

2018

Quarterly Disclosure Report

for the 3rd quarter of 2018

Disclosure Report of the Helaba Group in Accordance with the CRR

30 September 2018

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Preamble

The Helaba Group

Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main and Erfurt (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.

Helaba provides services for its customers in three different roles. As a commercial bank, it provides support for customers in Germany and abroad. As a Sparkasse central bank, it provides products and services for 40% of all Germany's Sparkassen. In its capacity as the central development institution for Hesse, Helaba administers public-sector development programmes through Wirtschafts- und Infrastrukturbank Hessen (WIBank).

Frankfurter Sparkasse (FSP), the regional market leader in retail banking, is a wholly owned subsidiary of Helaba. In addition to FSP and WIBank, other entities that form part of the Helaba Group include 1822direkt online bank and Landesbausparkasse Hessen-Thüringen (LBS). The Bank'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. In addition, Helaba's international branches open access to funding markets. The organisation also includes representative and sales offices, subsidiaries and affiliates.

Helaba's business model

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
BAUHE ZUM LEBEN

 OFB
Projektentwicklung

 WIBank
Wirtschafts- und Infrastrukturbank Hessen

Disclosure Report

Helaba is the superordinated institution in the Group and, as such, is responsible for meeting the disclosure requirements at Group level in accordance with Part 8 of Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) in conjunction with European Banking Authority (EBA) guidelines EBA/GL/2016/11. This Disclosure Report satisfies these requirements for the reporting date of 30 September 2018. The supplementary provisions set out in Sections 10 and 10a of the German Banking Act (Kreditwesengesetz – KWG), Article 13 CRR, the transitional provisions set out in Part 10 CRR and the regulatory and implementing standards, EBA Guidelines and EBA Q&As of relevance to disclosure are also taken into account.

The frequency and scope of the Disclosure Report are based on the requirements specified in the guidelines EBA/GL/2016/11 and EBA/GL/2014/14. The information to be disclosed in this report is subject to the materiality principle as specified in Article 432 CRR in conjunction with the EBA guidelines EBA/GL/2014/14. The use of the materiality principle at Helaba is described in the table below and in the sections referenced in the table.

Helaba's approach to disclosures is regularly reviewed on the basis of a framework of requirements established by the Group to ensure that the approach is appropriate and fit for purpose; operational responsibilities are set out in detailed operating procedures.

On the basis of the EBA/GL/2016/11 guidelines, which have had to be applied at Helaba since 31 December 2017, reports will be issued quarterly from 2018. The content of this reporting, which was previously required in accordance with the CRR, has now been expanded and made more specific.

The following table sets out an overview of the quantitative requirements, the relevance for Helaba and the use of the materiality principle, together with cross-references to the relevant section or external documents. The table also lists qualitative requirements that are not included in the disclosure report but are covered in other Helaba publications.

Overview of quantitative and qualitative requirements in accordance with the CRR and EBA/GL/2016/11

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Preamble			
Overview of quantitative and qualitative requirements in accordance with the CRR and EBA/GL/2016/11	x	–	–
Risk Strategy and Risk Management			
Article 435 CRR – Mandates held by the members of the Board of Managing Directors (in accordance with Section 24 KWG)	–	–	x
Article 435 CRR – Mandates held by the members of the Supervisory Board	–	–	x
Scope of Application			
Group of consolidated companies for regulatory purposes (overview)	x	–	–
EU LI3 – Outline of the differences in the scopes of consolidation	–	–	x
EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories	–	–	x
EU LI2 – Main sources of differences between regulatory exposure amounts and carrying amounts in financial statements	–	–	x
Own Funds and Own Funds Structure			
KM1 – The Helaba Group in figures	x	–	–
Article 437 CRR – Key Features of the Capital Instruments	–	x	–
Article 437 CRR – Disclosure of Own Funds	–	x	–
Article 437 CRR – Reconciliation from the IFRS Consolidated Statement of Financial Position to the Consolidated Statement of Financial Position for Regulatory Purposes	–	x	–
EU OV1 – Overview of RWAs	x	–	–
Article 438 CRR – Overview of RWAs by exposure class	x	–	–
EU INS1 – Equity investments in insurance companies that are not deducted from own funds	–	x	–
EU CR10 – IRB: Equities (simple risk weight approach)	–	x	–
Capital ratios	–	x	–
Countercyclical Capital Buffer			
Article 440 CRR – Geographical distribution of credit risk exposures relevant to the calculation of the countercyclical capital buffer	–	–	x
Article 440 CRR – Amount of the institution-specific countercyclical capital buffer	–	–	x
Leverage Ratio			
Article 451 CRR – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	–	x	–
Article 451 CRR – LRCom: Leverage ratio common disclosure	–	x	–
Article 451 CRR – LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	–	x	–
Article 451 CRR – LRQua: Qualitative disclosures	–	x	–

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x	–	Preamble section, Disclosure Report subsection
x	–	Risk Strategy and Risk Management section, Risk Management Structure/Members of the management bodies subsections
x	–	Risk Strategy and Risk Management section, Risk Management Structure/Members of the management bodies subsections
x	–	Scope of Application section
x	–	Scope of Application section
x	–	Scope of Application section
x	–	Scope of Application section
x	–	Own Funds and Own Funds Structure section, Own funds structure subsection
x	–	Annex section
x	–	Own Funds and Own Funds Structure section, Own funds structure subsection
x	–	Own Funds and Own Funds Structure section, Own funds structure subsection
x	–	Own Funds and Own Funds Structure section, Capital adequacy subsection
x	–	Own Funds and Own Funds Structure section, Capital adequacy subsection
Generally relevant, no qualifying items as at 30.06.2018	–	Own Funds and Own Funds Structure section, Capital adequacy subsection
Generally relevant; no such specialised lending exposures as at 30.06.2018, only equity investments under the simple risk weight approach	Table presentation limited to equities, provided no such specialised lending exposures held	Own Funds and Own Funds Structure section, Capital adequacy subsection
Presentation not required for regulatory purposes. Ratios shown for the Group, the Bank, and the significant subsidiary in accordance with Article 13 CRR	–	Own Funds and Own Funds Structure section, Capital adequacy subsection
x	To keep the presentation clear and ensure only relevant information is shown, the data in the table is limited to countries that have specified a countercyclical capital buffer of greater than 0% or whose weighted proportion of own funds requirements is 1% or higher.	Countercyclical Capital Buffer section
x	–	Countercyclical Capital Buffer section
x	–	Leverage Ratio section
x	–	Leverage Ratio section
x	–	Leverage Ratio section
x	–	Leverage Ratio section

Overview of quantitative and qualitative requirements in accordance with the CRR and EBA/GL/2016/11

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Liquidity Coverage Ratio (LCR)			
EU LIQ1 – LCR	–	–	x
Credit Risk – General disclosures			
EU CRB-B – Types of credit exposure with average values based on the quarterly reporting dates	–	–	x
EU CRB-C – Geographical breakdown of exposures	–	–	x
EU CRB-D – Concentration of exposures by industry	–	–	x
EU CRB-E – Maturity of exposures (on-balance sheet exposures)	–	–	x
Article 442 CRR – Maturity of exposures (off-balance sheet exposures)	–	–	x
EU CR1-A – Credit quality of exposures by exposure class	–	x	–
EU CR1-B – Credit quality of exposures by industry	–	x	–
EU CR1-C – Credit quality of exposures by geography	–	x	–
EU CR1-D – Ageing of past-due exposures	–	x	–
EU CR1-E – Non-performing and forborne exposures	–	x	–
EU CR2-A – Changes in the stock of general and specific credit risk adjustments (on-balance sheet risk exposures)	–	x	–
Article 442 CRR – Changes in the stock of general and specific credit risk adjustments (off-balance sheet risk exposures)	–	–	x
EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities	–	x	–
Credit Risk – General disclosures on credit risk mitigation			
EU CR3 – Credit risk mitigation techniques	–	x	–
Article 453 CRR – Credit risk mitigation techniques	–	–	x
Credit Risk – Credit risk and credit risk mitigation in the Standardised Approach			
EU CR4 – Standardised approach: Credit risk exposure and CRM effects by exposure class	–	x	–
EU CR5 – Standardised approach: Credit risk exposure value by exposure class and risk weight (after credit risk mitigation)	–	x	–
Article 444 CRR – Standardised approach: Credit risk exposure value by exposure class and risk weight (before credit risk mitigation)	–	–	x
Credit Risk – Credit risk and credit risk mitigation in the IRB Approach			
Article 452 CRR – Overview of approved IRB approach rating models in use at Helaba Bank (excluding LBS and WIBank)	–	–	x
Article 452 CRR – Overview of approved IRB approach rating models in use at FSP	–	–	x
Article 452 CRR – Overview of approved IRB approach rating models in use at LBS	–	–	x

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x	–	Liquidity Coverage Ratio (LCR) section
x	–	Credit Risk section, General disclosures subsection
x	Countries are shown individually that, in terms of the basis of measurement before credit risk adjustments, together account for at least 95 % of the basis of measurement before credit risk adjustments in the Helaba Group	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	Countries are shown individually that, in terms of the basis of measurement before credit risk adjustments, together account for at least 95 % of the basis of measurement before credit risk adjustments in the Helaba Group	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures on credit risk mitigation subsection
x	–	Credit Risk section, General disclosures on credit risk mitigation subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the Standardised Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the Standardised Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the Standardised Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection

Overview of quantitative and qualitative requirements in accordance with the CRR and EBA/GL/2016/11

	Disclosure interval		
	Quarterly	Half-yearly	Annually
EU CR6 – IRB: Credit risk exposures by exposure class and PD range	–	x	–
Article 452 CRR – Average PD by country, FIRB	–	–	x
Article 452 CRR – Retail portfolio average PD/LGD by country, AIRB	–	–	x
EU CR7 – IRB approach – Effect on the RWAs of credit derivatives used as CRM techniques	–	x	–
EU CR8 – RWA flow statements of credit risk exposures under the IRB approach	x	–	–
RWA coverage by exposure class	–	–	x
EU CR9 – FIRB: Back-testing of PD per exposure class	–	–	x
EU CR9 – AIRB: Back-testing of PD per exposure class	–	–	x
EU CR9 – AIRB: Back-testing of LGD per exposure class	–	–	x
EU CR9 – AIRB: Back-testing of CCF per exposure class	–	–	x
Article 452 CRR – Actual losses versus expected loss in lending business	–	–	x
Equity Investments in the Banking Book			
Article 447 CRR – Type of equity investment instrument	–	–	x
Counterparty credit risk (CCR)			
EU CCR1 – Analysis of CCR exposure by approach (excluding exposures to CCPs)	–	x	–
EU CCR3 – Standardised approach: CCR exposures by regulatory portfolio and risk (after credit risk mitigation)	–	x	–
Article 444 CRR – Standardised approach: CCR exposures by regulatory portfolio risk (before credit risk mitigation)	–	–	x
EU CCR4 – FIRB approach: CCR exposures by portfolio and PD scale	–	x	–
EU CCR4 – AIRB approach: CCR exposures by portfolio and PD scale	–	x	–
EU CCR6 in conjunction with Article 439 h) CRR – Overview of credit derivatives exposures	–	x	–
EU CCR8 – Exposures to CCPs	–	x	–
EU CCR7 – RWA flow statements of CCR exposures under the IMM	x	–	–
EU CCR5-A – Impact of netting and collateral held on exposure values	–	x	–
EU CCR5-B – Composition of collateral for exposures to CCR	–	x	–
EU CCR2 – CVA capital charge	–	x	–
Securitisations			
Article 449 CRR – Approaches used for securitisation transactions	–	–	x

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
Generally relevant, no qualifying items as at 30.06.2018	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	The 5-year historical annual default rate is required for regulatory purposes; however, in order to provide a consistent presentation of exposure classes, as at 31.12.2017 it has only been shown since the introduction of the CRR (for 4 years)	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	The 5-year historical annual default rate is required for regulatory purposes; however, in order to provide a consistent presentation of exposure classes, as at 31.12.2017 it has only been shown since the introduction of the CRR (for 4 years)	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	The 5-year historical LGD is required for regulatory purposes; however, in order to provide a consistent presentation of exposure classes, as at 31.12.2017 it has only been shown since the introduction of the CRR (for 4 years)	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Credit Risk section, Credit risk and credit risk mitigation in the IRB Approach subsection
x	–	Equity Investments in the Banking Book section
x	–	Counterparty credit risk (CCR) section
x	–	Counterparty credit risk (CCR) section
x	–	Counterparty credit risk (CCR) section
x	–	Counterparty credit risk (CCR) section
Generally relevant, no qualifying items as at 30.06.2018	–	Counterparty credit risk (CCR) section
Generally relevant; as at 30.06.2018, there were no credit derivatives transactions in connection with intermediation activities, only for Helaba's own credit portfolio	Table presentation limited to credit derivatives transactions for Helaba's own credit portfolio, provided there were no such transactions in connection with intermediation activities	Counterparty credit risk (CCR) section
x	–	Counterparty credit risk (CCR) section
Generally relevant, no qualifying items as at 30.09.2018	–	Counterparty credit risk (CCR) section
x	–	Counterparty credit risk (CCR) section
x	–	Counterparty credit risk (CCR) section
x	–	Counterparty credit risk (CCR) section
x	–	Securitisations section

Overview of quantitative and qualitative requirements in accordance with the CRR and EBA/GL/2016/11

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Article 449 CRR – Total volume of securitisation exposures by asset type	–	–	x
Article 449 CRR – Total volume of retained or purchased securitisation exposures by risk weight band	–	–	x
Article 449 CRR – Total volume of securitisation exposures in respect of own special purpose vehicles	–	–	x
Article 449 CRR – Requirements for originators	–	–	x
Market risk			
EU MR1 – Market risk in accordance with the standardised method	–	x	–
EU MR2-A – Market risk in internal models approach	–	x	–
EU MR2-B – Market risk under the IMA	x	–	–
EU MR3 – IMA values for trading portfolios	–	x	–
EU MR4 – Clean back-testing of the internal model	–	x	–
EU MR4 – Dirty back-testing of the internal model	–	x	–
Interest Rate Risk in the Banking Book	–	–	x
Operational risk	–	–	x
Asset Encumbrance			
Article 443 CRR – Assets	–	–	x
Article 443 CRR – Collateral received	–	–	x
Article 443 CRR – Sources of encumbrance	–	–	x
Qualitative/Other Disclosure Requirements			
Article 13 CRR – Disclosure by significant subsidiaries	–	–	x
Article 435 CRR – Adequacy of risk management arrangements	–	–	x
Article 435 CRR – Risk Strategy and Risk Management	–	–	x
Article 436 CRR – Differences in the basis of consolidation	–	–	x

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x	–	Securitisations section
x	–	Securitisations section
x	–	Securitisations section
Helaba operates as a sponsor and investor only and so the requirements for originators stipulated in Article 449 CRR do not apply	–	–
x	–	Market Risk section, Standardised method subsection
x	–	Market Risk section, Internal model subsection
x	–	Market Risk section, Internal model subsection
x	–	Market Risk section, Internal model subsection
x	–	Market Risk section, Internal model subsection
x	–	Market Risk section, Internal model subsection
x	With a view to improving clarity in the presentation of figures, the listing of individual currencies is limited to those that individually account for at least 5 % and those that are necessary to cover at least 95 % of the total foreign currency share	Interest Rate Risk in the Banking Book section
x	–	Operational Risk section
x	–	Asset Encumbrance section
x	–	Asset Encumbrance section
x	–	Asset Encumbrance section
x		The disclosure report for Frankfurter Sparkasse as an individual bank is published in a "Disclosure report" section within its Annual Report, which is available on FSP's website.
x		Please refer to the "Risk report" section in conjunction with the "Responsibility statement" in the Helaba Group's Annual Report for information on declarations by the Board of Managing Directors regarding the appropriateness of the risk management system at Helaba.
x		The disclosures relating to the risk strategy and risk management system at Helaba are included in the Annual Report (Group management report (Risk report)). This disclosure report only includes additional information.
x		Information on the group of consolidated companies under IFRS may be found in the Annual Report (Note (3) in conjunction with Note (88) in the Notes to the Consolidated Financial Statements).

Overview of quantitative and qualitative requirements in accordance with the CRR and EBA/GL/2016/11

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Article 447 CRR – Exposures in equities	–	–	x
Article 450 CRR – Remuneration policy disclosures	–	–	x
Article 441 CRR – Indicators of global systemic importance			
Article 473 CRR in conjunction with EBA GL 2018/01 – Disclosure of IFRS 9 transitional arrangements			
Section 26a KWG – Country by Country Reporting	–	–	x
Section 35 SAG – Financial Assistance Provided Within the Group	–	–	x

Article 13 CRR requires significant subsidiaries of EU parent institutions and those subsidiaries that are of material significance for their local market to prepare their own disclosure report on an individual or sub-consolidated basis.

Helaba's FSP subsidiary falls under this separate disclosure requirement. Since the disclosure reporting date of 31 December 2015, the disclosure report for FSP as an individual bank has been published in a "Disclosure report" section within its **Annual Report**, which is available on FSP's website. The disclosure report will be updated each year in the same way as FSP's **Annual Report**.

The regulatory capital requirements and Helaba's own funds are based on financial reporting in accordance with IFRS. Since 1 January 2018, the figures have taken into account the new financial reporting requirements under IFRS 9.

Please refer to the "Risk report" section in conjunction with the "Responsibility statement" in the Helaba Group's **Half-Yearly Financial Report** for information on declarations by the Board of Managing Directors regarding the appropriateness of the risk management system at Helaba pursuant to Article 435 (1e) CRR. Given the differences between the basis of consolidation for regulatory purposes and that under German commercial law, more detailed information relating to the financial statements can also be found in the **Annual Report**.

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x		More detailed information on equity investment exposures, is included in Note (30) et seq. and Note (42) et seq. of the Notes to the Consolidated Financial Statements in the Annual Report.
x		The disclosures are presented in a separate remuneration report and published on Helaba's website (offenlegung.helaba.de)
Helaba is identified as an Other Systemically Important Institution and so the requirements stipulated in Article 441 CRR do not apply		–
Helaba will not make use of the transitional regulatory rules in accordance with Article 473 a) CRR covering the inclusion of the initial application effects when determining capital ratios and so the requirements stipulated in Article 473 CRR in conjunction with EBA GL 2018/01 do not apply		–
x		Disclosures can be found in the section Country-by-country reporting in accordance with Section 26a KWG in the Annual Report (geschaeftsbericht.helaba.de)
x		The disclosures are included in the Annual Report (Note (74) in conjunction with Note (75) in the Notes to the Annual Financial Statements). The equivalent disclosures at Helaba Bank level are in the Annual Financial Report (Note (44) in the Notes to the Annual Financial Statements).

Scope of Application

These disclosures are provided for the Helaba Group on the basis of the group of consolidated companies for regulatory purposes pursuant to the KWG/CRR. The document is prepared and coordinated by the parent company – Helaba.

A total of 22 companies are fully consolidated in the consolidation process for regulatory purposes in accordance with Sections 10 and 10a KWG and Article 18 CRR in addition to Helaba as the

superordinated institution, and one other company is included in the consolidation on a pro-rata basis. A further 19 companies are excluded from the scope of consolidation for regulatory purposes in accordance with Section 31 KWG in conjunction with Article 19 CRR. There was no change in the breakdown of entities included in the group of consolidated companies for regulatory purposes compared with 30 June 2018.

Group of consolidated companies for regulatory purposes (overview)

Regulatory treatment	Number and type of companies
Full consolidation	22 companies 16 financial institutions 1 asset management company 3 banks 1 investment firm 1 provider of ancillary services
Proportional consolidation	1 company 1 financial institution
Excluded from the scope of consolidation for regulatory purposes	19 companies 18 financial institutions 1 provider of ancillary services

Own Funds and Own Funds Structure

This section presents information about the Helaba Group's key figures together with a breakdown of the own funds requirements

for each risk type in accordance with the COREP report under Pillar I as at 30 September 2018.

KM1 – The Helaba Group in figures

in € m

	30.09.2018	30.06.2018	31.03.2018	31.12.2017
Composition of own funds for regulatory purposes				
1. Common Equity Tier 1 capital	8,004	8,023	8,021	7,673
thereof: Regulatory adjustments	-390	-370	-365	-281
Additional Tier 1 capital	421	421	421	507
thereof: Regulatory adjustments	-	-	-	-19
2. Tier 1 capital	8,425	8,445	8,442	8,180
Tier 2 capital	2,712	2,720	2,727	2,667
thereof: Regulatory adjustments	-14	-14	-14	-19
3. Own funds, total	11,137	11,165	11,169	10,847
Total risk exposure amount				
4. Total RWAs	52,360	51,881	50,966	49,822
Capital ratios				
5. Common Equity Tier 1 (CET1) capital ratio in %	15.3	15.5	15.7	15.4
6. Tier 1 capital ratio in %	16.1	16.3	16.6	16.4
7. Total capital ratio in %	21.3	21.5	21.9	21.8
Capital buffers				
8. Capital conservation buffer in %	1.88	1.88	1.88	1.25
9. Institution-specific countercyclical capital buffer in %	0.06	0.06	0.03	0.03
10. Buffer for global/other systemically important institutions in %	0.66	0.66	0.66	0.33
11. Institution-specific buffer requirement in % (rows 8 + 9 + 10)	2.60	2.59	2.56	1.61
12. CET1 capital available for the buffers in % (expressed as a percentage of the total risk exposure amount)	10.09	10.28	10.56	10.42
Leverage ratio				
13. Leverage ratio total exposure measure	184,153	177,664	177,314	167,618
14. Leverage ratio in %	4.6	4.8	4.8	4.9

Common Equity Tier 1 capital was virtually unchanged compared with 30 June 2018, with the slight decrease of € 20 m resulting primarily from increased capital deductions for prudent valuation and intangible assets. The Helaba Group's Common Equity Tier 1 capital rose by € 331 m compared with the figure as at 31 December 2017. Capital rose in particular as a result of positive effects from the first-time recognition at fair value of subsidiaries not included in the basis of consolidation for regulatory purposes in connection with the switch to IFRS 9 as at 1 January 2018, as well as the inclusion of income for the first half of the

year after the deduction of expected dividends. This was offset by the end of the last phase of the CRR transitional arrangements relating to deductible items, as well as increased regulatory capital deductions for prudent valuation. Total own funds have risen by approximately € 290 m. Other than the positive effects referred to above relating to Common Equity Tier 1 capital, the main reasons were the reduction in eligibility of grandfathered Additional Tier 1 instruments and the impact from residual maturity amortisation on Tier 2 capital instruments.

Capital adequacy

The table below shows the RWAs and capital requirements for default risks, broken down by risk type.

EU OV1 – Overview of RWAs

in € m

		RWAs		Capital requirement	
		30.09.2018	30.06.2018	30.09.2018	
	1	Credit risk (excluding CCR)	41,432	40,771	3,315
Article 438 (c), (d)	2	Of which standardised approach (CRSA)	4,617	4,634	369
Article 438 (c), (d)	3	Of which the foundation IRB (FIRB) approach	34,547	33,908	2,764
Article 438 (c), (d)	4	Of which the advanced IRB (AIRB) approach	1,090	1,082	87
Article 438 (d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	1,178	1,147	94
Article 107 and Article 438 (c), (d)	6	Counterparty credit risk (CCR)	1,896	1,834	152
Article 438 (c), (d)	7	Of which mark to market	1,194	1,133	95
Article 438 (c), (d)	8	Of which original exposure	-	-	-
	9	Of which standardised approach	-	-	-
	10	Of which internal model method (IMM)	-	-	-
Article 438 (c), (d)	11	Of which contributions to the default fund of a CCP	-	-	-
Article 438 (c), (d)	12	Of which CVA	702	701	56
Article 438 (e)	13	Settlement risk	0	0	0
Article 449 (o), (i)	14	Securitisation exposures in the banking book (after the cap)	1,846	1,845	148
	15	Of which IRB approach	871	778	70
	16	Of which supervisory formula approach (SFA)	566	465	45
	17	Of which internal assessment approach (IAA)	300	308	24
	18	Of which standardised approach	975	1,067	78
Article 438 (e)	19	Market risk	3,540	3,784	283
	20	Of which standardised approach	1,393	1,696	111
	21	Of which internal model method (IMM)	2,146	2,088	172
Article 438 (e)	22	Large exposures	-	-	-
Article 438 (f)	23	Operational risk	3,557	3,557	285
	24	Of which basic indicator approach	-	-	-
	25	Of which standardised approach	3,557	3,557	285
	26	Of which advanced measurement approaches	-	-	-
Article 437 (2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250 % risk weight)	89	89	7
Article 500	28	Adjustment for Basel I floor	-	-	-
	29	Total	52,360	51,881	4,189

The following table (as at 30 September 2018) is provided in addition to the differentiated presentation of RWAs in accordance with the requirements in EBA/GL/2016/11 in order to ensure that the requirements of Article 438 CRR are satisfied in full.

Article 438 CRR – Overview of RWAs by exposure class

in € m

Exposure classes	RWAs	Capital requirement
Central governments or central banks	1,411	113
Institutions	3,383	271
Corporates	30,138	2,411
thereof: Specialised lending exposures	16,179	1,294
thereof: SME	1,978	158
thereof: Other	11,980	958
Retail	1,090	87
Secured by real estate	666	53
thereof: SME	175	14
thereof: Non-SME	491	39
Qualifying revolving	50	4
Other	374	30
thereof: SME	88	7
thereof: Non-SME	286	23
IRBA equity exposures	1,564	125
thereof: Simple risk-weighted approach	1,178	94
Private equity exposures in sufficiently diversified portfolios (190 %)	1,005	80
Exchange traded equity exposures (290 %)	-	-
Other equity exposures (370 %)	173	14
thereof: PD/LGD approach	315	25
thereof: Risk-weighted equities	71	6
Other non-credit-obligation assets	282	23
Total IRB approach	37,868	3,029
Central governments or central banks	33	3
Regional governments or local authorities	14	1
Public-sector entities	319	26
Multilateral development banks	-	-
International organisations	-	-
Institutions	512	41
Corporates	2,113	169
Retail	88	7
Exposures secured by real estate	584	47
Exposures in default	99	8
Higher risk categories	22	2
Covered bonds	4	0
Exposures to institutions and corporates with a short-term credit assessment	-	-
Collective investment undertakings (CIU)	-	-
Equity exposures	810	65
Other Items	249	20
Total standardised approach (CRSA)	4,847	388
Total	42,715	3,417

There were no own funds requirements on the reporting date for trading book activities of the Helaba Group in relation to large exposures above the limits set out in Articles 395 to 401 CRR.

The most significant changes in RWAs compared with 30 June 2018 resulted from an increase in the “Corporates – Specialised lending exposures” and “Corporates – Other” IRB exposure classes and from a reduction in market risk.

The increase in the two IRB exposure classes resulted from traditional new business. The RWA reduction in market risk is attributable to the special interest rate risk and is based on improved credit quality and a decline in securities business.

Credit risk

Credit risk and credit risk mitigation in the IRB Approach

In December 2006, Helaba received approval from the German Federal Financial Supervisory Authority (BaFin) to use the Foundation Internal Ratings-Based (FIRB) Approach as specified in the German Solvency Regulation (Solvabilitätsverordnung – SolvV); this approval covered both the Helaba Group and Helaba Bank. The parameters laid down in the Foundation Approach for internal ratings have been applied for both regulatory capital backing and internal management purposes since 1 January 2007. The approval of the rating model for aircraft finance in December 2010 marked the completion of the regulatory audits in relation to the use of the internal rating models for the FIRBA

and thus the full delivery of the IRBA implementation plan. The AIRB Approach has been applied for the retail portfolio of FSP since the second quarter of 2008. In 2013, LBS became the first Bausparkasse to gain permission to use the “LBS-Kunden-Scoring” rating model and the LGD model devised by Sparkassen Rating- und Risikosysteme GmbH (S-Rating) in the AIRB Approach for retail exposures.

The changes in RWAs for credit risk exposures under the IRB Approach between 30 June 2018 and 30 September 2018 are presented below.

EU CR8 – RWA flow statements of credit risk exposures under the IRB approach

in € m

	a	b
	RWAs	Capital requirement
1 RWAs at previous quarter-end	36,205	2,896
2 Asset size	618	49
3 Asset quality	–66	–5
4 Model updates/changes	75	6
5 Methodology and policy changes	–	–
6 Acquisitions and disposals	–	–
7 Foreign exchange movements	55	4
8 Other	0	0
9 RWAs at the end of the current quarter	36,886	2,951

In the table above, the changes in RWAs are broken down for each of the key RWA drivers:

- Asset size: changes in the carrying amount due, among other factors, to new or discontinued business or changes in the portfolio
- Asset quality: changes related to credit ratings and credit risk mitigation
- Model updates: model adjustments to internal rating methods
- Methodology and policy changes: new regulatory requirements, discontinuation of transitional provisions and the like
- Acquisitions and disposals: changes based on the group of consolidated companies for regulatory purposes
- Foreign exchange movements: changes in exchange rates for foreign currency transactions
- Other: includes all other changes that cannot be attributed to the categories above

The foreign exchange movement arose principally from transactions in US dollars.

Market risk

Internal model

All market risks are quantified every day using a money-at-risk (MaR) method backed up by stress tests and sensitivity analyses. The MaR specifies 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.

Helaba calculates the regulatory own funds required for the general interest rate risk using an internal model in accordance with the CRR for Helaba Bank. 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 supervisor.

The changes in RWAs under the internal model between 30 June 2018 and 30 September 2018 are presented below.

EU MR2-B – Market risk under the IMA

in € m

	a	b	c	d	e	f	g
	VaR	sVaR	IRC	Internal model for correlation trading activities	Other	RWAs	Capital requirement
1 RWAs at previous quarter-end	704	1,384	-	-	-	2,088	167
<i>1a Regulatory adjustments¹</i>	417	953	-	-	-	1,370	110
<i>1b RWAs at previous quarter-end (end of the day)</i>	287	432	-	-	-	719	57
2 Movement in risk levels	-15	-21	-	-	-	-36	-3
3 Model updates/changes	-	-	-	-	-	-	-
4 Methodology and policy changes	-	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-	-
6 Foreign exchange movements	0	0	-	-	-	1	0
7 Other	-33	30	-	-	-	-2	-0
<i>8a RWAs at current quarter-end (end of the day)</i>	239	441	-	-	-	681	54
<i>8b Regulatory adjustments¹</i>	530	935	-	-	-	1,466	117
8 RWAs at the end of the current quarter	770	1,377	-	-	-	2,146	172

¹ Shows the difference between previous quarter RWAs/previous quarter RWAs (end of day) and RWAs at current quarter-end/RWAs at current quarter-end (end of day).

The changes in RWAs compared with the previous quarter arose due to changes in exposures resulting from normal trading activities and other effects. The other effects include changes attributable to movements in market interest rates, which rose during the third quarter of 2018, regular monthly updates of the statistical parameters for the MaR as well as a switch in the periods used for the crisis scenario in the stressed MaR.

Annex

List of abbreviations and key terms

Abbreviation	Definition
AIRB	Advanced IRB
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
CET1	Common Equity Tier 1 capital
CIU	Collective investment undertakings (CRSA exposure class)
CRR	Capital Requirements Regulation
CRSA	Credit Risk Standardised Approach
CVA	Credit valuation adjustment
EBA	European Banking Authority
ECB	European Central Bank
FIRB	Foundation IRB
FSP	Frankfurter Sparkasse
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IM	Internal models for market risk
IRB	Internal Ratings-Based (Approach) (FIRB/AIRB)
IRC	Internal model for the incremental default and migration risk charge
KWG	German Banking Act (Kreditwesengesetz)
LBS	Landesbausparkasse
MaR/VaR	Money-at-risk
MaRC ²	Risk measurement system (linear interest rate risk)
RWAs	Risk-weighted assets
SA	Standardised Approach (market risk)
SME	Small and medium-sized enterprises

Imprint

Published by

Helaba
Frankfurt am Main/Erfurt

Concept and design

3st kommunikation, Mainz

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Helaba

Neue Mainzer Strasse 52–58
60311 Frankfurt am Main
Germany
Phone + 49 69/91 32-01

Bonifaciusstrasse 16
99084 Erfurt
Germany
Phone + 49 3 61/2 17-71 00

www.helaba.com