COVID-19 pandemic was increased by € 110 m. This additional requirement was estimated using critical sub-portfolios and based on COVID-19-critical exposures in which assumptions were made about rating deteriorations, collateral value markdowns and lifetime ECLs, depending on appropriateness. For the first time, this also incorporated sub-portfolios significantly affected by supply chain problems. COVID-19-critical exposures relate to individually identified 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. Critical sub-portfolios are identified on the basis of a criterion in which critical exposures account for more than 20 % of the total lending volume in the sub-portfolio. Critical sub-portfolios were identified within the following portfolios: commercial real estate, corporate customers and transport and equipment.

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 2021:

Financial assets measured at amortised cost 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	33,682	0	–	–	33,682	0	0	–	–	0
Bonds and other fixed-income securities	389	0	–	–	389	0	–	–	–	0
Loans and receivables	120,804	8,411	1,119	6	130,339	36	437	240	1	714
Total	**154,874**	**8,411**	**1,119**	**6**	**164,410**	**36**	**437**	**240**	**1**	**714**

The following table shows the figures as at 31 December 2020:

Financial assets measured at amortised cost in € m

	Gross carrying amount					Cumulative loss allowances[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	26,038	–	–	–	26,038	0	–	–	–	0
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**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

Cumulative loss allowances of € 4 m (31 December 2020: € 1 m) were attributable to financial assets in stage 2 under the simplified approach with a gross carrying amount of € 176 m (31 December 2020: € 78 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:

Financial assets measured at amortised cost in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and receivables					
As at 1.1.2021	**43**	**355**	**155**	**–0**	**553**
Total change in loss allowances due to transfers between stages	11	–25	14	–	–
Transfer to stage 1	16	–16	–0	–	–
Transfer to stage 2	–5	5	–1	–	–
Transfer to stage 3	–0	–14	14	–	–
Additions	50	280	175	2	507
Newly originated / acquired financial assets	16	12	1	–	29
Other additions	34	269	174	2	479
Interest effects in stage 3 from updates of gross carrying amount	–	–	5	0	5
Reversals	–70	–175	–68	–1	–314
Reversals from redemptions (derecognition)	–5	–14	–1	–	–20
Other reversals	–64	–161	–67	–1	–294
Utilisations	–	–	–46	–0	–46
Changes due to currency translation and other adjustments	1	1	6	–	8
As at 31.12.2021	**36**	**437**	**240**	**1**	**714**

The changes in loss allowances in the prior-year period were as follows:

Financial assets measured at amortised cost | **in € m**

	Stage 1[1]	Stage 2[1]	Stage 3[1]	POCI[1]	Total[1]
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**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

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:

Financial assets measured at amortised cost in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Demand deposits and overnight money balances at central banks and banks					
As at 1.1.2021	**26,038**	**–**	**–**	**–**	**26,038**
Changes in basis of consolidation	–137	–	–	–	–137
Newly originated/acquired financial assets	10,185	–	–	–	10,185
Change in current account balance	7,885	–0	–	–	7,885
Transfers between stages	–0	0	–	–	–
Transfer to stage 2	–0	0	–	–	–
Derecognitions including redemptions	–10,359	–	–	–	–10,359
Changes due to currency translation and other adjustments	70	–	–	–	70
As at 31.12.2021	**33,682**	**0**	**–**	**–**	**33,682**
Bonds and other fixed-income securities					
As at 1.1.2021	**–**	**–**	**–**	**–**	**–**
Newly originated/acquired financial assets	461	–	–	–	461
Derecognitions including redemptions	–73	0	–	–	–73
Changes due to currency translation and other adjustments	0	–	–	–	0
As at 31.12.2021	**389**	**0**	**–**	**–**	**389**
Loans and receivables					
As at 1.1.2021	**124,386**	**7,280**	**732**	**2**	**132,400**
Newly originated/acquired financial assets	45,021	709	101	6	45,836
Change in current account balance	2,742	–277	–8	–	2,457
Transfers between stages	–5,323	4,439	884	–	–
Transfer to stage 1	3,071	–3,067	–4	–	–
Transfer to stage 2	–8,287	8,343	–56	–	–
Transfer to stage 3	–108	–836	944	–	–
Modifications without derecognition	0	–	–	–	0
Derecognitions including redemptions	–41,253	–2,482	–277	–2	–44,015
Write-offs	–	–	–26	–0	–26
Changes due to currency translation and other adjustments	–4,768	–1,259	–287	0	–6,314
As at 31.12.2021	**120,804**	**8,411**	**1,119**	**6**	**130,339**

The changes in gross carrying amounts in the prior-year period were as follows:

Financial assets measured at amortised cost — 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**
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 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.

Financial assets measured at amortised cost in € m

	Gross carrying amount		Cumulative loss allowances	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020[1]
Demand deposits and overnight money balances at central banks and banks	**33,682**	**26,038**	**0**	**0**
Central banks	33,452	25,619	0	0
Central giro institutions	17	17	–	–
Sparkassen	24	216	0	0
Other banks	189	185	0	0
Bonds and other fixed-income securities	**389**	**–**	**0**	**–**
Other banks	389	–	0	–
Other financial corporations	0	–	–	–
Loans and receivables	**130,339**	**132,400**	**714**	**553**
Central banks	56	59	–	–
Central giro institutions	322	256	0	0
Sparkassen	6,681	6,028	0	0
Other banks	8,628	11,579	1	1
Other financial corporations	10,453	10,329	8	12
Non-financial corporations[2]	67,094	65,355	672	497
Government	28,795	30,841	1	0
Households	8,310	7,951	32	43
Total	**164,410**	**158,437**	**714**	**553**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).
[2] The breakdown for non-financial corporations by industry is now shown in a separate table.

The following table shows the carrying amounts and cumulative loss allowances in respect of loans to and receivables from non-financial corporations, broken down by industry:

Financial assets measured at amortised cost in € m

	Gross carrying amount		Cumulative loss allowances	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020[1]
Agriculture, forestry and fishing	1	2	0	0
Mining and quarrying	76	89	1	0
Manufacturing	5,370	5,403	39	48
Electricity, gas, steam and air-conditioning supply	6,624	5,850	21	11
Water supply, sewerage, waste management and remediation activities	2,944	3,225	0	1
Construction	810	651	3	6
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,478	1,122	7	7
Transportation and storage	5,163	5,770	84	60
Accommodation and food service activities	111	97	1	1
Information and communication	2,410	2,146	7	4
Real estate activities	33,232	33,083	482	326
Professional, scientific and technical activities	1,588	1,291	10	7
Other service activities	2,509	2,396	13	20
Public administration, defence, social insurance	1,632	1,506	0	0
Education	377	382	0	0
Human health and social work activities	1,436	1,285	2	3
Arts, entertainment and recreation	374	402	0	1
Other service activities	956	652	1	2
Non-financial corporations	**67,094**	**65,355**	**672**	**497**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

The following table shows the carrying amounts of financial assets measured at amortised cost broken down by allocation to internal rating class:

Financial assets measured at amortised cost in € m

	31.12.2021					31.12.2020				
	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	**33,682**	**0**	**–**	**–**	**33,682**	**26,038**	**–**	**–**	**–**	**26,038**
Internal classes 0 – 3[1]	33,444	–	–	–	33,444	25,989	–	–	–	25,989
Internal classes 4 – 7	30	–	–	–	30	23	–	–	–	23
Internal classes 8 – 11	206	0	–	–	207	26	–	–	–	26
No allocation to an internal rating class[1]	2	–	–	–	2	0	–	–	–	0
Cumulative loss allowances[2]	**0**	**0**	**–**	**–**	**0**	**0**	**–**	**–**	**–**	**0**
Net carrying amount	**33,682**	**0**	**–**	**–**	**33,682**	**26,038**	**–**	**–**	**–**	**26,038**
Bonds and other fixed-income securities										
Gross carrying amount	**389**	**0**	**–**	**–**	**389**	**–**	**–**	**–**	**–**	**–**
Internal classes 4 – 7	389	–	–	–	389	–	–	–	–	–
No allocation to an internal rating class	–	0	–	–	0	–	–	–	–	–
Cumulative loss allowances[1]	**0**	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**
Net carrying amount	**389**	**0**	**–**	**–**	**389**	**–**	**–**	**–**	**–**	**–**
Loans and receivables										
Gross carrying amount	**120,804**	**8,411**	**1,119**	**6**	**130,339**	**124,386**	**7,280**	**732**	**2**	**132,400**
Internal classes 0 – 3	47,195	20	–	–	47,215	48,302	4	–	–	48,306
Internal classes 4 – 7	32,202	227	–	0	32,430	29,125	313	–	–	29,439
Internal classes 8 – 11	30,340	2,845	–	1	33,187	33,539	2,434	–	1	35,974
Internal classes 12 – 15	8,676	2,824	–	0	11,500	10,455	2,311	–	0	12,766
Internal classes 16 – 20	1,133	1,982	–	0	3,116	1,063	1,733	–	0	2,796
Internal class 21	461	479	–	–	940	729	415	–	0	1,144
Internal classes 22 – 24 (defaulted)	–	–	1,118	5	1,122	–	–	732	0	732
No allocation to an internal rating class	795	33	1	–	830	1,172	70	–	–	1,243
Cumulative loss allowances[1]	**36**	**437**	**240**	**1**	**714**	**43**	**355**	**155**	**–0**	**553**
Net carrying amount	**120,768**	**7,974**	**879**	**5**	**129,625**	**124,343**	**6,925**	**577**	**2**	**131,847**

[1] Prior-year figures restated: In the previous year, an amount of –€ 5 m had been presented with no allocation to an internal rating class The amount should have been allocated to internal classes 0 – 3.
[2] The presentation of loss allowances in this note has been adjusted; see Note (1).

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

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 2021:

Financial assets measured at fair value through other comprehensive income 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	16,460	46	–	–	16,506	2	0	–	–	2
Loans and receivables	649	7	–	–	656	1	0	–	–	1
Total	**17,109**	**53**	**–**	**–**	**17,162**	**3**	**0**	**–**	**–**	**3**

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:

Financial assets measured at fair value through other comprehensive income in € m

	Carrying amount (fair value)					Cumulative loss allowances (recognised in OCI)[1]				
	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**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

Cumulative loss allowances on financial assets measured at fair value through other comprehensive income remained largely unchanged in both the reporting year and the comparative period.

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:

Financial assets measured at fair value through other comprehensive income in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities					
As at 1.1.2021	**20,069**	**–**	**–**	**–**	**20,069**
Changes in basis of consolidation	–290	–	–	–	–290
Newly originated / acquired financial assets	2,605	–	–	–	2,605
Transfers between stages	–46	46	–	–	–
Transfer to stage 2	–46	46	–	–	–
Derecognitions including redemptions	–5,894	–	–	–	–5,894
Changes due to currency translation and other adjustments	–101	0	–	–	–100
As at 31.12.2021	**16,344**	**46**	**–**	**–**	**16,390**
Fair value changes recognised in OCI	116	0	–	–	116
Fair value as at 31.12.2021	**16,460**	**46**	**–**	**–**	**16,506**
Loans and receivables					
As at 1.1.2021	**671**	**7**	**–**	**–**	**678**
Newly originated / acquired financial assets	164	–	–	–	164
Transfers between stages	–	–	–	–	–
Transfer to stage 1	51	–51	–	–	–
Transfer to stage 2	–51	51	–	–	–
Derecognitions including redemptions	–181	–	–	–	–181
Changes due to currency translation and other adjustments	–1	–	–	–	–1
As at 31.12.2021	**653**	**7**	**–**	**–**	**660**
Fair value changes recognised in OCI	–4	–0	–	–	–4
Fair value as at 31.12.2021	**649**	**7**	**–**	**–**	**656**

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:

Financial assets measured at fair value through other comprehensive income 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**

The following table shows the carrying amounts and loss allowances recognised in OCI, broken down by counterparty sector:

Financial assets measured at fair value through other comprehensive income in € m

	Carrying amount (fair value)		Cumulative loss allowances (recognised in OCI)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020[1]
Bonds and other fixed-income securities	**16,506**	**20,299**	**2**	**2**
Central giro institutions	595	682	0	0
Other banks	10,960	12,952	2	2
Other financial corporations	193	376	0	0
Non-financial corporations	182	149	0	0
Government	4,576	6,140	0	0
Loans and receivables	**656**	**683**	**1**	**1**
Other financial corporations	28	116	0	0
Non-financial corporations[2]	628	564	1	1
Government	–	3	–	–
Total	**17,162**	**20,982**	**3**	**4**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).
[2] The breakdown for non-financial corporations by industry is now shown in a separate table.

The following table shows the carrying amounts and cumulative loss allowances in respect of loans to and receivables from non-financial corporations, broken down by industry:

Financial assets measured at fair value through other comprehensive income in € m

	Carrying amount (fair value)		Cumulative loss allowances (recognised in OCI)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020[1]
Agriculture, forestry and fishing	12	13	0	0
Mining and quarrying	–	15	–	0
Manufacturing	292	251	0	0
Electricity, gas, steam and air-conditioning supply	83	49	0	0
Wholesale and retail trade; repair of motor vehicles and motorcycles	33	29	0	0
Transportation and storage	64	68	0	0
Information and communication	28	18	0	0
Real estate activities	73	73	0	0
Professional, scientific and technical activities	44	49	0	0
Non-financial corporations	**628**	**564**	**1**	**1**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

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:

Financial assets measured at fair value through other comprehensive income in € m

	31.12.2021					31.12.2020				
	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	**16,344**	**46**	**–**	**–**	**16,390**	**20,069**	**–**	**–**	**–**	**20,069**
Internal classes 0 – 3	8,816	–	–	–	8,816	10,408	–	–	–	10,408
Internal classes 4 – 7	6,908	–	–	–	6,908	8,109	–	–	–	8,109
Internal classes 8 – 11	614	46	–	–	660	1,545	–	–	–	1,545
Internal classes 12 – 15	1	–	–	–	1	7	–	–	–	7
No allocation to an internal rating class	5	–	–	–	5	1	–	–	–	1
Cumulative loss allowances[1]	**2**	**0**	**–**	**–**	**2**	**2**	**–**	**–**	**–**	**2**
Net carrying amount	**16,342**	**46**	**–**	**–**	**16,388**	**20,067**	**–**	**–**	**–**	**20,067**
Total fair value	**16,460**	**46**	**–**	**–**	**16,506**	**20,299**	**–**	**–**	**–**	**20,299**
Loans and receivables										
Gross carrying amount	**653**	**7**	**–**	**–**	**660**	**671**	**7**	**–**	**–**	**678**
Internal classes 0 – 3	10	–	–	–	10	13	–	–	–	13
Internal classes 4 – 7	219	–	–	–	219	245	–	–	–	245
Internal classes 8 – 11	415	–	–	–	415	404	–	–	–	404
Internal classes 12 – 15	9	–	–	–	9	10	–	–	–	10
Internal classes 16 – 20	–	7	–	–	7	–	7	–	–	7
Cumulative loss allowances[1]	**1**	**0**	**–**	**–**	**1**	**1**	**0**	**–**	**–**	**1**
Net carrying amount	**652**	**7**	**–**	**–**	**659**	**670**	**7**	**–**	**–**	**677**
Total fair value	**649**	**7**	**–**	**–**	**656**	**677**	**7**	**–**	**–**	**683**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

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 2021:

Off-balance sheet liabilities in € m

	Nominal amount					Provisions				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments	27,638	1,196	73	1	28,908	8	12	6	0	27
Financial guarantees	8,089	604	103	10	8,805	4	15	26	–	44
Total	**35,726**	**1,800**	**176**	**11**	**37,714**	**12**	**27**	**32**	**0**	**71**

The following table shows the figures as at 31 December 2020:

Off-balance sheet liabilities 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 change in provisions for loan commitments and financial guarantees during the reporting period:

Off-balance sheet liabilities in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2021	**8**	**13**	**4**	**0**	**25**
Total change in provision due to transfers between stages	3	–5	2	–	–
Transfer to stage 1	4	–4	–0	–	–
Transfer to stage 2	–0	0	–0	–	–
Transfer to stage 3	–0	–2	2	–	–
Additions	12	23	17	1	53
New loan commitments originated	8	2	0	0	9
Other additions	4	22	17	1	44
Reversals	–15	–19	–16	–0	–50
Utilisations (drawdown under loan commitment)	–9	–11	–4	–0	–24
Other reversals	–7	–7	–12	–0	–26
Changes due to currency translation and other adjustments	0	0	0	–	0
As at 31.12.2021	**8**	**12**	**6**	**0**	**27**
Financial guarantees					
As at 1.1.2021	**3**	**14**	**13**	**–**	**30**
Total change in provision due to transfers between stages	1	–6	5	–	–
Transfer to stage 1	2	–2	–	–	–
Transfer to stage 2	–1	1	–	–	–
Transfer to stage 3	–	–5	5	–	–
Additions	4	14	12	3	32
New financial guarantees originated	2	1	1	–	3
Other additions	2	13	10	3	29
Reversals	–4	–7	–4	–3	–19
Changes due to currency translation and other adjustments	0	0	–0	–	0
As at 31.12.2021	**4**	**15**	**26**	**–**	**44**

The changes in provisions for loan commitments and financial guarantees in the prior year are shown in the following table:

Off-balance sheet liabilities 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 following table shows the changes in the nominal amounts of loan commitments and financial guarantees in the reporting period:

Off-balance sheet liabilities in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2021	**26,567**	**1,065**	**110**	**0**	**27,741**
New loan commitments originated	16,049	201	32	3	16,285
Change in current account balance	420	–17	11	–0	414
Transfers between stages	–188	167	21	–	–
Transfer to stage 1	400	–400	–0	–	–
Transfer to stage 2	–588	588	–0	–	–0
Transfer to stage 3	–0	–21	22	–	–
Drawdowns under loan commitments	–14,424	–684	–131	–1	–15,240
Changes due to currency translation and other adjustments	–786	464	30	–	–292
As at 31.12.2021	**27,638**	**1,196**	**73**	**1**	**28,908**
Financial guarantees					
As at 1.1.2021	**7,242**	**579**	**41**	**10**	**7,872**
New financial guarantees originated	1,631	139	27	–	1,797
Transfers between stages	–130	87	42	–	–
Transfer to stage 1	83	–83	–	–	–
Transfer to stage 2	–206	213	–7	–	–
Transfer to stage 3	–6	–43	50	–	–
Changes due to currency translation and other adjustments	–654	–202	–7	–	–863
As at 31.12.2021	**8,089**	**604**	**103**	**10**	**8,805**

The following table shows the changes in nominal amounts in the prior-year period:

Off-balance sheet liabilities 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**

Helaba entered into loan commitments and financial guarantees with customers in the following counterparty sectors and industries:

Off-balance sheet liabilities in € m

	Nominal amount		Provisions	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Loan commitments	**28,908**	**27,741**	**27**	**25**
Central giro institutions	122	5	0	0
Sparkassen	683	660	0	0
Other banks	339	577	0	0
Other financial corporations	3,405	4,142	1	1
Non-financial corporations	20,807	18,114	23	21
Government	1,963	2,816	0	0
Households	1,589	1,427	3	3
Financial guarantees	**8,805**	**7,872**	**44**	**30**
Central giro institutions	0	2	–	0
Sparkassen	81	72	0	0
Other banks	261	161	0	0
Other financial corporations	2,820	2,884	1	1
Non-financial corporations	5,533	4,680	43	30
Government	66	68	0	–
Households	45	6	0	0
Total	**37,714**	**35,613**	**71**	**55**

The following table shows the nominal amounts of loan commitments and financial guarantees by allocation to internal rating class:

Off-balance sheet liabilities in € m

	31.12.2021					31.12.2020				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments										
Nominal amount	**27,638**	**1,196**	**73**	**1**	**28,908**	**26,567**	**1,065**	**110**	**0**	**27,741**
Internal classes 0 – 3	5,166	1	–	0	5,167	5,993	1	–	0	5,994
Internal classes 4 – 7	7,306	17	–	0	7,323	7,354	75	–	0	7,429
Internal classes 8 – 11	10,935	125	–	0	11,060	9,946	143	–	0	10,089
Internal classes 12 – 15	1,893	477	–	0	2,370	2,166	279	–	0	2,445
Internal classes 16 – 20	434	504	–	0	937	287	562	–	0	849
Internal class 21	1,074	58	–	–	1,132	25	1	–	–	26
Internal classes 22 – 24 (defaulted)	–	–	72	1	74	–	–	110	–	110
No allocation to an internal rating class	830	15	1	–	845	796	4	–	–	800
Provisions	**8**	**12**	**6**	**0**	**27**	**8**	**13**	**4**	**0**	**25**
Financial guarantees										
Nominal amount	**8,089**	**604**	**103**	**10**	**8,805**	**7,242**	**579**	**41**	**10**	**7,872**
Internal classes 0 – 3	382	0	–	–	382	324	–	–	–	324
Internal classes 4 – 7	4,363	–	–	–	4,363	3,807	3	–	–	3,810
Internal classes 8 – 11	2,532	107	–	–	2,639	2,247	79	–	–	2,326
Internal classes 12 – 15	511	284	–	–	795	678	279	–	–	957
Internal classes 16 – 20	35	193	–	–	228	30	197	–	–	228
Internal class 21	263	19	–	–	282	151	21	–	–	171
Internal classes 22 – 24 (defaulted)	–	–	103	10	113	–	–	41	10	50
No allocation to an internal rating class	2	–	–	–	2	4	–	0	–	4
Provisions	**4**	**15**	**26**	**–**	**44**	**3**	**14**	**13**	**–**	**30**

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:

Financial assets measured at amortised cost in € m

	Gross carrying amount				Cumulative loss allowances			
	Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020[1]	31.12.2021	31.12.2020[1]
Demand deposits and overnight money balances at central banks and banks	33,682	26,038	–	–	0	0	–	–
Bonds and other fixed-income securities	389	–	–	–	0	–	–	–
Loans and receivables	129,214	131,666	1,125	734	473	398	241	155
thereof: Forborne exposures	1,491	1,210	780	449	23	24	174	84
thereof: Defaulted	–	–	1,123	732	–	–	241	155
Total	**163,285**	**157,704**	**1,125**	**734**	**473**	**398**	**241**	**155**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

The following table shows the financial assets measured at fair value through other comprehensive income by classification as performing / non-performing, defaulted or forborne:

Financial assets measured at fair value through other comprehensive income in € m

	Carrying amount (fair value)				Cumulative loss allowances (recognised in OCI)			
	Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020[1]	31.12.2021	31.12.2020[1]
Bonds and other fixed-income securities	16,506	20,299	–	–	2	2	–	–
Loans and receivables	656	683	–	–	1	1	–	–
Total	**17,162**	**20,982**	**–**	**–**	**3**	**4**	**–**	**–**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

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:

Off-balance sheet liabilities in € m

	Nominal amount				Provisions			
	Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Loan commitments	28,834	27,632	74	110	20	21	7	4
thereof: Forborne exposures	247	249	24	53	2	4	1	2
thereof: Defaulted	–	–	74	110	–	–	7	4
Financial guarantees	8,693	7,821	113	51	18	17	26	13
thereof: Defaulted	–	–	113	51	–	–	26	13
Total	**37,527**	**35,453**	**187**	**160**	**39**	**38**	**32**	**17**

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 businesses of good credit standing.

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 2021 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
Financial assets measured at amortised cost	**164,410**	**714**	**11,785**	**20,439**	**558**	**3,849**	**6,575**	**43,206**
Demand deposits and overnight money balances at central banks and banks	33,682	0	–	–	–	–	–	–
Bonds and other fixed-income securities	389	0	–	–	–	–	–	–
Loans and receivables	130,339	714	11,785	20,439	558	3,849	6,575	43,206
thereof: Stage 3 and POCI assets	1,125	241	46	307	3	176	115	647
Financial assets measured at fair value through other comprehensive income	**17,050**	**3**	**–**	**–**	**–**	**–**	**–**	**–**
Bonds and other fixed-income securities	16,390	2	–	–	–	–	–	–
Loans and receivables	660	1	–	–	–	–	–	–
Loan commitments	**28,908**	**27**	**518**	**260**	**4**	**114**	**1,639**	**2,534**
thereof: Stage 3 and POCI assets	74	7	0	0	0	1	21	22
Financial guarantees	**8,805**	**44**	**8**	**142**	**138**	**2**	**61**	**350**
thereof: Stage 3 and POCI assets	113	26	–	–	–	–	7	7
Total	**219,174**	**789**	**12,310**	**20,840**	**701**	**3,965**	**8,274**	**46,090**

The following table shows the figures as at 31 December 2020:

in € m

	Gross carrying amount/ nominal amount/ maximum guarantee amount	Cumulative loss allowances/provisions[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
Financial assets measured at amortised cost	**158,437**	**553**	**11,033**	**17,931**	**575**	**3,402**	**5,708**	**38,648**
Demand deposits and overnight money balances at central banks and banks	26,038	0	–	–	–	–	–	–
Loans and receivables	132,400	553	11,033	17,931	575	3,402	5,708	38,648
thereof: Stage 3 and POCI assets[1]	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**

[1] The presentation of loss allowances in this note has been adjusted; see Note (1).

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

	31.12.2021	31.12.2020[1]
Gross carrying amount of financial assets measured at amortised cost	**25,543**	**25,106**
Loans and receivables	25,543	25,106
Nominal amount of loan commitments	**1,857**	**756**
Maximum guarantee amount of financial guarantees	**11**	**122**
Total	**27,411**	**25,984**

[1] Prior-year figures restated: In the previous year, the gross carrying amounts of loans and receivables measured at amortised cost had been understated by € 2,803 m. The total lines have been corrected accordingly.

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 € 12 m as at 31 December 2021 (31 December 2020: € 26 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 (46). 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 2021:

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	**287**	**–**	**–**	**–**	**–**	**–**	**–**
Trading assets	**3,978**	**–**	**158**	**–**	**–**	**1**	**159**
Bonds and other fixed-income securities	2,256	–	–	–	–	–	–
Loans and receivables	1,721	–	158	–	–	1	159
Other financial assets mandatorily measured at fair value through profit or loss	**1,196**	**–**	**–**	**–**	**35**	**–**	**35**
Bonds and other fixed-income securities	903	–	–	–	–	–	–
Loans and receivables	272	–	–	–	35	–	35
Receivables from the purchase of endowment insurance policies	20	–	–	–	–	–	–
Financial assets designated voluntarily at fair value	**3,661**	**–**	**–**	**–**	**–**	**8**	**8**
Bonds and other fixed-income securities	130	–	–	–	–	–	–
Loans and receivables	3,532	–	–	–	–	8	8
Total financial assets	**9,122**	**–**	**158**	**–**	**35**	**9**	**202**
Other obligations	**2,834**	**1**	**2**	**6**	**1**	**–**	**9**

The following table shows the figures 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
Other financial assets mandatorily measured 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**

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 (41).

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 2021, the CVAs for both trading book and banking book derivatives with positive fair values amounted to € 163 m (31 December 2020: € 172 m).

For further information on credit risks, please refer to the risk report, which forms an integral part of the management report.

(37) 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 (38) 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 2021, cover assets amounted to € 50,042 m (31 December 2020: € 50,925 m) with mortgage and public Pfandbriefe of € 36,204 m in circulation (31 December 2020: € 38,255 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 (38)):

in € m

	31.12.2021	31.12.2020
Financial assets	**20,498**	**23,650**
Financial assets measured at amortised cost	8,819	11,008
Bonds and other fixed-income securities	44	–
Loans and receivables	8,775	11,008
Trading assets	1,476	2,759
Bonds and other fixed-income securities	1,476	2,759
Loans and receivables	0	0
Financial assets measured at fair value through other comprehensive income	10,203	9,883
Bonds and other fixed-income securities	10,203	9,802
Loans and receivables	–	82
Non-financial assets	**2,059**	**1,421**
Investment property	1,907	1,268
Property and equipment	153	153
Total	**22,558**	**25,071**

Financial assets (securities and cash collateral) were provided as collateral in connection with the following business transactions:

in € m

	31.12.2021	31.12.2020
Collateral for funding transactions with central banks	11,369	11,511
Securities collateral for transactions via exchanges and clearing houses	1,401	1,857
Cash collateral for exchange-traded derivative transactions	35	35
Cash collateral for OTC derivative transactions incl. central counterparties	7,373	9,941
Securities provided as collateral for funding transactions with the European Investment Bank (EIB)	161	151
Collateral provided for other purposes	159	156
Total	**20,498**	**23,650**

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 € 202 m (31 December 2020: € 85 m). As in the prior year, this collateral was sold on or was the subject of onward pledging.

Please refer to Note (36) for disclosures on collateral received in connection with lending operations. Please refer to Note (41) 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 2021, Helaba's collateral pool included such legal transfers with a nominal value of € 2,296 m (31 December 2020: € 1,854 m).

In the context of ECB open market operations, collateral with a value of € 8,678 m (31 December 2020: € 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.

(38) 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 (36) 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 in the prior year, no bonds or other fixed-income securities had been transferred as at 31 December 2021 in connection with repo or securities lending 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 € 28 m (31 December 2020: € 25 m) have been recognised for such warranties.

(39) 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
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

	31.12.2021				31.12.2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash on hand, demand deposits and overnight money balances with central banks and banks	**–**	**287**	**–**	**287**	**–**	**320**	**–**	**320**
Demand deposits and overnight money balances at banks	–	287	–	287	–	320	–	320
Trading assets	**2,197**	**12,764**	**348**	**15,308**	**4,424**	**16,406**	**344**	**21,173**
Positive fair values of derivatives	5	11,214	90	11,309	3	15,586	140	15,730
Bonds and other fixed-income securities	2,169	87	–	2,256	4,398	15	–	4,413
Loans and receivables	–	1,463	258	1,721	–	804	203	1,008
Equity shares and other variable-income securities	22	–	–	22	23	–	–	23
Other financial assets mandatorily measured at fair value through profit or loss	**859**	**4,234**	**610**	**5,702**	**1,178**	**6,409**	**619**	**8,206**
Positive fair values of derivatives	–	4,065	96	4,161	–	6,274	157	6,430
Bonds and other fixed-income securities	856	41	7	903	1,167	41	7	1,214
Loans and receivables	–	39	234	272	–	40	264	304
Equity shares and other variable-income securities	3	89	183	275	11	55	82	148
Shareholdings	–	–	71	71	–	–	65	65
Receivables from the purchase of endowment insurance policies	–	–	20	20	–	–	46	46
Financial assets designated voluntarily at fair value	**130**	**3,225**	**307**	**3,661**	**139**	**3,476**	**340**	**3,955**
Bonds and other fixed-income securities	130	–	–	130	139	–	–	139
Loans and receivables	–	3,225	307	3,532	–	3,476	340	3,816
Negative fair values of hedging derivatives under hedge accounting	**–**	**541**	**–**	**541**	**–**	**1,258**	**–**	**1,258**
Financial assets measured at fair value through other comprehensive income	**15,178**	**1,442**	**574**	**17,194**	**18,670**	**1,773**	**576**	**21,018**
Bonds and other fixed-income securities	15,178	1,280	48	16,506	18,670	1,629	–	20,299
Loans and receivables	–	162	494	656	–	144	539	683
Shareholdings	–	–	32	32	–	–	36	36
Financial assets	**18,363**	**22,492**	**1,839**	**42,695**	**24,410**	**29,643**	**1,879**	**55,931**

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

in € m

	31.12.2021				31.12.2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Trading liabilities	**237**	**12,975**	**89**	**13,301**	**126**	**17,526**	**141**	**17,793**
Negative fair values of derivatives	10	8,473	89	8,572	10	12,351	141	12,502
Securitised liabilities	–	264	–	264	31	481	–	512
Deposits and loans	–	4,238	–	4,238	–	4,695	–	4,695
Liabilities arising from short-selling	227	–	–	227	85	–	–	85
Other financial liabilities	–	0	–	0	–	0	–	0
Negative fair values of non-trading derivatives	**1**	**4,811**	**38**	**4,850**	**1**	**7,287**	**34**	**7,322**
Financial liabilities designated voluntarily at fair value	**–**	**10,860**	**1,409**	**12,268**	**–**	**11,416**	**1,456**	**12,872**
Securitised liabilities	–	5,513	996	6,509	–	5,066	1,028	6,094
Deposits and loans	–	5,347	412	5,759	–	6,350	428	6,778
Negative fair values of hedging derivatives under hedge accounting	**–**	**1,951**	**–**	**1,951**	**–**	**1,671**	**–**	**1,671**
Financial liabilities	**238**	**30,596**	**1,536**	**32,369**	**126**	**37,900**	**1,631**	**39,658**

For the financial assets and liabilities in the portfolio as at the reporting date, the following tables show 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

	31.12.2021				31.12.2020			
	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**	**3**	**0**	**–**	**5**	**–**
Positive fair values of derivatives	–	–	–	3	–	–	–	–
Bonds and other fixed-income securities	–	–	0	–	0	–	5	–
Other financial assets mandatorily measured at fair value through profit or loss	**4**	**–**	**–**	**1**	**13**	**–**	**1**	**1**
Bonds and other fixed-income securities	4	–	–	–	13	–	1	–
Loans and receivables	–	–	–	1	–	–	–	1
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	**11**	**–**	**69**	**3**	**98**	**–**	**86**	**–**
Bonds and other fixed-income securities	11	–	69	–	98	–	86	–
Loans and receivables	–	–	–	3	–	–	–	–
Financial assets	**15**	**–**	**69**	**7**	**112**	**–**	**230**	**1**

in € m

	31.12.2021				31.12.2020			
	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 liabilities	**33**	**–**	**–**	**2**	**–**	**–**	**–**	**–**
Negative fair values of derivatives	–	–	–	2	–	–	–	–
Securitised liabilities	33	–	–	–	–	–	–	–
Financial liabilities designated voluntarily at fair value	**–**	**–**	**–**	**13**	**–**	**–**	**–**	**–**
Deposits and loans	–	–	–	13	–	–	–	–
Financial liabilities	**33**	**–**	**–**	**16**	**–**	**–**	**–**	**–**

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 1.1.2021	**297**	**7**	**1,346**	**82**	**101**	**46**
Gains or losses recognised in the consolidated income statement	−68	0	−30	31	3	2
Loss allowances	–	−0	–	–	–	–
Net trading income	−20	0	−4	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	−47	0	−26	31	3	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	–	0	−6	–	1	–
Additions	12	173	596	80	6	–
Disposals/liquidations	−23	−126	−572	−10	−8	−27
Changes in basis of consolidation	–	–	–	–	−0	–
Changes due to currency translation	–	–	0	0	0	–
Changes in accrued interest	−0	0	−1	–	–	–
Amortisation of premiums/discounts	−13	0	−8	–	–	–
Transfers from Level 2	5	–	53	–	–	–
Transfers to Level 2	−25	–	−85	–	–	–
As at 31.12.2021	**185**	**55**	**1,293**	**183**	**103**	**20**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	−36	0	−11	30	3	1

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	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 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 1.1.2021	**176**	**1,028**	**428**
Gains or losses recognised in the consolidated income statement	–14	–47	–7
Net trading income	–19	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	5	–47	–7
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	–	7	2
Additions	14	91	–
Disposals / liquidations	–22	–80	–51
Changes in accrued interest	–0	–0	–0
Amortisation of premiums / discounts	–3	–2	–10
Transfers from Level 2	4	–	50
Transfers to Level 2	–28	–	–
As at 31.12.2021	**127**	**996**	**412**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	–17	47	7

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 1.1.2020	**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

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	**185**	**127**			
Equity-/index-related derivatives	37	36	Option pricing model	Dividend estimate with remaining term > 3 years	0 € – 121 €
	46	45	Option pricing model	Equity shares correlation	–14.5 % – 85.0 %
Interest-rate derivatives	102	45	Option pricing model	Interest correlation	–26.8 % – 100.0 %
Equity shares and other variable-income securities	**183**				
Private equity funds	183		Fund valuation	Net asset values	n.a.
Bonds and other fixed-income securities	**55**		DCF approach	Credit spread	0.0 % – 3.0 %
Securitised liabilities		**996**			
Interest certificates		996	Option pricing model	Interest correlation	–26.8 % – 100.0 %
Loans and receivables	**1,293**				
Promissory note loans	819		DCF approach	Credit spread	0.0 % – 3.0 %
	374		Option pricing model	Credit spread	0.0 % – 0.4 %
	90		Option pricing model	Interest correlation	–31.2 % – 100.0 %
				Credit spread	0.0 % – 0.4 %
Mezzanine receivables	2		Fund valuation	Fair value	n.a.
Other	8		Various	n.a.	n.a.
Deposits and loans		**412**	Option pricing model	Interest correlation	–31.2 % – 100.0 %
Shareholdings	**103**				
	53		Income capitalisation approach	Discount rate	5.8 % – 8.0 %
				Expected cash flows	n.a.
	50		Various	Fair value and other	n.a.
Receivables from the purchase of endowment insurance policies	**20**		Insurance valuation model	Surrender values	n.a.
Total	**1,839**	**1,536**			

The following table shows the figures as at 31 December 2020:

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 € – 97 €
	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.
Bonds and other fixed-income securities	**7**		DCF approach	Credit spread	0.0 % – 3.0 %
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		Net asset value method	Fair value and other	n.a.
Receivables from the purchase of endowment insurance policies	**46**		Insurance valuation model	Surrender values	n.a.
Total	**1,879**	**1,631**			

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 € 3 m (31 December 2020: € 10 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 € 16 m (31 December 2020: € 8 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 2020: € 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 2020: € 8 m); if the discount rate were lowered by one percentage point, the fair values would rise by € 11 m (31 December 2020: € 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 € 5 m (31 December 2020: € 5 m) above or 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
Demand deposits and overnight money balances at central banks and banks	–	33,682	–	33,682	33,682	0
Bonds and other fixed-income securities	–	392	–	392	389	4
Loans and receivables	–	83,174	50,554	133,727	129,625	4,102
Financial assets measured at amortised cost	**–**	**117,248**	**50,554**	**167,802**	**163,696**	**4,106**
Securitised liabilities	4,704	39,849	–	44,554	44,363	191
Deposits and loans	–	73,844	50,777	124,621	123,528	1,093
Other financial liabilities	–	180	189	369	365	4
Financial liabilities measured at amortised cost	**4,704**	**113,873**	**50,966**	**169,544**	**168,256**	**1,288**

The following table shows the figures as at 31 December 2020:

in € m

	Fair value					
	Level 1	Level 2	Level 3	Total	Carrying amount	Difference
Demand deposits and overnight money balances at central banks and banks	–	26,038	–	26,038	26,038	–0
Loans and receivables	–	88,850	48,104	136,953	131,847	5,106
Financial assets measured at amortised cost	**–**	**114,887**	**48,104**	**162,991**	**157,884**	**5,106**
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 measured at amortised cost	**4,712**	**121,212**	**43,427**	**169,351**	**167,731**	**1,620**

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.

(40) 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 2021 were as follows:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Equity-/index-related transactions	**3,616**	**4,897**	**192**	**290**	**189**	**290**
OTC products	3,364	4,681	187	286	179	279
Equity options	3,360	4,681	186	286	179	279
Purchases	1,754	2,417	186	286	0	–
Sales	1,606	2,265	–	–	179	279
Other transactions	4	–	2	–	–	–
Exchange-traded products	252	216	5	3	10	11
Equity/index futures	32	29	–	–	–	–
Equity/index options	220	186	5	3	10	11
Interest-rate-related transactions	**550,319**	**496,907**	**15,002**	**21,931**	**13,765**	**19,773**
OTC products	545,852	488,405	15,002	21,931	13,765	19,773
Forward rate agreements	1,500	2,000	–	–	–	–
Interest rate swaps	494,425	432,932	13,561	19,928	11,333	14,236
Interest rate options	49,921	53,290	1,440	2,003	2,432	5,535
Purchases	20,346	21,297	1,280	1,807	48	60
Sales	29,575	31,993	160	196	2,384	5,475
Other interest rate contracts	6	183	0	0	–	3
Exchange-traded products	4,467	8,502	–	0	–	–
Interest rate futures	4,158	8,425	–	0	–	–
Interest rate options	309	77	–	–	–	–
Currency-related transactions	**69,862**	**63,368**	**801**	**1,178**	**1,403**	**1,415**
OTC products	69,862	63,368	801	1,178	1,403	1,415
Currency spot and futures contracts	43,441	38,389	483	486	477	594
Cross-currency swaps	25,944	24,313	315	683	922	812
Currency options	477	667	4	9	4	9
Purchases	241	336	4	9	–	–
Sales	236	331	–	–	4	9
Credit derivatives	**4,556**	**5,337**	**14**	**17**	**14**	**17**
OTC products	4,556	5,337	14	17	14	17
Commodity-related transactions	**103**	**93**	**2**	**2**	**0**	**0**
OTC products	103	93	2	2	0	0
Commodity options	103	93	2	2	0	0
Total	**628,456**	**570,602**	**16,011**	**23,419**	**15,372**	**21,495**

Derivatives have been entered into with the following counterparties:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Central banks and banks in Germany	183,895	132,586	5,036	7,258	4,645	5,763
Central banks and banks in the EU (excluding Germany)	67,225	102,347	1,967	4,980	4,260	13,087
Central banks and banks in the rest of the world (excluding EU)	32,469	1,928	1,452	32	5,231	240
Governments, Germany	12,728	21,475	5,454	8,142	317	1,117
Governments, EU (excluding Germany)	–	–	–	0	–	–
Other counterparties in Germany	28,342	29,029	1,123	1,621	350	551
Other counterparties in the EU (excluding Germany)	14,496	269,519	251	1,088	105	712
Other counterparties (rest of world, excluding EU)	284,582	4,999	722	294	453	13
Exchange-traded derivatives	4,719	8,718	5	3	10	11
Total	**628,456**	**570,602**	**16,011**	**23,419**	**15,372**	**21,495**

Notional amounts broken down by term to maturity as at 31 December 2021:

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	174	668	2,765	10	3,616
Interest-rate-related transactions	18,440	43,915	205,651	282,313	550,319
Currency-related transactions	29,195	13,397	22,400	4,870	69,862
Credit derivatives	–	261	4,238	57	4,556
Commodity-related transactions	103	–	–	–	103
Total	**47,911**	**58,241**	**235,054**	**287,250**	**628,456**

The following table shows the 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**

(41) 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	21,743	−5,732	16,011	−7,419	−3,389	5,203
Securities repurchase transactions	210	–	210	–	–	210
Current account receivables	32,687	−2,014	30,673	–	–	30,673
Total	**54,640**	**−7,746**	**46,894**	**−7,419**	**−3,389**	**36,087**
Financial liabilities						
Negative fair values of derivatives	21,051	−5,679	15,372	−7,419	−7,276	678
Current account payables	3,157	−2,067	1,090	–	–	1,090
Total	**24,208**	**−7,746**	**16,462**	**−7,419**	**−7,276**	**1,768**

The following table shows the figures as at 31 December 2020:

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**

(42) 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
USD	15,668	15,756	7,772	5,957
GBP	6,234	6,460	2,442	1,208
CHF	962	996	278	296
JPY	975	923	76	88
Other currencies	1,977	1,847	354	401
Total	**25,815**	**25,981**	**10,921**	**7,950**

(43) 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 (46) can generally become payable at any time up to the maximum guaranteed amount.

The maturity structure of the financial liabilities as at 31 December 2021 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	**44,047**	**12,459**	**17,204**	**62,284**	**36,812**
Securitised liabilities	5	6,278	6,712	18,605	13,634
Deposits and loans	43,843	6,144	10,464	43,637	23,118
Other financial liabilities	199	36	28	43	60
Trading liabilities	**9,702**	**2,077**	**1,489**	**–**	**33**
Negative fair values of derivatives held for trading	8,572	–	–	–	–
Securitised liabilities	–	220	11	–	33
Deposits and loans	903	1,857	1,478	–	–
Liabilities arising from short-selling	227	–	–	–	–
Other financial liabilities	0	–	–	–	–
Negative fair values of non-trading derivatives	**–**	**274**	**647**	**1,849**	**2,239**
Negative fair values of hedging derivatives under hedge accounting	**–**	**238**	**175**	**1,101**	**1,040**
Financial assets designated voluntarily at fair value	**–**	**541**	**3,270**	**3,527**	**5,265**
Securitised liabilities	–	498	2,929	2,064	1,354
Deposits and loans	–	43	341	1,464	3,911
Loan commitments	**26,363**	**142**	**1,195**	**1,208**	**–**
Financial guarantees	**8,779**	**0**	**0**	**5**	**21**
Total	**88,891**	**15,731**	**23,980**	**69,974**	**45,410**

The following table shows the figures as at 31 December 2020:

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 derivatives held for trading	**–**	**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**

(44) 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

	31.12.2021	31.12.2020
Financial assets measured at amortised cost	**79**	**75**
Loans and receivables	79	75
Other financial assets mandatorily measured at fair value through profit or loss	**2**	**2**
Loans and receivables	2	2
Subordinated financial assets	**81**	**77**
Financial liabilities measured at amortised cost	**2,836**	**2,824**
Securitised liabilities	1,438	1,452
Profit participation certificates	–	20
Securitised silent participations	527	527
Subordinated bonds	911	905
Deposits and loans	1,398	1,372
Unsecuritised profit participation rights	–	61
Unsecuritised silent participations	18	18
Subordinated loans	1,380	1,293
Financial liabilities designated voluntarily at fair value	**47**	**44**
Deposits and loans	47	44
Subordinated loans	47	44
Subordinated financial liabilities	**2,883**	**2,868**

(45) 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 2021 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Balance as at 1.1.	**49,869**	**59,715**	**512**	**1,137**	**6,094**	**6,024**	**56,475**	**66,876**
Changes in basis of consolidation	175	–	–	–	–	–	175	–
Additions from issues	95,656	95,137	735	1,613	1,675	1,447	98,066	98,196
Additions from reissue of previously repurchased instruments	1,162	1,503	–	–	39	78	1,201	1,581
Redemptions	−97,520	−100,526	−997	−2,134	−1,015	−1,407	−99,533	−104,067
Repurchases	−4,693	−5,521	−4	−95	−94	−115	−4,791	−5,730
Changes in accrued interest	−20	−20	–	–	−1	−4	−21	−24
Changes in value recognised through profit or loss	−520	258	5	1	−233	71	−749	330
Credit-risk-related changes in fair value recognised in OCI	–	–	–	–	37	−14	37	−14
Changes due to currency translation and other adjustments	254	−676	14	−11	9	13	276	−674
Balance as at 31.12.	**44,363**	**49,869**	**264**	**512**	**6,509**	**6,094**	**51,136**	**56,475**

(46) 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

	31.12.2021	31.12.2020
Loan commitments	**28,908**	**27,741**
Financial guarantees	**8,805**	**7,872**
Other obligations	**2,834**	**2,462**
Liabilities from guarantees and warranty agreements (excluding financial guarantees)	340	162
Placement and underwriting obligations	1,097	1,110
Obligations to make further retrospective payments	0	–
Contribution obligations	215	158
Contractual obligations for the acquisition of property and equipment, intangible assets and other assets	350	78
Contractual obligations in connection with investment property	528	566
Litigation risk obligations	1	0
Sundry obligations	302	387
Total	**40,548**	**38,075**

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, € 204 m of the contribution obligations was attributable to 37 commercial partnerships, while € 11 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.

Helaba 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.

Helaba 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. The general meeting of members of the German Savings Banks Association (DSGV) adopted a resolution concerning the refinement of the Sparkassen-Finanzgruppe's protection scheme on 27 August 2021. This implemented the requests of the ECB and BaFin, therefore making the protection scheme even more efficient. A more effective set of decision-making structures was introduced, for example, and it was affirmed in principle that the organisation was prepared to expand its resources with an additional fund to be built up from 2025. 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 (eligible exposures as specified in the German Solvency Regulation (Solvabilitätsverordnung, SolvV)) 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.

Under a control agreement with Sparkassen-Immobilien-Vermittlungs-GmbH, Helaba must absorb any net loss for the year during the term of the agreement unless such loss can be offset by withdrawal of amounts from other retained earnings that have been previously appropriated to retained earnings during the term of the agreement.

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 € 68 m (31 December 2020: € 55 m) to the European Single Resolution Fund. Helaba 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 € 53 m (31 December 2020: € 42 m).

(47) Letters of Comfort

Entity	Registered offices
Grundstücksgesellschaft Gateway Gardens GmbH	Frankfurt am Main

(48) Fiduciary Transactions

in € m

	31.12.2021	31.12.2020
Loans and advances to banks	822	710
Loans and advances to customers	619	562
Equity shares and other variable-income securities	91	92
Shareholdings	70	71
Sundry assets	15	15
Trust assets	**1,617**	**1,450**
Deposits and loans from banks	550	465
Deposits and loans from customers	842	761
Other financial liabilities	225	224
Trust liabilities	**1,617**	**1,450**

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 €295 m (31 December 2020: €210 m) forwarded to Sparkassen and customers to mitigate the effects of the COVID-19 pandemic (KfW-Schnellkredit 2020).

Other Disclosures

(49) 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cost										
Balance as at 1.1.	**60**	**57**	**210**	**197**	**9**	**8**	**0**	**0**	**279**	**262**
Changes in basis of consolidation	–	–	–	1	–	0	–	–	–	2
Additions from original acquisition/ construction	0	4	10	21	3	2	0	0	13	26
Disposals	–0	–1	–20	–9	–3	–0	–0	–	–24	–10
Changes due to currency translation and other adjustments	–	–	–1	–0	0	0	0	–0	–1	–0
Balance as at 31.12.	**60**	**60**	**198**	**210**	**9**	**9**	**0**	**0**	**268**	**279**
Accumulated depreciation										
Balance as at 1.1.	**–7**	**–4**	**–69**	**–36**	**–6**	**–3**	**–0**	**–0**	**–82**	**–43**
Depreciation	–4	–4	–28	–34	–3	–3	–0	–0	–35	–41
Disposals	0	0	17	0	3	0	–	–	20	0
Changes due to currency translation and other adjustments	–	–	3	0	0	0	0	0	4	0
Balance as at 31.12.	**–11**	**–7**	**–77**	**–69**	**–5**	**–6**	**–0**	**–0**	**–93**	**–82**
Accumulated impairment losses										
Balance as at 1.1.	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**
Reversals of impairment losses	–	–	–	0	–	–	–	–	–	0
Changes due to currency translation and other adjustments	–	–	0	–0	–	–	–	–	0	–0
Balance as at 31.12.	**–**	**–**	**0**	**0**	**–**	**–**	**–**	**–**	**0**	**0**
Carrying amounts as at 31.12.	**49**	**52**	**122**	**141**	**4**	**4**	**0**	**0**	**175**	**197**

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 2021, the Helaba Group held 125 agreements with terms between 18 and 79 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 € 176 m (31 December 2020: € 196 m).

The following table shows the maturity structure of lease liabilities based on undiscounted cash flows:

in € m

	31.12.2021	31.12.2020
Up to three months	5	8
More than three months and up to one year	20	19
More than one year and up to five years	82	92
More than five years	90	99
Total	**197**	**217**

Further lease disclosures for the Helaba Group as lessee:

in € m

	31.12.2021	31.12.2020
Interest expense from the unwinding of discount on lease liabilities	–1	–1
Expense for short-term leases (term of less than twelve months) included in general and administrative expenses	–0	–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)	6	7
Total amount of cash outflows for leases in the period	46	50
Potential future lease payments not included in lease liabilities	54	56
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

The Helaba Group did not report any amounts from finance leases in the reporting period.

In the prior year, the amounts from finance leases recognised in the consolidated income statement were less than € 1 m.

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

	31.12.2021	31.12.2020
Up to one year	106	95
More than one year and up to two years	33	31
More than two years and up to three years	23	26
More than three years and up to four years	19	24
More than four years and up to five years	17	19
More than five years	74	87
Total	**273**	**283**

The following table shows the amounts from operating leases recognised in the consolidated income statement:

in € m

	31.12.2021	31.12.2020
Lease income for the period included in other net operating income relating to fixed and in-substance lease payments	403	391
Lease income for the period from variable lease payments included in other net operating income that depend on an index or a rate	0	0

The operating leases mainly relate to leases for land and buildings.

(50) 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 2021 to unconsolidated structured entities within the meaning of IFRS 12:

in € m

	Securitisation special purpose entities	Asset management entities	Other structured entities	Total
Financial assets measured at amortised cost	**2,639**	**374**	**3,524**	**6,537**
Bonds and other fixed-income securities	0	–	–	0
Loans and receivables	2,639	374	3,524	6,537
Trading assets	**1**	**14**	**0**	**15**
Positive fair values of derivatives held for trading	1	14	0	15
Loans and receivables	–	–	0	0
Other financial assets mandatorily measured at fair value through profit or loss	**7**	**222**	**7**	**235**
Bonds and other fixed-income securities	7	–	–	7
Equity shares and other variable-income securities	–	222	7	229
Sundry assets	**–**	**9**	**–**	**9**
Assets	**2,646**	**619**	**3,532**	**6,796**
Loan commitments	247	14	291	552
Financial guarantees	28	–	–	28
Sundry obligations	–	184	1	184
Off-balance sheet liabilities	**275**	**198**	**292**	**764**
Size of structured entities	**3,630**	**220,508**	**135,888**	**360,026**

The following table shows the figures as at 31 December 2020:

in € m

	Securitisation special purpose entities	Asset management entities	Other structured entities	Total
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
Sundry assets	**–**	**7**	**–**	**7**
Assets	**2,806**	**451**	**2,993**	**6,249**
Loan commitments	1,362	30	400	1,792
Financial guarantees	25	–	–	25
Off-balance sheet liabilities	**1,387**	**30**	**400**	**1,817**
Size of structured entities	**5,078**	**166,936**	**128,907**	**300,921**

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

	31.12.2021	31.12.2020
Retail funds 40 (31 December 2020: 36)	6,273	5,045
Institutional funds 397 (31 December 2020: 332)	175,803	127,585
Total	**182,076**	**132,630**

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 € 2,929 m (31 December 2020: € 3,146 m), of which € 2,714 m had been drawn down as at 31 December 2021 (31 December 2020: € 2,079 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 2021 after taking into account issues of € 0 m (31 December 2020: € 876 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 € 34 m (31 December 2020: € 85 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 2021 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. The consolidation also included the asset leasing vehicle RAMIBA Verwaltung GmbH, in which Helaba can decide on the remarketing of the lease asset at the end of the term.

(51) 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 (37) and (38)), 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 € 23 m (31 December 2020: € 30 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 € 1,296 m (31 December 2020: € 1,656 m). This total figure included an amount of € 1,048 m (31 December 2020: € 1,378 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 2021, WIBank reported total assets of € 26,460 m (31 December 2020: € 25,879 m) and LBS total assets of € 6,195 m (31 December 2020: € 6,196 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.

(52) 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 2021, Helaba held the following assets in respect of related parties:

in € m

	Unconsolidated subsidiaries	Investments in joint ventures 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	**2**	**169**	**8,203**	**14**	**8,388**
Loans and receivables	2	169	8,203	14	8,388
Trading assets	**–**	**–**	**1,263**	**–**	**1,263**
Positive fair values of derivatives held for trading	–	–	1,254	–	1,254
Bonds and other fixed-income securities	–	–	10	–	10
Other financial assets mandatorily measured at fair value through profit or loss	**10**	**8**	**1**	**–**	**20**
Shareholdings	10	8	1	–	20
Financial assets designated voluntarily at fair value	**–**	**–**	**715**	**–**	**715**
Loans and receivables	–	–	715	–	715
Financial assets measured at fair value through other comprehensive income	**0**	**–**	**375**	**–**	**375**
Bonds and other fixed-income securities	–	–	332	–	332
Loans and receivables	–	–	43	–	43
Shareholdings	0	–	–	–	0
Shares in equity-accounted entities	**–**	**7**	**–**	**–**	**7**
Sundry assets	**–**	**–**	**115**	**–**	**115**
Total assets	**12**	**185**	**10,672**	**14**	**10,884**

The following table shows the figures as at 31 December 2020:

in € m

	Unconsolidated subsidiaries	Investments in joint ventures 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**
Sundry assets	**–**	**–**	**115**	**–**	**115**
Total assets	**17**	**220**	**11,895**	**14**	**12,147**

The liabilities and off-balance sheet commitments to related parties as at 31 December 2021 were as follows:

in € m

	Unconsolidated subsidiaries	Investments in joint ventures and associates	Helaba shareholders	Other related parties	Total
Financial liabilities measured at amortised cost	**47**	**27**	**4,208**	**7**	**4,289**
Deposits and loans	47	27	4,208	7	4,289
Other financial liabilities	–	–	0	–	0
Trading liabilities	**–**	**–**	**37**	**–**	**37**
Negative fair values of derivatives held for trading	–	–	37	–	37
Financial liabilities designated voluntarily at fair value	**–**	**–**	**76**	**–**	**76**
Deposits and loans	–	–	76	–	76
Provisions	**0**	**0**	**5**	**19**	**24**
Total liabilities	**47**	**27**	**4,327**	**26**	**4,427**
Loan commitments	2	116	1,084	5	1,207
Financial guarantees	0	0	5	5	10
Total off-balance sheet commitments	**2**	**116**	**1,089**	**10**	**1,217**

The following table shows the figures as at 31 December 2020:

in € m

	Unconsolidated subsidiaries	Investments in joint ventures 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**

As in the prior year, loans to and receivables from other related parties did not include any loans to members of the Executive Board; again as in the prior year, loans to members of the Supervisory Board amounted to less than € 1 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 € 90 m was generated from related parties (2020: € 88 m). Standard banking services produced net fee and commission income of € 55 m (2020: € 46 m). In addition, derivative transactions are entered into with related parties, mainly to hedge interest rate risk. Interest income of € 49 m (2020: € 40 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

	31.12.2021	31.12.2020
Benefits due in short term	3.5	3.8
Post-employment benefits (defined contribution plans)	–	–
Other benefits due in the long term	1.8	1.9
Benefits payable on termination of employment	–	–
Total	**5.3**	**5.6**

Additions of € 1.7 m were also made to the pension provisions for members of the Executive Board (2020: € 1.9 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 € 73 m have been recognised for pension obligations in accordance with IAS 19 for this group of persons (31 December 2020: € 78 m).

(53) Members of the Supervisory Board

Gerhard Grandke
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main/Erfurt
– Chairman –
– until 31 December 2021 –

Stefan Reuß
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main/Erfurt
– Chairman –
– since 1 January 2022 –

Dr. Werner Henning
Chief Administrative Officer
County District of Eichsfeld
Heiligenstadt
– First Vice-Chairman –

Michael Boddenberg
Minister of State
Ministry of Finance of the State of Hesse
Wiesbaden
– Second Vice-Chairman –

Klaus Moßmeier
Chairman of the Board of Managing
Directors
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 Board of Managing
Directors
Stadt- und Kreis-Sparkasse Darmstadt
Darmstadt

Dr. Annette Beller
Member of the Management Board
B. Braun SE
Melsungen

Christian Blechschmidt
Chairman of the Board of Managing
Directors
Sparkasse Unstrut-Hainich
Mühlhausen
– until 30 April 2021 –

Hans-Georg Dorst
Chairman of the Board of Managing
Directors
Sparkasse Mittelthüringen
Erfurt
– since 1 July 2021 –

Nancy Faeser
Federal Minister of the Interior and
Community
Berlin
– until 31 December 2021 –

Günter Högner
Chairman of the Board of Managing
Directors
Nassauische Sparkasse
Wiesbaden

Oliver Klink
Chairman of the Board of Managing
Directors
Taunussparkasse
Bad Homburg v. d. H.

Frank Lortz
Vice-President of the
State Parliament of Hesse
Wiesbaden

Dr. Hagen Pfeiffer
Managing Director
HP Management Advisory GmbH
Eschborn
– since 7 July 2021 –

Dr. Birgit Roos
Meerbusch

Uwe Schmidt
Chief Administrative Officer
District of Kassel
Kassel
– until 30 June 2021 –

Anita Schneider
Chief Administrative Officer
County District of Gießen
Gießen
– since 29 September 2021 –

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. Heiko Wingenfeld
Mayor
City of Fulda
Fulda

Arnd Zinnhardt
Königstein
– until 12 March 2021 –

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

(54) Members of the Executive Board

Thomas Groß – CEO –	Chief Executive and Chief Financial Officer (CEO and CFO) of Helaba and Dezernent (Board member) with responsibility for Group Steering, Human Resources and Legal Services, Accounting and Taxes, Group Audit, Frankfurter Sparkasse and Frankfurter Bankgesellschaft
Dr. Detlef Hosemann	Chief Risk Officer (CRO) der Helaba und Dezernent für Risikocontrolling, Credit Risk Management, Restrukturierung/Workout und Compliance
Hans-Dieter Kemler	Dezernent (Board member) with responsibility for Corporate Banking, Capital Markets, Treasury, Sales Controlling Corporates & Markets, and Helaba Invest
Frank Nickel	Dezernent (Board member) with responsibility for Savings Banks and SME, Public Sector, WIBank, LBS, and Sales Controlling S-Group
Christian Rhino – since 1 February 2021 –	Chief Information Officer and Chief Operating Officer (CIO and COO) of Helaba and Dezernent (Board member) with responsibility for Information Technology, Organisation and Operations
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 New York and London

(55) Positions on Supervisory Boards and Other Executive Bodies

Positions held by the members of the Executive Board

Office holder	Corporation	Function
Thomas Groß	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
	DSGF Deutsche Servicegesellschaft für Finanzdienstleister mbH, Cologne	Member
	paydirekt GmbH, Frankfurt am Main	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
	Sparkasse Rhein Neckar Nord, Mannheim	Member
Holger Mai	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Chairman
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
Andre 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
Jürgen Wilke	Städtische Sparkasse Offenbach a. M., Offenbach am Main	Member

(56) Report on Events After the Reporting Date

There has been a serious escalation in the conflict between Ukraine and Russia since the reporting date. Following the incursion of Russian troops into Ukraine on 24 February 2022, sanctions against Russia have been extended significantly, especially those targeting Russian banks. Currently, it is not possible to reliably quantify the impact on Helaba's financial position and financial performance of the sanctions, which may restrict, for example, capital market business and payment transactions or give rise to second-round effects in the lending business. Helaba has already recognised a flat-rate loss allowance in its annual financial statements to take account of the risk associated with its exposures in Russia.

(57) 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, Schönefeld	100.00	0.00		–0.0	–5	€	2)
3	ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	100.00	100.00		–23.0	225	€	2)
4	BHT Baugrund Hessen-Thüringen GmbH, Frankfurt am Main	100.00	0.00		0.0	0	€	1), 3)
5	CORDELIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	153	€	4)
6	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89	0.00		36.7	2,854	€	
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	–150	€	2)
9	EGERIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	278	€	4)
10	Erste OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.1	–76	€	2)
11	Family Office der Frankfurter Bankgesellschaft AG, Frankfurt am Main	100.00	0.00		0.8	–347	€	
12	FHP Friedenauer Höhe Fünfte GmbH & Co. KG, Berlin	100.00	0.00		–0.5	–48	€	2)
13	FHP Friedenauer Höhe Projekt GmbH, Berlin	100.00	0.00		0.1	12	€	
14	FHP Friedenauer Höhe Zweite GmbH & Co. KG, Berlin	100.00	0.00		–0.4	–45	€	2)
15	FHP Projektentwicklung GmbH & Co. KG, Berlin	100.00	0.00		0.0	–17	€	2)
16	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00	0.00		17.1	1,466	€	
17	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00	100.00		124.2	4,076	CHF	
18	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		920.7	15,000	€	
19	Galerie Lippe GmbH & Co. KG, Frankfurt am Main	94.90	0.00		–29.2	–13,695	€	2)

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	
20	GGM Gesellschaft für Gebäude-Management mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1), 3)
21	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1), 3)
22	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH, Frankfurt am Main	100.00	0.00		0.9	7	€	
23	Grundstücksverwaltungsgesellschaft KAISERLEI GmbH & Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100.00	0.00		4.7	435	€	2)
24	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	100.00	0.00		23.4	0	€	1)
25	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00	5.10		88.8	6,763	€	
26	GWH Bauprojekte GmbH, Frankfurt am Main	100.00	0.00		13.6	0	€	1)
27	GWH Digital GmbH, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
28	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		949.9	0	€	1)
29	GWH Komplementär I. GmbH, Frankfurt am Main	100.00	0.00		0	14	€	
30	GWH Projekt Braunschweig I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–19	€	
31	GWH Projekt Dortmund I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–14	€	
32	GWH Projekt Dresden I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–14	€	
33	GWH Projekt Dresden II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–14	€	
34	GWH Projekt Dresden III GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–14	€	
35	GWH Projekt Gunderslache GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–19	€	
36	GWH Projekt Wolfsburg I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	–14	€	
37	GWH WertInvest GmbH, Frankfurt am Main	100.00	0.00		1.0	65	€	
38	GWH Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	100.00	0.00		420.4	102,561	€	
39	HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG, Pullach	48.27	0.00		11.2	135	€	
40	HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG, Pullach	63.10	0.00		11.7	108	€	
41	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00	0.00		1.0	–141	€	2)

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 € thou-sands	Original currency	
42	Helaba Asset Services Unlimited Company, Dublin, Ireland	100.00	100.00		57.0	4,292	€	
43	Helaba Digital GmbH & Co. KG, Frankfurt am Main	100.00	100.00		5.5	−314	€	2)
44	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	100.00		13.0	0	€	1)
45	Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG, Pullach	5.92	0.00		−120.9	7,240	€	
46	HeWiPPP II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.7	11	€	2)
47	Honua'ula Partners LLC, Wilmington, USA	100.00	0.00		−210.6	−37,062	USD	
48	HP Holdco LLC, Wilmington, USA	100.00	100.00		0.0	0	USD	
49	HTB Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.1	−0	€	
50	IMAP M&A Consultants AG, Mannheim	75.10	0.00		1.2	173	€	
51	Kalypso Projekt GmbH & Co. KG, Frankfurt am Main	100.00	0.00		4.4	145	€	2)
52	Main Capital Funding II Limited Partnership, St. Helier, Jersey	0.00	0.00		12.9	−26	€	4)
53	Main Capital Funding Limited Partnership, St. Helier, Jersey	0.00	0.00		4.8	−43	€	4)
54	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	99.99	0.00		12.7	998	€	
55	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	94.90	0.00		28.3	1,480	€	
56	MKB PARTNERS, LLC, Wilmington, USA	100.00	0.00		7.3	2	USD	
57	Montindu S.A./N.V., Brussels, Belgium	100.00	99.97		15.5	284	€	
58	Neunte P 1 Projektgesellschaft mbH & Co. KG, Frankfurt am Main	100.00	0.00		1.4	286	€	2)
59	OFB Beteiligungen GmbH, Frankfurt am Main	100.00	0.00		6.1	72	€	
60	OFB Biotech Campus GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		2)
61	OFB Bleidenstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−2.6	−969	€	2)
62	OFB gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	100.00	0.00		3.5	748	€	2)
63	OFB Limes Haus II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.6	48	€	2)
64	OFB Löwenhöhe GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.3	27	€	2)
65	OFB MK 14.3 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−46	€	2)

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	
66	OFB Projektentwicklung GmbH, Frankfurt am Main	100.00	100.00		1.1	0	€	1), 3)
67	OFB Sechste PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		2)
68	OFB Seven Gardens 2. BA GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		2)
69	OPUSALPHA FUNDING LTD, Dublin, Ireland	0.00	0.00		0.0	0	€	4)
70	Projekt Erfurt B38 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.2	−19	€	2)
71	Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−14	€	2)
72	Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−35	€	2)
73	PVG GmbH, Frankfurt am Main	100.00	100.00		0.4	0	€	1), 3)
74	Ramiba Verwaltung GmbH, Pullach	0.00	0.00		−0.1	−61	€	4)
75	SQO Stadt Quartier Offenburg GmbH & Co. KG, Frankfurt am Main	100.00	0.00		25.4	−1,226	€	2)
76	Systeno GmbH, Frankfurt am Main	100.00	0.00		7.8	990	€	
77	unIQus Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		11.2	100	€	2)
78	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
79	Verso Grundstücksentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.9	−291	€	2)
80	Verso Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		6.2	1,089	€	2)
81	Vierte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−19	€	2)
82	Vierte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.2	−147	€	2)
83	Zweite OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		1.0	165	€	2)
84	Zweite OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.8	272	€	2)

No.	Name and location of the entity	Holding in % Total	Thereof directly	Fund volume in € m	Original currency	
85	HI-C-FSP-Fonds, Frankfurt am Main	100.00	0.00	106.2	€	4)
86	HI-FBI-Fonds, Frankfurt am Main	100.00	0.00	155.3	€	4)
87	HI-FSP-Fonds, Frankfurt am Main	100.00	0.00	162.6	€	4)
88	HI-FSP-Infrastruktur-Fonds, Frankfurt am Main	100.00	0.00	16.6	€	4)
89	HI-H-FSP-Fonds, Frankfurt am Main	100.00	0.00	501.7	€	4)
90	HI-HT-KOMP.-Fonds, Frankfurt am Main	100.00	0.00	46.5	€	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	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
91	CP Campus Projekte GmbH, Frankfurt am Main	50.00	0.00		0.5	–172	€	
92	Einkaufszentrum Wittenberg GmbH, Leipzig	50.00	0.00		–1.3	–220	€	
93	Eschborn Gate GmbH, Frankfurt am Main	50.00	0.00		4.8	–2,310	€	
94	FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	50.00	0.00		–0.4	–141	€	
95	FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	50.00	0.00		–0.3	–110	€	
96	FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	50.00	0.00		–1.4	–245	€	
97	FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	50.00	0.00		–0.5	–187	€	
98	G & O Alpha Hotelentwicklung GmbH, Frankfurt am Main	50.00	0.00		0.1	–70	€	
99	G & O Alpha Projektentwicklungs-GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	–4	€	
100	G & O Baufeld Alpha 2. BA GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	–5	€	
101	G & O Gateway Gardens Dritte GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.5	66	€	
102	G & O Gateway Gardens Erste GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	–308	€	
103	G & O MK 12 GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	–20	€	
104	G & O MK 17.7 Nord GmbH & Co. KG, Frankfurt am Main	50.00	0.00		–0.6	–173	€	

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
105	G & O MK 17.7 Süd GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.1	55	€
106	gatelands Immobilien GmbH & Co. KG, Schönefeld	75.00	0.00		k.A.	k.A.	
107	GIZS GmbH & Co. KG, Frankfurt am Main	33.33	33.33		15.9	−3,095	€
108	G&O MK 15 Bauherren GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	119	€
109	GOB Dritte E & A Grundbesitz GmbH, Frankfurt am Main	50.00	0.00		−0.3	−470	€
110	GOB Projektentwicklung Fünfte GmbH & Co. KG, Frankfurt am Main	8.84	0.00		−0.1	−62	€
111	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33	0.00		2.0	−884	€
112	Horus AWG GmbH, Frankfurt am Main	50.00	0.00		−0.2	−21	€
113	Multi Park Mönchhof Main GmbH & Co. KG, Neu-Isenburg	50.00	0.00		0.1	−11	€
114	OFB & Procom Objekt Neu-Ulm GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	−92	€
115	Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt am Main	30.00	0.00		17.4	10,008	€
116	sono west Projektentwicklung GmbH & Co. KG, Frankfurt am Main	70.00	0.00		1.1	354	€
117	Stresemannquartier GmbH & Co. KG, Berlin	50.00	0.00		0.1	−14	€
118	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	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	
119	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	54.51	0.00		2.4	–602	€	
120	Projekt Am Sonnenberg Wiesbaden GmbH, Essen	49.00	0.00		k.A.	k.A.		
121	WoWi Media GmbH & Co. KG, Hamburg	23.72	0.00	19.24	2.8	12,373	€	

Non-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	
122	ASTARTE Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	–2	€	
123	BGT GmbH, Frankfurt am Main	100.00	100.00		0.0	0	€	1)
124	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Wiesbaden	100.00	100.00		1.8	797	€	
125	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		5.2	–21	€	
126	FAM-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.2	2	€	
127	GLD Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	1	€	
128	Helaba Digital Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	0	€	
129	Helaba Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.2	0	€	
130	Helaba Projektbeteiligungsgesellschaft für Immobilien mbH, Frankfurt am Main	100.00	100.00		2.3	–8	€	
131	Helaba Representação Ltda., São Paulo, Brazil	100.00	99.00		0.1	0	BRL	
132	KOFIBA-Verwaltungsgesellschaft mbH i.L., Berlin	100.00	100.00		0.2	–0	€	
133	Kornmarkt Arkaden Verwaltung GmbH, Frankfurt am Main	100.00	0.00		0.0	–0	€	
134	Main Funding GmbH, Frankfurt am Main	0.00	0.00		0.3	3	€	4)
135	Main Funding II GmbH, Frankfurt am Main	0.00	0.00		0.1	5	€	4)
136	OFB gatelands Verwaltung GmbH, Schönefeld	100.00	0.00		0.0	–1	€	

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	
137	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		6.2	456	€	
138	Sparkassen-Immobilien-Vermittlungs-GmbH, Frankfurt am Main	100.00	100.00		2.3	1,022	€	1)
139	TE Beta GmbH, Frankfurt am Main	100.00	100.00		0.4	103	€	
140	TE Gamma GmbH, Frankfurt am Main	100.00	100.00		0.1	7	€	
141	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.6	−0	€	
142	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH) i.L., Wiesbaden	66.67	66.67		0.5	−23	€	
143	Unterstützungseinrichtung der Landesbank Hessen-Thüringen GmbH i. L., Frankfurt am Main	100.00	100.00		0.0	−0	€	
144	wall park GmbH & Co. KG, Frankfurt am Main	100.00	100.00		0.0	−2	€	
145	wall park Grundstücksgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	6	€	

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
146	FHP Friedenauer Höhe Verwaltungs GmbH, Berlin	50.00	0.00		0.0	–2	€
147	G & O Alpha Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	4	€
148	G & O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	3	€
149	gatelands Verwaltungs GmbH, Schönefeld	75.00	0.00		0.0	2	€
150	GIZS Verwaltungs-GmbH, Frankfurt am Main	33.33	33.33		0.0	6	€
151	GOB Projektentwicklungsgesellschaft E & A mbH, Frankfurt am Main	50.00	0.00		0.0	3	€
152	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Frankfurt am Main	50.00	50.00		0.8	410	€
153	Hessen Kapital I GmbH, Wiesbaden	100.00	100.00		42.3	–1,789	€
154	Hessen Kapital II GmbH, Wiesbaden	100.00	100.00		10.6	186	€
155	Komuno GmbH, Frankfurt am Main	62.53	0.00		2.0	–1,336	€
156	Marienbader Platz Projektentwicklungs-gesellschaft mbH i. L., Frankfurt am Main	50.00	0.00		0.0	–3	€
157	Multi Park Verwaltungs GmbH, Neu-Isenburg	50.00	0.00		0.0	14	€
158	Procom & OFB Projektentwicklung GmbH, Hamburg	50.00	0.00		0.0	0	€
159	Projekt Feuerbachstraße Verwaltung GmbH, Frankfurt am Main	70.00	0.00		0.0	0	€
160	Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Frankfurt am Main	30.00	0.00		0.0	–8	€
161	Rotunde - Besitz- und Betriebsgesellschaft der S-Finanzgruppe mbH & Co. KG, Erfurt	34.00	34.00	25.00	4.4	83	€
162	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	
163	Bürgschaftsbank Hessen GmbH, Wiesbaden	50.00	0.00		0.0	–2	€	
164	Bürgschaftsbank Thüringen GmbH, Erfurt	50.00	0.00		0.0	4	€	
165	FinTech Community Frankfurt GmbH, Frankfurt am Main	25.00	25.00		0.2	52	€	
166	GbR VÖB-ImmobilienAnalyse, Bonn	0.00	0.00	20.00	k.A.	k.A.		
167	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	37.11	37.11		85.4	4,265	€	
168	MBG H Mittelständische Beteiligungs-gesellschaft Hessen mbH, Wiesbaden	32.52	32.52		10.5	–855	€	
169	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.56	38.56		26.8	928	€	
170	Sparkassen-Marktservice Beteiligungs GmbH & Co. KG, Frankfurt am Main	50.00	40.00		4.1	–3,705	€	
171	Sparkassen-Marktservice Verwaltungs GmbH, Frankfurt am Main	50.00	40.00		0.0	–0	€	
172	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
173	ABE CLEARING S.A.S à capital variable, Paris, France	2.08	2.08		36.5	5,354	€
174	ABG FRANKFURT HOLDING Wohnungsbau- und Beteiligungsgesellschaft mbH, Frankfurt am Main	0.00	0.00		988.9	82,829	€
175	Advent International GPE IX-A SCSp, Luxembourg, Luxembourg	0.43	0.43		927.7	298,341	€
176	Advent International GPE V-B Limited Partnership, George Town, Cayman Islands	1.99	1.99	0.30	15.8	−438	€
177	Advent International GPE VI Limited Partnership, George Town, Cayman Islands	0.24	0.24		530.0	−59,377	€
178	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	1.14	1.14		261.6	8,372	€
179	AlphaHaus GmbH & Co. KG i.L., Erzhausen	5.50	0.00		1.1	9	€
180	Antenne Thüringen GmbH & Co. KG, Weimar	3.50	3.50		3.7	1,373	€
181	Arabesque S-Ray GmbH, Frankfurt am Main	2.19	0.00		10.8	−6,963	€
182	AVW Assekuranzvermittlung der Wohnungswirtschaft GmbH & Co. KG, Bosau	11.76	0.00		0.3	22,616	€
183	Bauverein für Höchst a. M. und Umgebung eG, Frankfurt am Main	0.03	0.00		33.5	289	€
184	BC European Capital VIII-8, St. Peter Port, Guernsey	1.83	1.83	0.17	273.3	−874	€
185	BC Partners XI LE - 2 SCSp, Luxembourg, Luxembourg	4.96	4.96		−0.4	−425	€
186	BCEC X Luxembourg 1 SCSp, Luxembourg, Luxembourg	7.37	7.37		339.0	47,654	€
187	BIL Leasing GmbH & Co. Objekt Verwaltungsgebäude Halle KG i.L., Munich	100.00	0.00	0.21	0.0	−1	€
188	BOF III CV Investors LP, Wilmington, USA	4.16	4.16		6.5	−9	€
189	Campus Kronberg GmbH & Co. KG, Hamburg	6.00	0.00		57.4	2,166	€
190	Capnamic Ventures Fund II GmbH & Co. KG, Cologne	4.27	4.27	4.35	61.2	−2,962	€
191	Capnamic Ventures Fund III GmbH & Co. KG, Cologne	3.91	3.91		k.A.	k.A.	
192	CapVest Equity Partners II, L.P., Hamilton, Bermuda	3.48	3.48		0.6	91	€
193	CapVest Equity Partners IV (Feeder) SCSp, Findel, Luxembourg	2.35	2.35		6.4	−13,089	€
194	CapVest Equity Partners V (Feeder) SCSp, Senningerberg, Luxembourg	1.53	1.53		k.A.	k.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	
195	Carlyle Europe Partners V - EU SCSp, Luxembourg, Luxembourg	0.31	0.31		1,244.2	245,240	€	
196	Castra Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	2.85	0.00		8.1	29,532	€	
197	Clareant Mezzanine Fund II (No. 1) Limited Partnership, St. Helier, Jersey	4.07	4.07		18.5	−171	€	
198	Clareant Mezzanine No. 1 Fund Limited Partnership, St. Helier, Jersey	3.40	3.40		15.6	−1,311	€	
199	DBAG Fund V GmbH & Co. KG, Frankfurt am Main	7.59	7.59	15.11	11.2	8,340	€	
200	DBAG Fund VIII A (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		1.0	−8,449	€	
201	DBAG Fund VIII B (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		0.0	−621	€	
202	Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg	1.71	0.00		647.5	24,768	€	
203	Deutsche WertpapierService Bank AG, Frankfurt am Main	3.74	3.74		258.8	47,356	€	
204	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	5.41	5.41		211.9	8,186	€	6)
205	"Dia" Productions GmbH & Co. KG, Pullach	0.27	0.00		1.2	3,410	€	
206	DIV Grundbesitzanlage Nr. 30 Frankfurt-Deutschherrnufer GmbH & Co. KG i.L., Frankfurt am Main	0.06	0.06		1.8	−98	€	
207	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	6.00	0.00		16.7	2,013	€	
208	EQT Expansion Capital II (No. 1) Limited Partnership, St. Peter Port, Guernsey	4.57	4.57		29.3	−12,162	€	
209	EQT IX (No. 1) EUR SCSp, Luxembourg, Luxembourg	0.21	0.21		266.3	266,333	€	
210	EQT V (No. 1) Limited Partnership, St. Peter Port, Guernsey	0.28	0.28		226.4	102,462	€	
211	Erste Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	4	€	
212	Erste ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		−2.7	−2,113	€	
213	Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Neuhardenberg	1.76	0.00	0.00	3,294.6	7,465	€	
214	Fiducia & GAD IT AG, Karlsruhe	0.02	0.00		447.7	24,679	€	
215	FIDUCIA Mailing Services eG, Karlsruhe	0.13	0.06		0.1	0	€	
216	Forum Direktfinanz GmbH & Co. KG, Münster	14.29	14.29		2.8	758	€	

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
217	Fourth Cinven Fund (No. 1) Limited Partnership, St. Peter Port, Guernsey	1.42	1.42		69.7	1,145,743	€
218	GBOF VI Feeder 2 SCSP, Luxembourg, Luxembourg	2.20	2.20		46.3	−11,007	€
219	GbR Datenkonsortium OpRisk, Bonn	0.00	0.00	9.09	k.A.	k.A.	
220	GeckoGroup AG in Insolvenz, Wetzlar	5.02	0.00		k.A.	k.A.	
221	GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	8.93	8.93		−0.7	325	€
222	GLB GmbH & Co. OHG, Frankfurt am Main	11.20	11.20		2.8	−61	€
223	GLB-Verwaltungs-GmbH, Frankfurt am Main	11.20	11.20		0.0	60	€
224	Gründerfonds Ruhr GmbH & Co. KG, Essen	8.70	8.70		9.2	−647	€
225	HaemoSys GmbH, Jena	38.33	0.00		−4.8	−524	€
226	Hafenbogen GmbH & Co. KG, Frankfurt am Main	5.10	5.10		24.0	−982	€
227	HANNOVER LEASING GmbH & Co. KG, Pullach	5.10	5.10		37.9	835	€
228	Hello Darmstadt Projektentwicklung GmbH & Co. KG, Darmstadt	5.10	0.00		−0.1	−16	€
229	Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH, Frankfurt am Main	15.49	0.00		4.3	707	€
230	HQ Equita Beteiligungen V GmbH & Co. KG, Bad Homburg	3.24	3.24		161.6	−12,618	€
231	Hutton Collins Capital Partners III L.P., London, United Kingdom	1.45	1.45		57.8	8,763	€
232	ICG Europe Fund VII Feeder SCSp, Luxembourg, Luxembourg	0.64	0.64		2,764.3	489,025	€
233	ICG Europe Fund VIII Feeder SCSp, Senningerberg, Luxembourg	0.44	0.44		k.A.	k.A.	
234	Icon Brickell LLC, Miami, USA	14.94	14.94		0.0	−136	USD
235	Immomio GmbH, Hamburg	15.88	0.00		0.3	583	€
236	Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Frankfurt am Main	16.90	4.21		24.4	8,677	€
237	Investcorp Private Equity 2007 Fund, L.P., George Town, Cayman Islands	2.01	2.01		5.9	−38,475	USD
238	KKR European Fund V (EUR) SCSp, Luxembourg, Luxembourg	0.72	0.72		1,156.1	202,803	€
239	Kornmarkt Arkaden Dritte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−0.2	−71	€
240	Kornmarkt Arkaden Erste GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−3.5	−701	€
241	Kornmarkt Arkaden Vierte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−0.2	−61	€

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
242	Kornmarkt Arkaden Zweite GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−1.1	−286	€
243	LBS IT Informations-Technologie GmbH & Co KG, Berlin	7.30	7.30		0.0	30	€
244	LEA Mittelstandspartner II GmbH & Co. KG, Karlsruhe	3.57	3.57		k.A.	k.A.	
245	LEA Venturepartner GmbH & Co. KG, Karlsruhe	4.17	4.17		13.2	−2,821	€
246	Magical Productions GmbH & Co. KG, Pullach	2.11	0.00		2.4	836	€
247	Magnum Capital III SCA SICAV-RAIF, Luxembourg, Luxembourg	2.22	2.22		37.1	−3,573	€
248	MESTO Grundstücksgesellschaft mbH & Co. KG, Grünwald	1.00	1.00	0.78	−1.5	681	€
249	MML Partnership Capital VII SCSp, Senningerberg, Luxembourg	1.51	1.51		156.6	7,310	€
250	NAsP III/V GmbH, Marburg	14.92	0.00		0.9	−347	€
251	Nassauische Heimstätte Wohnungs- und Entwicklungsgesellschaft mbH, Frankfurt am Main	0.84	0.00		1,045.0	40,826	€
252	neue leben Pensionsverwaltung AG, Hamburg	0.00	0.00		2.0	−64	€
253	Objekt Limes Haus GmbH & Co. KG, Hamburg	5.10	0.00		14.2	−2,225	€
254	PALMYRA Verwaltungsgesellschaft mbH & Co. Vermietungs KG S.e.n.c., Luxembourg, Luxembourg	5.20	0.00		9.9	−1,353	€
255	Pan-European Infrastructure Fund LP, St. Helier, Jersey	0.73	0.73		2,513.3	−358,946	€
256	PATRIZIA Hessen Zehn GmbH & Co. KG, Hamburg	5.20	0.00		18.0	85	€
257	PineBridge PEP IV Co-Investment L.P., Wilmington, USA	9.51	0.00		3.9	−41	USD
258	PineBridge PEP IV Non-U.S. L.P., Wilmington, USA	17.00	0.00		1.7	−325	USD
259	PineBridge PEP IV Secondary L.P., Wilmington, USA	16.10	0.00		4.1	−983	USD
260	PineBridge PEP IV U.S. Buyout L.P., Wilmington, USA	17.21	0.00		4.3	36	USD
261	PineBridge PEP IV U.S. Venture L.P., Wilmington, USA	17.51	0.00		10.4	2,255	USD
262	Private Equity Thüringen GmbH & Co. KG i.L., Erfurt	14.11	14.11		1.4	−49	€
263	Projekt Hirschgarten MK8 GmbH & Co. KG, Stuttgart	5.10	0.00		−5.3	−992	€

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
264	Projektentwicklungs-GmbH & Co. Landratsamt KG, Wolfhagen	6.00	0.00		5.4	645	€
265	RSU Rating Service Unit GmbH & Co. KG, Munich	9.60	9.60		9.7	632	€
266	S CountryDesk GmbH, Cologne	5.26	2.63		0.7	140	€
267	SCHUFA Holding AG, Wiesbaden	0.28	0.00		133.6	45,063	€
268	Seventh Cinven Fund (No. 1) Limited Partnership, St Peter Port, Guernsey	0.16	0.16		2,542.3	139,283	€
269	SIX Group AG, Zurich, Switzerland	0.00	0.00		5,089.5	425,515	CHF
270	SIZ GmbH, Bonn	5.32	5.32		6.6	610	€
271	S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication SCRL, La Hulpe, Belgium	0.00	0.00	0.22	487.1	35,824	€
272	THE TRITON FUND II L.P. i.L., St. Helier, Jersey	0.77	0.77		67.0	–57,700	€
273	Treuhandgesellschaft für die Südwestdeutsche Wohnungswirtschaft mbH, Frankfurt am Main	3.25	0.00		1.9	–31	€
274	Triton Fund III L.P., St. Helier, Jersey	0.71	0.71		846.5	–139,641	€
275	Triton Fund V SCSp, Luxembourg, Luxembourg	2.44	2.44		358.5	91,743	€
276	True Sale International GmbH, Frankfurt am Main	8.33	8.33		4.6	–240	€
277	VCM Golding Mezzanine GmbH & Co. KG i.L., Munich	6.48	6.48		3.0	58	€
278	VCM Golding Mezzanine SICAV II, Munsbach, Luxembourg	4.20	4.20		18.5	–616	€
279	Volks- Bau- und Sparverein Frankfurt am Main eG, Frankfurt am Main	0.01	0.00		60.9	3,496	€
280	yabeo Impact AG, Pullach	8.54	8.54		k.A.	k.A.	
281	Zweite Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	3	€
282	Zweite ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		5.9	–85	€

1) A control and/or 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, 1 March 2022

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 2021, 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	**2,022**	**414**	**–30**	**5,559**
Belgium	1	1	–0	–
Germany	2,020	411	–30	5,528
France	0	2	–0	21
Ireland	1	–0	0	2
Sweden	–0	0	–0	8
Switzerland	**44**	**10**	**–1**	**109**
USA	**154**	**97**	**–41**	**84**
United Kingdom	**67**	**6**	**3**	**63**
Other	**1**	**1**	**–0**	**–**
Total	**2,288**	**528**	**–70**	**5,815**

[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	Schönefeld	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
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
FHP Projektentwicklung 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	Frankfurt am Main	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 Digital 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 Gunderslache GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany

Entity	Nature of activity	Head office / location	Country
GWH Projekt Wolfsburg 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
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 Girozentrale	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	Other undertaking	Frankfurt am Main	Germany
OFB Biotech Campus GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB Bleidenstraße GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB gatelands Projektentwicklung GmbH & Co. KG	Other undertaking	Schönefeld	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 MK 14.3 GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB Projektentwicklung GmbH	Other undertaking	Frankfurt am Main	Germany
OFB Sechste PE GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
OFB Seven Gardens 2. BA GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Projekt Erfurt B38 GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany

Entity	Nature of activity	Head office / location	Country
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
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
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	Wilmington	USA
MKB PARTNERS, LLC	Other undertaking	Wilmington	USA
Landesbank Hessen-Thüringen Girozentrale – London branch	Bank	London	United Kingdom

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 2021, 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 2021 to 31 December 2021, 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 2021 to 31 December 2021. 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 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021, 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 2021 to 31 December 2021. 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 stage 3 loss 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. This includes, in particular, companies and sectors related to transport and trade as well as mobility that are still affected by the COVID-19 pandemic. 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 again in the financial year due to the ongoing effects of the global COVID-19 pandemic. 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 the calculation of stage 3 loss allowances for loan exposures exhibiting risk characteristics caused by the economic situation to be a key audit matter.

Auditor's response

As part of our audit, we examined the processes for identifying and monitoring borrowers 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.

In addition, we examined the standard lending processes 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 the allowance requirements determined for stage 3 exposures exhibiting risk characteristics caused by the economic situation in particular.

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 stage 3 loss 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 in the group management report and in Notes (5) and (36) of the notes to the consolidated financial statements, please refer to the comments on the COVID-19 pandemic in the risk report.

2. Calculation of an additional judgemental portfolio-based loss allowance component as part of the loan loss allowance

Reasons why the matter was determined to be a key audit matter

The inclusion of forward-looking 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.

The impact of the ongoing COVID-19 pandemic on the probabilities of default and collateral values was assessed. The resulting adjustment of the stage 1 and 2 loss allowances 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 an additional judgemental portfolio-based loan loss allowance was a key audit matter.

Auditor's response

As part of our audit procedures, we assessed the design and operating effectiveness of the internal control system with regard to the calculation of loss allowances for stage 1 and 2 loan exposures. We also considered the results of the internal validation of the approach and the parameters. In doing so, we particularly assessed whether the procedures and controls implemented to update the parameters as well as the existing approval processes were appropriate 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.

Using our analysis of the Bank's credit risk reporting, we assessed the consistency of the assumptions used to determine the additional judgemental portfolio-based loss allowance component as part of the loan loss allowance. In addition, we checked the arithmetical accuracy of the main calculation steps used to determine the additional judgemental portfolio-based loss allowance.

Our procedures did not lead to any reservations relating to the calculation of an additional judgemental portfolio-based loss allowance component as part of the loan loss allowance.

Reference to related disclosures

With regard to the recognition and measurement principles applied for loss allowances, please refer to the disclosures in Note (36) 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 analysed the processes in the areas of trading, risk controlling and accounting and tested the appropriateness and 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 the results of 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 analysed 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 (39).

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 and the group non-financial statement included in the “Non-Financial Statement” section of the group management report in accordance with Sec. 315b HGB. Furthermore, the other information comprises additional parts of the annual report that we expect to be provided to us after we have issued our auditor’s report, in particular the “At a glance” section, the “Helaba” section comprising “Preface,” “The Executive Board,” “Corporate strategy,” “Staff,” and “Sustainability,” the “Corporate Bodies” section comprising “Supervisory Board,” “Board of Public Owners,” “Advisory Board on Public Companies/Institutions, Municipalities and Sparkassen,” “Report of the Supervisory Board,” “Report of the Board of Public Owners” and the “Helaba Addresses” section, but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor’s report thereon.

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 on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file "HELABA_KA+KLB_ESEF-2021-12-31.zip" (SHA-256 checksum: 8839cd78a2058c85a58a43feaf46827d-06d26480514204a2e78de41747291a68) 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 work extends only 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 within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2021 to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (10.2021). Our responsibility in accordance therewith is further described in the

"Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (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 rendering 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 determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing 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 intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, 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 file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

- Evaluate whether the ESEF documents enable an XHTML rendering 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) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

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 2021 and were engaged by the Board of Managing Directors on 6 May 2021. 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).

Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Mr. Christoph Hultsch.

Eschborn / Frankfurt am Main, 2 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hultsch	Alt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Independent auditor's report on a limited assurance engagement

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

We have performed a limited assurance engagement on the group non-financial statement of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt (hereinafter the "Institution") contained in the "Non-financial statement" section of the group management report, and on the section "Basic Information about the Group," incorporated by reference, of the group management report for the period from 1 January to 31 December 2021 ("group non-financial statement").

Not subject to our assurance engagement are other references to disclosures made outside the group non-financial statement.

Responsibilities of the executive directors

The executive directors of the Institution are responsible for the preparation of the group non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "EU Taxonomy disclosures" of the group non-financial statement.

These responsibilities of the Institution's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a group non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the group non-financial statement) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy disclosures" of the group non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the group non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Institution's group non-financial statement is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy disclosures" of the group non-financial statement. Not subject to our assurance engagement were other references to disclosures made outside the group non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organization and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the group non-financial statement about the preparation process, about the internal control system related to this process, and about disclosures in the group non-financial statement
- Inquiries of employees regarding the selection of topics for the group non-financial statement, the risk assessment and the policies of the Group for the topics identified as material
- Inquiries of employees of the Group responsible for data capture and consolidation as well as the preparation of the group non-financial statement, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the group non-financial statement
- Identification of likely risks of material misstatement in the group non-financial statement
- Analytical procedures on selected disclosures in the group non-financial statement
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data
- Evaluation of the process for collecting information pursuant to the EU Taxonomy Regulation in the group non-financial statement
- Evaluation of the presentation of the group non-financial statement

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the group non-financial statement of the Institution for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section "EU Taxonomy disclosures" of the group non-financial statement. We do not express an assurance conclusion on the other references to disclosures made outside the group non-financial statement.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Institution's purposes and that the report is intended solely to inform the Institution about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Institution alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General 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 accept 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 will not update the 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 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, 2 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Meyer	Welz
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Corporate Bodies

Supervisory Board

Appointed by the Sparkassen- und Giroverband Hessen-Thüringen

Members	Deputy Members
Stefan Reuß Executive President Sparkassen- und Giroverband Hessen-Thüringen Frankfurt am Main / Erfurt – Chairman – – since 1 January 2022 – **Gerhard Grandke** Executive President Sparkassen- und Giroverband Hessen-Thüringen Frankfurt am Main / Erfurt – Chairman – – until 31 December 2021 –	**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	**Jürgen Schüdde** Chairman of the Board of Managing Directors Sparkasse Starkenburg Heppenheim
Dr. Annette Beller Member of the Management Board B. Braun SE Melsungen	**Wilhelm Bechtel** Chairman of the Board of Managing Directors Stadtsparkasse Schwalmstadt Schwalmstadt
Hans-Georg Dorst Chairman of the Board of Managing Directors Sparkasse Mittelthüringen Erfurt – since 1 July 2021 – **Christian Blechschmidt** Chairman of the Board of Managing Directors Sparkasse Unstrut-Hainich Mühlhausen – until 30 April 2021 –	**Martin Bayer** Chairman of the Board of Managing Directors Kreissparkasse Saalfeld-Rudolstadt Saalfeld

Members	Deputy Members
TBA	**Frank Matiaske** Chief Administrative Officer County District of Odenwaldkreis Erbach – since 1 January 2022 –
Nancy Faeser Federal Minister of the Interior and Community Berlin – until 31 December 2021 –	**Thomas Will** Chief Administrative Officer County District of Groß-Gerau Groß-Gerau – until 31 December 2021 –
Günter Högner Chairman of the Board of Managing Directors Nassauische Sparkasse Wiesbaden	**Stefan Hastrich** Chairman of the Board of Managing Directors Kreissparkasse Weilburg Weilburg

Members	Deputy Members
Oliver Klink Chairman of the Board of Managing Directors Taunussparkasse Bad Homburg v. d. H.	**Annette Theil-Deininger** Chairwoman of the Board of Managing Directors Rhön-Rennsteig-Sparkasse Meiningen – since 29 September 2021 – **Hans-Georg Dorst** Vice-Chairman of the Board of Managing Directors Sparkasse Mittelthüringen Erfurt – until 30 June 2021 –
Anita Schneider Chief Administrative Officer County District of Giessen Giessen – since 29 September 2021 – **Uwe Schmidt** Chief Administrative Officer District of Kassel Kassel – until 30 June 2021 –	**Winfried Becker** Chief Administrative Officer County District of Schwalm-Eder Homberg (Efze) – since 17 November 2021 – **Anita Schneider** Chief Administrative Officer County District of Giessen Giessen – until 29 September 2021 –
Wolfgang Schuster Chief Administrative Officer County District of Lahn-Dill Wetzlar	**Alexander Hetjes** Mayor City of Bad Homburg v. d. H. Bad Homburg v. d. H.
Dr. Heiko Wingenfeld Mayor City of Fulda Fulda	**André Schellenberg** City Treasurer City of Darmstadt Darmstadt

Appointed by the State of Hesse

Members

Michael Boddenberg
Minister of State
Ministry of Finance of the State of Hesse
Wiesbaden
– Second Vice-Chairman –

Frank Lortz
Vice-President of the State Parliament of Hesse
Wiesbaden

Deputy Members

Tarek Al-Wazir
Minister of State
Ministry of Economics, Energy,
Transport and Housing of the State 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
Meerbusch

Deputy Members

Karin-Brigitte Göbel
Chairwoman of the Board of Managing Directors
Stadtsparkasse Düsseldorf
Düsseldorf

Appointed by the Sparkassenverband Westfalen-Lippe

Members

Klaus Moßmeier
Chairman of the Board of Managing Directors
Kreis- und Stadtsparkasse Unna-Kamen
Unna
– Third Vice-Chairman –
– since 1 January 2021 –

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
Dr. Hagen Pfeiffer Managing Director HP Management Advisory GmbH Eschborn – since 7 July 2021 – **Arnd Zinnhardt** Königstein – until 12 March 2021 –	**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 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 Erfurt	**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
Ministry of Finance of the State of Thuringia
Erfurt
– Vice-Chairwoman –

Dieter Bauhaus
Chairman of the Board of Managing Directors
Sparkasse Mittelthüringen
Erfurt
– until 30 April 2021 –

Christian Blechschmidt
Chairman of the Board of Managing Directors
Sparkasse Unstrut-Hainich
Mühlhausen
– since 1 May 2021 –

Michael Bott
Chairman of the Board of Managing Directors
Sparkasse Waldeck-Frankenberg
Korbach

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
– until 31 December 2021 –

Ulrich Krebs
Chief Administrative Officer
County District of Hochtaunus
Bad Homburg v. d. H.

Thomas Müller
Chief Administrative Officer
County District of Hildburghausen
Hildburghausen

Siegmar Müller
Chairman of the Board of Managing Directors
Sparkasse Südpfalz
Kandel
– until 31 December 2021 –

Stefan Reuß
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main / Erfurt

Dieter Zimmermann
Chairman of the Board of Managing Directors
Kreissparkasse Ahrweiler
Bad Neuenahr-Ahrweiler
– since 14 March 2022 –

Advisory Board on Public Companies / Institutions, Municipalities and Sparkassen

Stefan Reuß
Executive President
Sparkassen- und
Giroverband Hessen-Thüringen
Frankfurt am Main / Erfurt
– Chairman –
– since 1 January 2022 –

Gerhard Grandke
Executive President
Sparkassen- und
Giroverband Hessen-Thüringen
Frankfurt am Main / Erfurt
– Chairman –
– until 31 December 2021 –

Thomas Groß
CEO of the Executive Board
Landesbank Hessen-Thüringen Girozentrale
Frankfurt am Main
– Vice-Chairman –

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

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
Cologne
– until 30 June 2021 –

Andreas Heller
Chief Administrative Officer
County District of Saale-Holzland
Eisenberg

Renate Hötte
LVR Board Member
Landschaftsverband Rheinland
Cologne

Dr. Andreas Jahn
Chairman of the Management Board
SV SparkassenVersicherung Holding AG
Stuttgart

Frank Junker
Chief Executive Officer
ABG Frankfurt Holding
Frankfurt am Main

Sebastian Jurczyk
Chief Executive Officer
Stadtwerke Münster GmbH
Münster
– since 1 August 2021 –

Brigitte Lindscheid
Darmstadt Regional Council
Darmstadt

Matthias Löb
Director
Landschaftsverband Westfalen-Lippe
Münster

Georg von Meibom
Managing Director
EAM Verwaltungs GmbH
Kassel
– until 31 January 2021 –

Jürgen Noch
Managing Director
Westfalen Weser Energie GmbH & Co. KG
Paderborn
– since 1 August 2021 –

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
– until 31 December 2021 –

Ralf Schodlok
Chairman of the Executive Board
ESWE Versorgungs AG
Wiesbaden

Susanne Selbert
State Director
Landeswohlfahrtsverband Hessen
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

Dr. Dieter Steinkamp
Chairman of the Management Board
RheinEnergie AG
Cologne
– since 1 August 2021 –

Heinz Thomas Striegler
Head of the church administrative board
Protestant Church in Hesse and Nassau
Darmstadt

Dr. Peter Traut
President
IHK Südthüringen
Suhl

Stephanie Weber
Operations Director
Hessischer Rundfunk
Frankfurt am Main
– since 1 January 2021 –

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 seven 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 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 2022, the review of assumptions and analysis of target attainment for 2021, the risk strategy and risk appetite statement (RAS) for 2022, operational planning and rolling medium-term planning, including equity planning. The Supervisory Board also discussed and duly noted the tax strategy for 2022, target attainment in respect of the IT strategy for 2021, and the IT strategy for 2022.

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 2020 compiled by the Compliance division (MaRisk Compliance, Compliance Money Laundering and Fraud Prevention / Terrorism Financing, Compliance Capital Markets.

The meetings of the Supervisory Board also received reports from the Executive Board on the following key topics:

- Atlas – Helaba's IT modernisation programme
- The Veritas tower project development in Frankfurt am Main
- The ECB's SREP decision
- Regulatory audits and resulting action plans
- The internal governance framework
- The updating of Helaba's recovery plan
- Helaba's strategic focus areas
- Helaba's "Scope" growth and efficiency programme

- Amendments to the Bank's Charter and to the Rules of Procedure for the Supervisory Board and its committees.

The Supervisory Board also considered the following key topics:
- The Sparkassen-Finanzgruppe's protection scheme
- The pooling of expertise in Sparkasse business with LBBW
- Submission of the binding bid for the acquisition of Berlin Hyp AG

Following consultation with the Supervisory Board in the meeting of 2 July 2021, the Bank's Board of Public Owners resolved in its meeting of 1 October 2021 to amend the Charter with regard to the distribution of responsibility in matters concerning the Executive Board. Upon publication of the amended Charter in the Official State Gazette for Hesse and Thuringia on 1 November 2021, the duties in respect of matters concerning the Executive Board which were previously assigned to the Board of Public Owners and its committee were reassigned to the Supervisory Board and its committees.

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 topics covered by the training sessions included the latest developments in the market for programmable money, D&O insurance, the German Act to Strengthen Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität – FISG), MaRisk and risk management. 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 2022. The Risk and Credit Committee also gave regular consideration to the ramifications of the COVID-19 pandemic, in particular for the quality of the Bank's lending portfolio, as well as to the modelling of the risk models and to supervisory reviews.

The Audit Committee convened for three meetings (one of which was 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 auditing of the custody business and securities service 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 2021. 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 the EBA stress test results, external audits during the year, and the key drivers behind net profit under IFRS.

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 – following the reassignment of responsibilities – for the reappointment of Executive Board members, and submitted recommended resolutions to the Supervisory Board.

The three 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 2022, and the remuneration oversight report of the Remuneration Officers. It was also informed about the appropriate design of the employee and Executive Board remuneration system at Helaba for 2021 and the involvement in 2020 of the internal units exercising control. The committee also held detailed discussions on Helaba's 2020 remuneration report and the evaluation of the effects of the remuneration systems on risk, capital and liquidity management. Following the reassignment of responsibilities in matters concerning the Executive Board from the Board of Public Owners to Helaba's Supervisory Board and its committees, the Personnel and Remuneration Oversight Committee consulted on the principles of the remuneration structure and on the reappointment of Executive Board members.

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 two meetings – one of which was held jointly with the Risk and Credit Committee – 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. The Building Committee also discussed the status of the Bank's ongoing real estate projects, in particular the Veritas tower project development in Frankfurt am Main.

Audit and adoption of the annual accounts for 2020

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the annual accounts for 2021 together with the accompanying management report. The annual accounts received an unqualified certificate of audit. The Supervisory Board meeting of 25 March 2022 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 2021.

Changes to the Executive Board

Following approval by the Bank's Supervisory Board on 2 July 2021, the Board of Public Owners of Landesbank Hessen-Thüringen Girozentrale resolved on 2 July 2021 to reappoint Mr. Hans-Dieter Kemler as a member of the Executive Board.

The Supervisory Board resolved on 6 December 2021 to reappoint Mr. Thomas Groß as CEO of the Executive Board and Mr. Christian Schmid as a member of the Executive Board.

The Supervisory Board wishes to thank Helaba's Executive Board and employees for their efforts in the year under review.

Frankfurt am Main, 25 March 2022

The Chairman of the Supervisory Board
of Landesbank Hessen-Thüringen
Girozentrale

Stefan Reuß
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 six 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 2022, the review of assumptions and analysis of target attainment for 2021, the risk strategy and risk appetite statement (RAS) for 2022, the tax strategy for 2022, target attainment in respect of the IT strategy for 2021, and the IT strategy for 2022. It also regularly considered Helaba's business, income and risk reports. In addition, the Executive Board submitted regular 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:

- Atlas – Helaba's IT modernisation programme
- The Veritas tower project development in Frankfurt am Main
- The ECB's SREP decision
- Regulatory audits and resulting action plans
- The internal governance framework
- The updating of Helaba's recovery plan
- Helaba's "Scope" growth and efficiency programme.

The Board of Public Owners also considered the following key topics:

- The Sparkassen-Finanzgruppe's protection scheme
- The pooling of expertise in Sparkasse business with LBBW
- Submission of the binding bid for the acquisition of Berlin Hyp AG
- Amendments to the Bank's Charter and to the Rules of Procedure for the Board of Public Owners.

The Committee of the Board of Public Owners convened for two meetings, at which it considered matters including 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) and the effects of the distribution of responsibility between the Board of Public Owners and the Supervisory Board in matters concerning 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. Following approval by the Bank's Supervisory Board on 2 July 2021, it resolved on 2 July 2021 to reappoint Mr. Hans-Dieter Kemler as a member of the Executive Board.

Following consultation with the Supervisory Board in the meeting of 2 July 2021, the Bank's Board of Public Owners resolved in its meeting of 1 October 2021 to amend the Charter with regard to the distribution of responsibility in matters concerning the Executive Board. Upon publication of the amended Charter in the Official State Gazette for Hesse and Thuringia on 1 November 2021, the duties in respect of matters concerning the Executive Board which were previously assigned to the Board of Public Owners and its committee were reassigned to the Supervisory Board and its committees.

The Board of Public Owners in its decision of 30 March 2022 approved the Bank's annual accounts and management report and discharged the Supervisory Board from responsibility in respect of financial year 2021. 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 2021.

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, 30 March 2022

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 32-03
	Erfurt	Bonifaciusstrasse 19 99084 Erfurt Germany	T +49 3 61/2 17-70 07
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	New York	420, Fifth Avenue New York, N. Y. 10018 USA	T +1 2 12/7 03-52 00
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	Moscow	Regus BC Voentorg, 3rd Floor, Office 311 10, Vozdvizhenka Street 125009 Moscow Russian Federation	T +7 4 95/79 7-36-51
	São Paulo	Av. das Nações Unidas, 12.399 Conj. 105 B – Brooklin Novo São Paulo – SP 04578-000 Brazil	T +55 11/34 05 31 80

	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
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	Frankfurter Bankgesellschaft (Deutschland) AG	Junghofstrasse 26 60311 Frankfurt am Main Germany	T +49 69/1 56 86-0
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