Helaba

Making an impact – together

Annual Report 2022

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 € 211.5 bn. We offer a complete range of financial services from a single source for companies, banks and institutional investors. Sustainable business practices have long been established in Helaba's business model and go hand in hand with its mandate to operate in the public interest. The aim is to support customers with a range of expert ESG advisory services and suitable financing on their own journey towards a sustainability transformation. 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.

Title page image (from left to right):
Sashía Niemeyer, trainee in Communication & Change, co-founder of the YoungTalents network
Alexander Vogt, Savings Banks, spokesperson for the HelaPride network
Anjena Chopra, Trade Finance Guarantees, spokesperson for the HelaNations network
Alexander Stiller, Strategic Licence Management

Content

At a Glance

Helaba ratings (As at: March 2023)

Moody's		Fitch Ratings	
Outlook	Stable	Outlook	Stable
Long-term Issuer Rating	Aa3	Long-term Issuer Default Rating [1]	A+
Counterparty Risk Assessment [3]	Aa3(cr)	Public Sector Covered Bonds	AAA
Long-term Deposit Rating [3]	Aa3	Short-term Issuer Default Rating [1, 2]	F1+
Public-Sector Covered Bonds	Aaa	Derivative Counterparty Rating [1]	AA–(dcr)
Mortgage Covered Bonds	Aaa	Long-term Deposit Rating [1]	AA–
Short-term Deposit Rating [2]	P-1	Senior Preferred [1, 3]	AA–
Long-term Senior Unsecured [3]	Aa3	Senior Unsecured [1, 4]	A+
Long-term Junior Senior Unsecured [4]	A2	Subordinated debt [1, 5]	A–
Subordinate Rating [5]	Baa2	Viability Rating [1]	a+
Baseline Credit Assessment	baa2		

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

	Moody's	Fitch Ratings
Long-term ratings	Aaa	AAA

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

Stakes in Helaba's share capital

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

68.85 % Sparkassen- und Giroverband Hessen-Thüringen

8.10 % State of Hesse

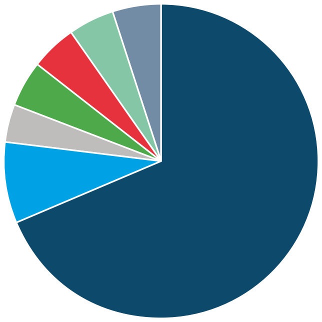
4.05 % State of Thuringia

4.75 % Sparkassenverband Westfalen-Lippe

4.75 % Rheinischer Sparkassen- und Giroverband

4.75 % FIDES Alpha GmbH [1]

4.75 % FIDES Beta GmbH [1]



The Helaba Group in figures

Performance Figures		2022 in € m	2021 in € m	Change in € m	Change in %
Net interest income before loss allowances		1,417	1,326	92	6.9
Net fee and commission income		533	485	48	9.9
General and administrative expenses, including depreciation and amortisation		–1,652	–1,515	–137	–9.1
Profit or loss before tax		633	569	64	11.3
Consolidated net profit		**431**	**501**	**–71**	**–14.1**
Return on equity	in %	**6.7**	**6.4**		
Cost-income ratio	in %	**67.5**	**66.1**		

Balance Sheet Figures	31.12.2022 in € m	31.12.2021 in € m	Change in € m	Change in %
Measured at amortised cost				
Loans and advances to banks	12,836	15,686	–2,850	–18.2
Loans and advances to customers	116,062	113,939	2,123	1.9
Trading assets	**12,672**	**15,308**	**–2,636**	**–17.2**
Financial assets measured at fair value (not held for trading)	**21,694**	**27,099**	**–5,405**	**–19.9**
Measured at amortised cost				
Deposits and loans from banks	65,735	60,116	5,619	9.3
Deposits and loans from customers	63,643	63,411	231	0.4
Securitised liabilities	41,064	44,363	–3,299	–7.4
Trading liabilities	**13,754**	**13,301**	**453**	**3.4**
Financial liabilities measured at fair value (not held for trading)	**15,042**	**19,069**	**–4,027**	**–21.1**
Equity	**9,877**	**9,222**	**655**	**7.1**
Total assets	**211,502**	**212,341**	**–839**	**–0.4**

Key indicators for regulatory purposes	31.12.2022 in %	31.12.2021 in %
CET1 capital ratio	13.5	14.3
Tier 1 capital ratio	14.1	15.1
Total capital ratio	17.3	18.1

Dear customers, dear business partners,

The recent series of very challenging years continued in 2022, which proved many established assumptions to be unfounded but also upped the pace of ongoing developments and opened up new opportunities. We are driven more than ever in times such as these to remain the dependable ally our customers and business partners need. They have my heartfelt thanks for our close, trusting and in many cases very long-standing business relationships.

Helaba's well-diversified business model demonstrated its resilience once again. We have now put the COVID-19-induced dip behind us. The pandemic year of 2020 aside, Helaba consistently achieves pre-tax earnings of over € 500 m in line with its stated objectives. This extraordinary performance is a compelling testament to the effectiveness of our strategic agenda.

Our profitability in a year so highly impacted by geopolitical and macroeconomic uncertainty also gives cause for real satisfaction: in financial year 2022, we increased our consolidated profit before taxes in accordance with IFRS by 11.3 % to € 633 m (2021: € 569 m) thanks to positive contributions from all operating segments. The overall positive trend in operating business continues, with net fee and commission income up again. We have significantly expanded our role as a partner to the Sparkassen and our business customers, not least in the context of supporting the transformation to a sustainable economy.

The increase in general and administrative expenses to € 1,652 m (2021: € 1,515 m) stems largely from higher mandatory levies, although investment in modernising IT was also a factor. Personnel expenses rose only slightly despite the inflationary environment.

Helaba's capital position remained comfortable and its CET1 ratio of 13.5 % (2021: 14.3 %) is well above the regulatory minimum requirement. The fall in this ratio is attributable primarily to interest-rate-related measurement effects for capital recognised in other comprehensive income with slightly higher risk-weighted assets. Helaba continues to benefit from a high-quality portfolio. The risk situation in respect of our loan exposures remains comfortable.

It appears further challenges await in 2023, including continued geopolitical uncertainty, a lack of clarity regarding energy price movements, persistent supply chain problems, shortages of skilled staff, and continued high inflation and the associated cost pressures. We fully expect our well-diversified business model to prove its resilience once again, however, and intend to continue

The achievements, loyalty and adaptability of our Helaba team not only go a long way to explaining our highly satisfactory results, but also ensure our organisation carries on marching forwards every single day. It will be my pleasure to continue along this path with them and “Make more possible together!”.

supporting customers in our usual proactive manner through the current turbulence. We anticipate pre-tax earnings of between € 500 m and € 700 m for 2023 and also remain confident in our position for the years thereafter.

I would like to take this opportunity to convey the thanks of the entire Executive Board to our customers and business partners for their confidence in us and to our corporate bodies for their staunch support. I also owe a heartfelt debt of thanks to our employees, for whom I know times such as these are hugely demanding. Their exceptional commitment deserves to be recognised and appreciated explicitly: their achievements, their loyalty and their adaptability not only go a long way to explaining our highly satisfactory results, but also ensure Helaba carries on marching forwards every single day. It will be my pleasure to continue along this path with them and “Make more possible together!”.

Yours sincerely,

Thomas Groß
CEO

The Executive Board

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

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

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

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

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

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

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
RÄUME ZUM LEBEN

OFB
Projektentwicklung

WIBank
Wirtschafts- und Infrastrukturbank Hessen

Corporate Strategy

Helaba's basic strategic focus remains unchanged and it intends to continue to serve its customers as a commercial bank, Sparkasse central bank and development bank. Helaba launched the "Scope – Growth through Efficiency" project in 2019 to help slow the rate of cost increases and secure the freedom to manoeuvre, in terms of both finances and content, that it needs to have to be able to shape its future. The project was successfully completed in 2022. Helaba has defined the 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.

One key aspect of Helaba's business model is its legal form as a public-law institution. Other factors central to this business model are Helaba's status as part of the Sparkassen-Finanzgruppe with its institutional protection scheme, the distribution of tasks between Sparkassen, Landesbanken and other S-Group institutions, the large stake in Helaba owned by the Sparkassen organisation, and Helaba's retention and expansion of its activities in the S-Group and public development and infrastructure business.

As a commercial bank, Helaba operates in Germany and abroad. 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

Helaba's business strategy and the associated societal, economic and regulatory developments define the parameters for what is required of the HR function. The resulting core tasks are as follows: strategy-oriented and needs-based recruitment and retention 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); ensuring the deployment of modern forms of collaboration; and the delivery of coordinated long-term continuing professional development (including the management of junior talent and employees with high potential to ensure future staffing needs can be met).

The Helaba Group had 6,336 people in its employment at the end of 2022, 39 more than in the previous year. Most of this increase in headcount was accounted for by Wirtschafts- und Infrastrukturbank Hessen (WIBank) and Helaba Invest Kapitalanlagegesellschaft mbH.

Helaba continued to push through efficiency measures and associated HR policies under the "Scope – Growth through Efficiency" project in 2022. These included organisational restructuring steps to prepare processes and business procedures optimally for the future and ensure long-term competitiveness as well as stepping up activities in the area of digitalization. The Scope project was brought to a successful close at the end of 2022. Rigorous and conscientious implementation of the measures and the exceptional commitment of everyone involved played a central role in the success of the project. The priority here for 2023 will be to bed down the changes properly in the organisation and ensure that they continue to evolve so as to safeguard the effectiveness of Helaba's business operations for the coming years.

A bank's long-term future depends as much on its corporate culture as on the efficiency of its processes and structures. Helaba conducted a mood barometer-type employee survey in autumn 2022: all Helaba employees, including those of Landesbausparkasse Hessen-Thüringen (LBS) and Wirtschafts- und Infrastrukturbank Hessen (WIBank), were asked about aspects of corporate culture and their work situation. More than 70 % of employees took the time to respond and provide valuable feedback. The high participation rate is in itself a significant indicator: employees are interested and personally involved in Helaba and its future and are motivated to help shape its ongoing development. Such commitment is an essential element of shared success moving forwards.

The broad-based mood barometer was complemented by a more targeted survey conducted as part of the "Let's go 2030" programme. The survey covered managers and employees from a variety of age groups, sites and divisions who have different perspectives of Helaba, helping to provide a deeper insight into issues of interest. The findings of the two surveys will be compiled and analysed in 2023 to identify appropriate next steps for the development of Helaba's corporate culture.

It is a central tenet of our corporate culture that all employees are included, irrespective of age, gender and gender identity, sexual orientation, ethnic origin and nationality, personal circumstances, social background, religion, and ideology, and all contribute to the organisation's long-term success. We regard these efforts to create and maintain a diverse and inclusive working environment, which are based on a sustainable, holistic approach, as a continuous process.

Several new internal networks were set up in 2022 to help ensure diverse perspectives have an even higher profile at the Bank. The HelaPride (LGBTIQ network for lesbian, gay, bisexual, transgender/transsexual, intersex and queer employees and their allies), HelaNations (network for employees from outside Germany or employees of diverse ethnicity) and NextGeneration (network for young colleagues) networks are delivering new impetus for Helaba alongside the established HelaWIN women's network. Various initiatives driven by these groups played a prominent role in Helaba's Diversity Month 2022, for example. True diversity in action opens up new perspectives, creates trust, leads employees to identify more strongly with Helaba and strengthens our feeling of togetherness, making this, like the mood barometer and the "Let's go 2030" programme, a key aspect of corporate culture work in 2022.

Our open and receptive corporate culture makes it easier for Helaba not just to attract junior and high potential recruits, but also to retain them once they have joined our ranks. 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, simultaneously laying the foundations for internal careers and ensuring we have the right people ready to fill roles as they become vacant. We designed new tools for this purpose in 2022 and negotiated their use with the Human Resources Council. Intended to make Helaba even more attractive as a place to work, the tools will be introduced in 2023. They provide transparency and support in relation to internal career opportunities by presenting employees with structured blueprints for personal development.

The first step involves a standardised function assessment system that is the same for all employees. This Helaba function map assigns all positions for staff not covered by collectively agreed terms of employment to a career path and a career stage, creating clarity as to possible pathways within Helaba and the associated requirements and showing employees how they might progress through their career. The development options available to staff not covered by collectively agreed terms of employment include not only the traditional management careers but also, for those who have the necessary qualifications or demonstrate the necessary potential, equivalent technical, sales and project management careers. The career paths are intended to be flexible so that employees can switch between them if they wish. Newly created remuneration bands for the career stages and paths clearly show how these positions fit into the broader market context. The performance-related elements of remuneration are being expanded and integrated into the remuneration system. Providing a variety of options for building careers in line with personal possibilities and interests helps Helaba to maintain its status as an appealing employer, attract highly qualified technical and management personnel and retain high-potential and high-performing employees long term.

6,336
people work at Helaba.

We have gained more detailed insights into the status of our corporate culture through a broad-based mood barometer and the "Let's go 2030" programme. These insights will be compiled and analysed in 2023 to identify appropriate next steps for the development of Helaba's corporate culture.

Several new internal networks were set up in 2022 to help ensure diverse perspectives have an even higher profile at the Bank.

We believe that training and developing the staff we need internally is the best way to meet present and future staffing requirements.

One factor dominated developments in 2022: the Russian attack on Ukraine. More than one million refugees from Ukraine have arrived in Germany since the war began. The Executive Board has responded by resolving to enable Ukrainian refugees to find employment with Helaba via posts created specifically for the purpose. We are one of many companies using the Job Aid for Ukrainian Refugees platform, which has become established as an effective jobs marketplace. We provide a wide range of support services to ease the settling-in process for Ukrainian refugees joining our organisation. The 15 new Ukrainian colleagues Helaba has welcomed so far are already making valuable contributions in their roles and helping us to take the Helaba Group forwards.

Sustainability

Helaba has always embraced its responsibilities to society and the natural environment and its strategic business model clearly reflects its steadfast commitment in this area. Acting in the public interest and protecting vital natural resources have been written in our DNA, as a Landesbank and the S-Group bank for the Sparkassen, for almost 200 years. Sustainability and social responsibility are permanently enshrined in our business strategy and fully integrated at all levels of management to minimise negative impacts on the environment and society. Acting sustainably is a core component of our strategic agenda. We are focused on helping our customers with the necessary transformation to a climate-neutral circular economy with perfectly tailored financing solutions and expert consulting on a partnership basis. 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 intend to remain true to our conscience and our obligations to our stakeholders by continuously increasing our positive impact in the ecological and social spheres. Sustainability as we see it encompasses all three ESG dimensions (environment, social and governance) not just in the context of our core activity but throughout the value chain.

Helaba's understanding of sustainability

Putting values at the heart of our decision-making is the key to long-term, sustainable success. Our Code of Conduct anchors our sustainability agenda within the organisation, providing 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 is a signatory of the Principles for Responsible Banking (PRB), meaning we have committed to playing a proactive role in promoting climate change mitigation and to aligning our business operations consistently with the sustainability objectives of the United Nations. We will report on our progress in this area for the first time in 2023. We are also actively helping the German Sparkassen-Finanzgruppe, which we serve as one of the central S-Group companies, to master the challenges currently facing society as a whole.

UN environment programme | finance initiative
Principles for Responsible Banking

Helaba is a signatory to the Principles for Responsible Banking (PRB). Helaba Invest and Frankfurter Bankgesellschaft are signatories to the Principles for Responsible Investment (PRI).

WE SUPPORT UN GLOBAL COMPACT

As a member of the UN Global Compact, Helaba strives to ensure that the ten corporate sustainability principles are upheld throughout its sphere of influence.

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.

Helaba is a signatory to the Diversity Charter and has committed to uphold the principles of the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization (ILO).

Helaba Group ESG objectives and strategic sustainability management

Sustainability has long been an integral part of our binding Group-wide business strategy and is a key consideration in all our activities. Helaba has defined five sustainability objectives covering all ESG dimensions to operationalise this fundamental principle both in a strategic context and in everyday practice.

We want these five objectives to help drive our continued progress in sustainability matters – and we want our actions to be judged against them. We have developed an effective management system for this purpose using key performance indicators (KPIs) derived from our five sustainability objectives. The KPIs apply in respect of all Helaba Group companies, which implement them step-by-step in concrete management processes. All Helaba Group companies are aligning their business operations with these sustainability objectives, enhancing the capabilities of the Group as a whole in the process.

The ESG goals of the Helaba Group

Environmental

- 1 — CO_2 — We are reducing the emissions at our own company as far as possible.
- 2 — Our actions contribute to achieving the Paris Climate Agreement.

Social

- 3 — We encourage diversity.
- 4 — We are investing in our employees and society.

ESG (including Governance)

- 5 — We aim to achieve a good and stable ESG rating position.

KPI system of the Helaba Group

Environmental

- 1 — **−15 % up to −30 %** — CO_2 gross emissions of own bank operations by 2025
- 2 — **50 %** — share of sustainable business volume in the portfolio by 2025

Social

- 3 — **30 %** — proportion of female managers
- 4a — **2.0** days — training days per employee/year by 2025
- 4b — **>1,000** days/year — social volunteering by 2025

ESG (including Governance)

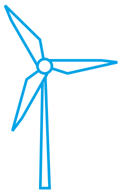
- 5 — **Top 10 %** — in the relevant ESG ratings in the banking sector by 2025

The new Sustainability Management unit established in 2022, which is led by the Chief Sustainability Officer (CSO), manages sustainability matters at the strategic level for the Helaba Group and aims to ensure continuous progress in this area. Responsibility for Group-wide management and effective discussion and dialogue within the Helaba Group rests with the Group Sustainability Committee (GSC). This system ensures that all the units of the Helaba Group are pulling in the same direction and helping us all to succeed together.

Key Developments and Action Areas

Helaba made significant progress with its sustainable transformation in 2022 as well as putting in place important foundations for the future. The new reporting format that we instituted to produce our first sustainability report based on the Global Reporting Initiative (GRI) reporting standard enables us to report transparently on our achievements above and beyond the legal mandatory requirements. The five strategic ESG objectives set out the structure within which we present our key successes and milestones.

Helaba has pledged its commitment to the United Nations Paris Agreement and the climate objectives of the German federal government and the European Union.



We rely on electricity generated from renewable sources for over 90 % of our electricity needs in office buildings.

We offset unavoidable emissions by purchasing carbon offset certificates of the highest quality.

We are reducing emissions in our own operations as far as possible

As a signatory of the Sparkassen voluntary commitment, Helaba has confirmed its intention to make its own operations carbon-neutral by 2035 at the latest. We want to reduce our CO_2 emissions by 15-30 % (relative to the 2015-2019 average) by 2025 as a stepping stone on this pathway. There are two particularly significant contributors to our overall emissions: the energy we use to operate our buildings and our IT, and the energy used by our employees for mobility. We are accordingly focusing for now on further improvements to building systems and services and on low-carbon means of transport.

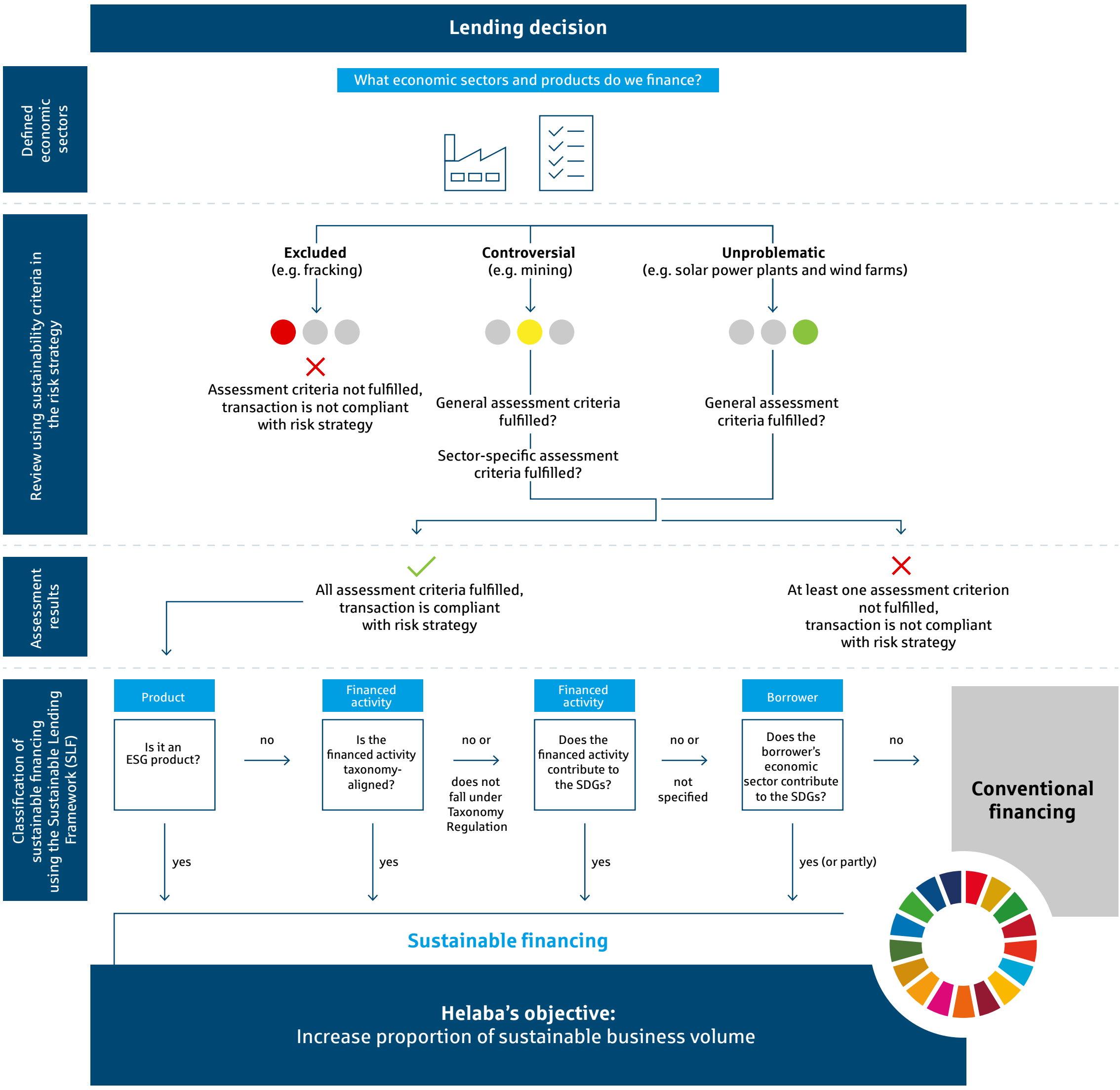
We decided in 2022 to switch the gas supply for the MAIN TOWER over from natural gas to biogas and install our own solar PV system on the roof of the Helaba Campus. We also surveyed all employees to find out what modes of transport they use to commute. The more than 1,600 responses we received to this survey give us good data with which to calculate a realistic carbon footprint and identify starting points for attractive mobility offers.

We took steps to offset the unavoidable emissions that remain after elimination and replacement for the fiscal year ended for the first time in 2022 and intend to do the same again in the future. Our purchase of the highest quality carbon offset certificates to cover 10,000 tonnes of CO_2 from renowned provider atmosfair is helping to support a project to construct domestic biogas plants in rural Nepal. These plants supply energy for cooking, cut CO_2 emissions, help to protect the local woodlands and increase quality of life for the families they serve.

With our actions, we are making a contribution to achieving the climate targets of the Paris Agreement
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 in the portfolio to 50 % by 2025. Our new Sustainable Lending Framework, which was developed in 2022 and provides a standardised method for the definition, measurement and management of sustainable lending business, promises to contribute significantly to the promotion of sustainable development in our 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.

One of Helaba's core strategic areas of activity is to work in partnership with customers to help them complete their sustainability transformation process and adopt a climate-neutral, circular business model. Our sustainable finance

Lending decision process



advisory service assists with perfectly tailored sustainable finance propositions covering all types of financial instrument (loans, promissory notes, bonds, leases, guarantees etc.) for a wide range of sectors and products. The attractiveness of our offer, which includes low-entry-threshold solutions, helps us to motivate companies to embark on the transformation journey.

The new sustainable finance concepts we introduced in 2022 prompted the wide range of small and medium-sized enterprises in particular to start exploring sustainable finance. The rendezvous clause for loans and the ESG bridge model for promissory note issues, for example, gives companies an incentive to define ESG objectives and management tools for themselves within a fixed time frame and then report transparently on their progress. We believe that products with interest rates linked to ESG factors help companies move their commercial activities onto a more sustainable footing and adopt ambitious indicator-based ESG objectives. The market suggests we are right to do so too: nine of the 19 sustainable promissory note transactions we assisted with in 2022 were the issuer's first promissory note transaction with a sustainability component.

Approximately 43 % of our assessed total lending volume is already sustainable and we aim to have raised this figure to at least 50 % by 2025.

Our Sustainable Lending Framework classifies all credit finance activities according to ESG factors.

We intend to classify our investment business sustainably as well in 2023 using a Sustainable Investment Framework.

We are promoting diversity

We are promoting diversity and intend to build on the diverse workforce of the Helaba Group to improve our innovation and risk culture. We have set ourselves the target of increasing the proportion of management positions filled by women to more than 30 % and the proportion of women in Helaba's programmes for junior staff and professional development to 50 %.

Women hold around 23 % of management positions. Helaba intends to increase this proportion to more than 30 %.

We aim to provide an inclusive environment and fair access to opportunities so that every employee at every stage of life can contribute to Helaba's long-term success. Helaba published a Diversity Guideline in 2022. The Diversity working group, which comprises members of the employee representative bodies and the council for employees with disabilities plus staff from the Human Resources and Legal Services division, checks the progress of the actions agreed upon regularly and reports its findings to the CEO. We are developing our catalogue of actions continuously on the basis of these progress evaluations.

We are investing in our workforce and in society

Nothing is more important for the long-term progress and success of Helaba than our employees. We offer all employees two continuing professional development days every year to help maintain their capabilities and motivation. We have also created a range of continuing professional development options specific to ESG matters to build up the knowledge necessary for the sustainability transformation within the Bank. We began offering six voluntary introductory training courses online in 2022. These courses look at specific ESG aspects such as sustainable finance products, impact measurement, ESG risk assessment and management, and regulatory and reporting requirements as well as fundamental sustainability concepts. More in-depth courses based on the needs of the specialist departments and delivered in workshop form are planned for 2023.

Helaba supports employee involvement in environmental and social projects by allowing staff to spend up to two working days a year assisting with such projects under its corporate citizenship policy and aims to reach a total of at least 1,000 employee social volunteering days a year across the Group by 2025.

We extended our social volunteering programme to all Helaba Bank sites in 2022 following the successful completion of the pilot phase at the Düsseldorf site. The programme provides 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 as part of a team. We plan to open this initiative up to the entire Helaba Group in 2023.

We work proactively to help preserve vital natural resources, promote social cohesion and support education, culture and economic development in our core regions. The 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.

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

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. Helaba's ESG ratings were confirmed in 2022.

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 271 banks C+ grade for "Social & Governance" sub-rating	2021: C 2022: C 2023: C
Sustainalytics	**21.7 (Medium Risk)** [scale: 0 (best) to 100] Among the **Top 25 %** % in the comparison group of 383 banks Top score for "Corporate Governance" sub-rating	2021: 19.1 2022: 21.7 2023: 21.6
MSCI MSCI ESG RATINGS A	**"A" (Average)** [scale: CCC to AAA] In the midrange of the comparison group of 197 banks Top score for "Human Capital Development" sub-rating	2021: A 2022: A 2023: A

Group Management Report

Group Management Report

Basic Information About the Group

Business model of the Group

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a credit institution organised under public law, with a commitment to operating sustainably; 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.

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 dependent 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, FBG offers the Family Office service, enhancing its range of professional advisory services in connection with all asset-related matters. FBG 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 53,000 residential units throughout Germany and holds one of the largest residential real estate portfolios 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.

Sustainability in the sense of environmental and social responsibility is an integral part of the binding Group-wide business strategy, as is sustainability in the sense of fair corporate management, which means that business activities are systematically oriented around these requirements.

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 which are firmly embedded in an overarching management framework. 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. Besides the annual planning process, there is also a multi-year planning process covering a five-year planning horizon. Additional forecasts are produced during the year.

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.

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.

Profitability targets are managed on the basis of, for example, return on equity (RoE) as the economic return on equity (ratio of profit before taxes to average capital employed in the financial year determined in accordance with IFRS). For 2022, the Helaba Group set a target range of 6 % to 8 % for economic return on equity before taxes.

For the cost-income ratio (CIR), the target is not to exceed 70 % at the level of the Helaba Group. The CIR 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.

Capital adequacy is managed through the allocation of regulatory and economic limits and through the own funds ratios. 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 2022, the minimum Common Equity Tier 1 (CET1) capital ratio (including capital buffer requirements) required to be maintained by the Helaba Regulatory Group under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 8.58 %.

In February 2022, the ECB notified the Helaba Regulatory Group of the findings of the Supervisory Review and Evaluation Process (SREP). In 2022, Landesbank Hessen-Thüringen Girozentrale accordingly had to satisfy, on a consolidated basis, an SREP total capital requirement of 9.75 % (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).

With effect from 1 February 2022, the German Federal Financial Supervisory Authority (BaFin) decided to increase the domestic countercyclical capital buffer for Germany to 0.75 % (section 10d KWG). In addition, a new capital buffer of 2 % for systemic risk in respect of loans secured by residential real estate was mandated to take effect from 1 April 2022. The buffers are required to be accumulated by 1 February 2023 and have been included in the planning from 2023 in the process for setting the threshold values for the capital ratios. The current capital planning, too, already includes a sufficiently large buffer to meet these capital buffer requirements.

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. Under the CRR, banks generally have to comply with a leverage ratio of 3.0 %. However, the ECB had 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 requirement under the CRR became effective again in April 2022, i.e. since that reporting date, banks were once again required to comply with a leverage ratio of 3.0 %.

The CRR specifies that banks must comply with a (short-term) liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). The regulatory minimum for both ratios is 100 %. 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 final MREL for the Helaba Regulatory Group, applicable from 1 January 2024 (based on figures as at 31 December 2021), is 21.73 % of RWAs (or 24.75 % of RWAs including the current combined capital buffer requirements of 3.03 % in 2022) and 7.64 % of the leverage ratio exposure (LRE). The portion of the MREL that needs to be covered by subordinated (i.e. non-preferred) instruments is 21.06 % of RWAs (or 24.09 % of RWAs including the current combined capital buffer requirements of 3.03 % in 2022) and 7.64 % based on LRE.

Helaba also has to comply with interim objectives in the amount described below from 1 January 2022. 21.60 % of RWAs (or 24.63 % of RWAs including the current combined capital buffer requirements of 3.03 % in 2022) and 7.11 % 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 % of RWAs (or 23.94 % of RWAs including the current combined capital buffer requirements of 3.03 % in 2022) and 7.11 % based on LRE.

The Helaba Regulatory Group was notified of this MREL by the competent resolution authority at the end of January 2023 and has been complying with the requirement since 1 January 2023.

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. These are supplemented by Pfandbrief issues, which are a cost-efficient component of its stable funding base, and funds raised through development institutions such as WIBank.

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.

In order to fulfil its own aspiration to support the economy in the transformation, the Helaba Regulatory Group has set itself strategic objectives across the three dimensions of sustainability, environment, social and governance (ESG), and began backing those objectives with key performance indicators (KPIs) in 2022. The ESG objectives form an integral part of the business strategy. The KPI management system testifies to the Helaba Regulatory Group's ambition to orient its business activities around sustainability and enables it to measure its progress in quantitative terms.

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. Helaba's Sustainable Lending Framework provides a standardised method for the definition, measurement and management of sustainable lending business, The identification of sustainable financing transactions using the Sustainable Lending Framework represents the initial step in a holistic impact assessment and management process.

Employees

HR strategy

The basic principles of Helaba's HR activities are derived from its business strategy. These principles incorporate social, economic and regulatory changes. The core tasks include, for example, strategy-oriented and needs-based recruitment of suitable employees, the provision of professional services, attractive remuneration and ancillary benefits (such as occupational pensions), and continuing professional development that focuses on sustainability aspects (including the management of junior staff and high-potential employees). 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 and sustainability objectives. 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 junior staff 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 junior staff 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 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 and prepare them as the successors to key roles. 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 advisory service for all employees ("employee assistance programme"), which staff can use to obtain help in connection with professional, family, health or other personal issues or questions. In addition, Helaba offers virtual training aimed at helping employees work in a healthy manner.

Transformation support

The "Scope – Growth through Efficiency" transformation project, which was implemented throughout the Group, reached its successful conclusion on 31 December 2022. The objectives to safeguard Helaba's long-term future and create scope for innovation were achieved. Independently of this, Helaba started to describe the requirements for a future, modern way of collaborating back before the COVID-19 pandemic occurred. The new ways of working have now become well established: mobile technology is used to provide key infrastructure for remote working, thereby facilitating concentrated job activities and smooth operation of virtual teamwork. In all 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 ensures that the transformation is supported by appropriate change management. In addition, a mood barometer survey conducted in 2022 captured employees' current perceptions of the corporate culture and provides the basis for Helaba's ongoing cultural development.

Promoting diversity

Helaba is focusing on diversity management to achieve a greater level of innovative capability and to improve the risk culture in its organisation. It works to ensure that diversity and equality of opportunity are established as permanent features of its sustainable corporate culture and expresses this through various network initiatives. 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. 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 currently 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 programmes for junior staff and professional development 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.

Ukraine War / Energy Crisis

The operating environment for banks has deteriorated as a result of the weaker state of the global economy and high inflation. The mild winter reduced the threat of a gas shortage in Germany. However, energy prices are still significantly higher in Europe, especially in Germany, than they were before the outbreak of the war in Ukraine and there also remains uncertainty as to whether it will be possible to procure sufficient gas for the economy as a whole in the medium term. The increased cost of energy is putting the industrial sector in Germany and other European countries at a competitive disadvantage relative to other global economic areas. Capital market uncertainty and volatility remain at high levels due to the continuing war in Ukraine.

Economic impact

Despite the war in Ukraine and the sharp rise in market rates, the general liquidity situation on money and capital markets was more or less normal in 2022. The ongoing measures implemented by the ECB, notably the targeted longer-term refinancing operations (TLTRO) III and the pandemic emergency purchase programme (PEPP), which have continued to boost market liquidity, are still providing support.

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

The economic impact of the current crises varies from sector to sector. Financing in the real estate portfolio is particularly affected by the rise in interest rates. The energy crisis, on the other hand, is having a clear impact on corporate customers and project finance. The first- and second-round effects of the energy crisis are affecting various sectors that are highly dependent on energy/gas.

Helaba has responded by, for example, taking action in respect of both new and existing business to reduce the risk.

The changes in all relevant parameters are being closely monitored. For further details, please refer to the risk report.

More information on the economic impact is presented in the "Financial Position and Financial Performance" section of the management report and in Note (37) of the consolidated financial statements.

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.

In 2022, 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 only around 0.6 % at 31 December 2022.

The ratio of forbearance measures fell slightly in the 2022 and therefore remained at a low level. Loss allowances for 2022 were at the expected level. Critical sub-portfolios continue to be closely monitored. For further details, please refer to Note (37) of the consolidated financial statements.

Depending on further geopolitical developments and capital market volatility, Helaba cannot rule out the possibility of deteriorations in ratings or defaults in the course of 2023. Helaba's corporate clients continue to apply for assistance from government support programmes. In this case, Helaba is accordingly integrating support programmes into its range of services for customers through WIBank.

Further details on credit risk are presented in the risk report and in Note (37) of the consolidated financial statements.

Operational stability

In 2022, in response to the Ukraine war, the EU Council decided on a total of nine packages of sanctions affecting most of the goods and financial flows with Russia and Belarus. These were implemented at Helaba.

In banking regulation, the situation in connection with the COVID-19 pandemic gradually improved in 2022. Most of the crisis measures put in place by standard setters and supervisory authorities were terminated in summer 2022; a few of the supervisory relief measures have been adopted into BaFin administrative practice until further notice and to some extent have now been incorporated into the draft of the seventh revision to the German Minimum Requirements for Risk Management (MaRisk). In addition, the European Banking Authority (EBA) repealed the guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07) with effect from 1 January 2023.

Helaba's operational stability was maintained overall in 2022. In 2022, Helaba maintained normal, stable operations without any actual or potential disruptions as a result of the pandemic. Official requirements were implemented in full. The operational stability of processes was maintained at all times, both in Germany and abroad. Processes at subsidiaries were also stable.

The effects of the Ukraine war on procured services and on potential gas shortage and electricity outage scenarios were analysed and revised by central Business Continuity Management with an eye towards emergency preparedness and resulted in a number of changes.

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, among others, with the objective of cushioning the impact of the COVID-19 pandemic on the economy in Hesse. Both programmes expired on 30 June 2022.

Between March 2020 and April 2022, Helaba, in its role as a forwarding institution, was helping the Sparkassen-Finanzgruppe in Hesse and Thuringia implement the COVID-19 support programmes operated by funding institutions (including KfW development bank). It has also been forwarding special KfW programmes to cushion the impact of the war in Ukraine since May 2022.

Economic Report

Macroeconomic and sector-specific conditions in Germany

Economic activity in Germany was held back in 2022 by high energy prices, slower growth in the global economy and rising capital market rates. Gross domestic product nevertheless rose by 1.9 % (seasonally adjusted) thanks to solid progress at the beginning of the year. Economic stagnation appears the most likely scenario for 2023. German consumers are unnerved and exercising restraint. Their spending will probably fall slightly in 2023. Capital equipment spending is recovering only slowly. Construction activity, which was already weakening in 2022, can be expected to decline again in 2023. Higher mortgage rates and increased construction costs are both having a negative impact in this area. Foreign trade is acting as a brake, as imports are expected to rise faster than exports. Economic momentum in Germany is likely to pick up over the course of the year though as the significance of the various unfavourable factors gradually fades.

Price pressure remains high in Germany. Inflation may well reach 6 % this year after last year's 6.9%. Stemming initially from energy and commodities, price pressures have extended to a number of product groups. Higher wage settlements are an additional strain. Structural factors such as the departure of the baby boomer generation and climate protection measures are adding to the price pressures.

The digital transformation remains one of the most critical strategic action areas for governance because of its importance in securing customer business and banking operations. In light of the economic consequences caused by the effects of the Ukraine war in particular, digitalisation will become more of a lever for cost efficiency gains. A few years ago, corporate management teams set great store by innovation labs in the relevant digitalisation centres; today, actions focus on the measurable added value generated through digitalisation. Rising interest rates only reinforce the importance of prioritising the income or cost savings potentially to be realised over exploration for its own sake in digitalisation initiatives.

Yet it is still essential not to underestimate the need to be able to leverage the opportunities afforded by digitalisation to provide a competitive and attractive range of products and services for customers. It is clear that a digital customer offering no longer brings a competitive edge for most lines of business; rather, the absence of any such offering puts the business concerned at a serious competitive disadvantage. Creating an efficient, customer-centric mix of physical and online offerings will be a critical success factor for most business models.

Platforms are extremely important, especially for banking business with large and globally active corporate customers. 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 institutionals, 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.

The growing significance of ESG data from the regulatory perspective is another significant influencing factor here. Reporting requirements – and hence availability requirements pertaining to the relevant data – are growing ever more stringent, especially in light of the future obligation to publish the green asset ratio created by the Taxonomy Regulation.

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 14 December 2022 notifying it of the findings of the Supervisory Review and Evaluation Process (SREP). In 2023, Landesbank Hessen-Thüringen Girozentrale accordingly had to satisfy, on a consolidated basis, an SREP total capital requirement of 10.0 % (including an additional capital requirement (Pillar 2) of 2.0 %, which must consist of at least 56.25 % CET1 capital and 75 % Tier 1 capital).

Key developments in the regulatory framework were as follows:

- EU implementation of Basel IV
  In 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. Trilogue negotiations amongst the legislative bodies are expected to start in March 2023. The new rules are scheduled to be applied from 1 January 2025. Helaba regularly takes part in impact studies and factors the results from these studies into its medium-term planning on an ongoing basis.

- 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 to cover environmental objectives three to six that was expected in 2022 has yet to appear. The final delegated act relating to the disclosure of indicators pursuant to Article 8 of the Taxonomy Regulation came into force back in December 2021. The delegated act concerning nuclear and gas energy activities, which adds six new economic activities in the nuclear and gas energy spheres to the economic activities already defined in the Taxonomy Regulation, was published in 2022.

- ECB Guide on climate-related and environmental risks
  The 13 expectations in relation to climate-related and environmental risks set out in the ECB Guide were specified in greater detail in 2022 with the publication of the consolidated findings of the cross-sector thematic review, which include examples of best practice. Helaba is taking the required action arising from the ECB Guide, the thematic review and the EU action plan as part of its HelabaSustained programme.

  The requirements of the EBA concerning disclosures regarding ESG risks in accordance with Article 449a CRR are satisfied in the Helaba Regulatory Group's 2022 Disclosure Report.

  The expectations described in the ECB Guide on climate-related and environmental risks have been factored into the current SREP decision, from a qualitative standpoint, but have not led to any additional capital requirements.

- Corporate Sustainability Reporting Directive (CSRD)
  The EU adopted the new Corporate Sustainability Reporting Directive (CSRD) at the end of 2022. The CSRD, which significantly extends the scope of mandatory sustainability reporting as regards both the companies affected and the content required, entered into force on 5 January 2023. The companies concerned must publish short-, medium- and long-term, science-based sustainability targets and meet mandatory reporting standards that cover all three dimensions of sustainability (environment, social, governance) and address strategy, implementation and performance measurement. The European Financial Reporting Advisory Group (EFRAG), which had been tasked with developing corresponding reporting standards, submitted its draft European Sustainability Reporting Standards (ESRS) to the Commission at the end of November. It is intended that these be finalised by the middle of 2023. The CSRD is first required to be applied by Helaba as at 31 December 2024. Plans are in place to implement it from 2023 as part of the HelabaSustained programme.

- German Act on Corporate Due Diligence in Supply Chains (LkSG)
  The German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, LkSG) came into force on 1 January 2023. The LkSG obligates the companies falling within its scope of application to respect human rights by complying with defined due diligence requirements. Helaba and certain of its subsidiaries fall within the scope of application of this act. Helaba submitted and published a human rights declaration when the act came into force and is also taking precautionary steps to avoid human rights and environmental risks. New roles will soon be created at Helaba in connection with implementation at the organisational level. These will include a human rights coordinator, who will be responsible for monitoring LkSG risk management.

- Review of the quality of own funds instruments
  The scope of the audit procedures conducted by the regulatory authorities as part of the Europe-wide supervisory review of the quality of banks' own funds instruments includes the capital contributions of the Federal State of Hesse that form part of Helaba's Common Equity Tier 1 capital. Helaba liaises very closely with its owners and has devised a number of different solutions that take account of the questions posed by

the regulatory authorities. Helaba and its owners are confident that at the end of the process, Helaba's own funds instruments will again be found to comply with all relevant regulatory requirements.

- Minimum Requirements for Risk Management (MaRisk)
  The German Federal Financial Supervisory Authority (BaFin) launched its consultation on the seventh revision to the German Minimum Requirements for Risk Management on 26 September 2022 in consultation with Deutsche Bundesbank. The final version should be published during the first half of 2023. The MaRisk are being revised primarily in order to implement

  - the EBA Guidelines on loan origination and monitoring (EBA/GL/2020/06),
  - the lessons learned from supervisory and auditing experience regarding the handling of real estate transactions for an institution's own account, the use of models in risk management, the completion of trading transactions from the home office, and business model analysis and specific disproportionate rules for very large development banks,
  - specific additional requirements from BaFin's Guidance Notice on Dealing with Sustainability Risks and European initiatives concerning the management of ESG risks.

Helaba is analysing the changes at the moment.

Business performance

Uncertainty, both geopolitical and macroeconomic, was the dominant factor in market developments in 2022.

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) significantly exceeded the prior-year level at € 21.8 bn (2021: € 16.5 bn). This increase reflects strong demand for credit as a result of factors including customers increasing stocks in response to supply chain problems, higher material / commodity and energy prices and greater funding requirements in connection with the sustainability transformation and infrastructure finance.

Loans and advances to customers (financial assets measured at amortised cost) remained almost unchanged at € 116.1 bn (31 December 2021: € 113.9 bn). Added to these were loans and advances to Sparkassen (financial assets measured at amortised cost) in the amount of € 7.8 bn (31 December 2021: € 6.7 bn). The focus on lending in core business areas and to the Sparkassen as S-Group partners is in line with the customer-centric orientation of Helaba's business model.

Macroeconomic turmoil impacted heavily on the financial and capital markets in 2022, accounting for a large part of the year's significant rise in inflation and sharp increase in interest rates over the entire yield curve. The central banks adjusted their monetary policy accordingly over the course of 2022. Central banks around the world brought the time of quantitative easing (QE) to an end as well as introducing sizeable interest hikes. The central banks will be aiming to reduce the size of their balance sheets further over the next few years via the termination of the TLTRO programme and the scaling back of asset purchase programmes. Looking ahead, the central banks are going to have to find a way to combat inflation successfully while avoiding a deep economic recession.

Bank issuing activities in the capital market accordingly fluctuated hugely in 2022 and were generally characterised by a sometimes quite significant widening of spreads, especially in the case of credit asset classes. Interest rates rose substantially too, considerably enhancing the appeal of the fixed income market as a whole. Helaba successfully implemented its issuing plans in all asset classes despite the prevailing uncertainty.

In 2022, Helaba raised medium- and long-term funding of approximately € 17.7 bn (2021: € 11.0 bn, excluding TLTRO III). As well as successfully placing three Pfandbrief benchmark issues including, once again, a high-volume dual tranche (mortgage Pfandbriefe in the amount of € 1.25 bn with a five-year term to maturity and public Pfandbriefe in the amount of € 1 bn with a 15-year term to maturity), Helaba also placed a € 550 m Tier 2 benchmark issue with a ten-year term to maturity with a view to bolstering its capital base.

Boosted by the substantial increase in interest rates, sales of retail issues placed through the Sparkasse network rose to a record volume of € 6.0 bn (2021: € 2.6 bn). As in previous years, the customer deposits in the retail business within the Group, in particular through the subsidiary Frankfurter Sparkasse, brought further diversification to the funding base. In addition, new medium- and long-term funding at WIBank amounted to just under € 1.9 bn (2021: € 1.5 bn).

The cost-income ratio for the Helaba Group was 67.5 % for the year ended 31 December 2022 (31 December 2021: 66.1 %). Return on equity rose to 6.7 % (31 December 2021: 6.4 %).

As at 31 December 2022 the Helaba Regulatory Group's CET1 capital ratio was 13.5 % (31 December 2021: 14.3 %) and its total capital ratio 17.3 % (31 December 2021: 18.1 %). Once again the CET1 ratio therefore remains well above the regulatory requirements.

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.

In its first credit risk sharing transaction, Helaba freed up risk-weighted assets (RWAs) of around € 0.8 bn for a reference portfolio of corporate loans amounting to approximately € 2.1 bn. This credit risk sharing transaction synthetically transfers default risk to investors.

As at 31 December 2022, the Helaba Regulatory Group's leverage ratio was 4.4 % (31 December 2021: 5.7 %) and therefore above the required minimum ratio.

The liquidity coverage ratio (LCR) for the Helaba Regulatory Group was 216.8 % as at 31 December 2022 (31 December 2021: 183.8 %). As at 31 December 2022, the NSFR for the Helaba Regulatory Group was noticeably higher than the target figure at 119 % (31 December 2021: 118 %).

The NPL ratio for the Helaba Regulatory Group (in accordance with EBA risk indicator code AQT_3.2) was 0.6 % as at 31 December 2022 (31 December 2021: 0.8 %). As in the previous year, therefore, Helaba fell below the German average published in the EBA Risk Dashboard, which at 1.0 % (as at 30 September 2022) was already very low by European standards.

As at 31 December 2022, the MREL ratio for the Helaba Regulatory Group stood at 60.2 % based on RWAs and 19.0 % based on LRE. In the Helaba Regulatory Group's MREL portfolio, regulatory own funds accounted for 17.3 %, subordinated (i.e. non-preferred) debt 26.1 % and non-subordinated (i.e. preferred) debt 16.8 %, based on RWAs. Based on LRE, the composition of the portfolio was as follows: 5.4 % regulatory own funds, 8.2 % subordinated debt and 5.3 % non-subordinated debt. Consequently, the ratio of subordinated instruments was 43.4 % based on RWAs and 13.7 % 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.

Helaba is guided by the final MREL set by the regulatory authorities for the period from 1 January 2024, which stands at 21.73 % of RWAs (or 24.75 % of RWAs including the current combined capital buffer requirements of 3.03 % in 2022) and 7.64 % of the leverage ratio exposure (LRE). The specified requirement for subordinated instruments is 21.06 % of RWAs (or 24.09 % of RWAs including the current combined capital buffer requirements of 3.03 % in 2022) and 7.64 % of LRE.

One of Helaba's core strategic areas of activity is to act as a partner, providing targeted support 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 2022. 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.

Also in 2022, Helaba introduced a rendezvous clause and an ESG bridge model to tap the concept of sustainable finance, particularly for the wide range of small and medium-sized enterprises and those companies that are just starting to equip themselves with ESG objectives and management tools. It was also particularly active in the financing of renewable energy, rail transport and energy efficiency projects. Helaba played a leading role in 19 transactions in the market for sustainable promissory notes ("ESG-linked SSD") in 2022 (2021: 13). Helaba is thus underscoring its efforts to encourage companies to join the sustainable transformation and aims to continue building up its market position here in 2023.

The issue proceeds from the issued green bond are being used to fund sustainability-related projects aimed at expanding the use of solar and wind energy. May 2022 saw the publication of the green bond portfolio's first impact report, presenting the portfolio's environmental value added. 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. Besides an issue for institutional investors, tranches specifically aimed at retail customers are regularly launched through the Sparkassen sales network. Helaba is pursuing a portfolio-based approach and is planning to issue more green bonds.

On the digitalisation front, Helaba processes promissory notes over their whole life cycle entirely by using the vc-trade digital platform. The platform's three shareholders (Helaba and two other financial institutions) are working together to support digitalisation in the debt capital sphere.

The platform is already a clear success: well over 300 Sparkassen are now using vc trade for promissory notes. More and more syndicated loans will also be handled via vc trade in future, and the first examples of such transactions have already been completed within the Sparkassen-Finanzgruppe. Ongoing development work is focusing on contract automation – the digital acquisition and processing of relevant information during the structuring process. Helaba is also pushing ahead systematically with the digitalisation of municipal loans through the Komuno joint venture. Komuno will in future provide the Sparkassen with a risk marketplace enabling them to share larger foreign trade finance transactions efficiently with different institutions within the Group.

An ESG-linked syndicated loan and a number of syndicated loans in the corporate finance and real estate finance asset classes were realised in full using the innovative vc trade digital platform in 2022. Further transactions using vc trade are planned.

Helaba reviews its business model on a regular basis and continues to refine it. Analysing all business areas to identify opportunities and risks arising out of the changes to the climate and environment that are now beginning to become apparent is one part of this process. Most business areas have been found to have only very limited susceptibility to climate-related and environmental risks because physical risks can usually be reduced with mitigating actions and transition risks are regarded as manageable in the short and medium term in most business areas.

Helaba is actively supporting customers through their transformation ready for a low-carbon circular economy. The Sustainable Finance Advisory team advises corporate customers on the necessary transformation process and the perfectly tailored ESG financing solutions available to help them through it. This service, provided in tandem with the Sparkassen, creates an effective lever for the transformation of the regional economy.

Overall, the opportunities associated with supporting the transformation in the business areas outweigh the climate-related and environmental risks that remain after collateral and mitigating factors.

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.

The agreement on customer transaction intermediary services in international business concluded between Helaba and LBBW, Helaba's takeover of NordLB's international documentary business and the transfer of SaarLB's private banking activities to Frankfurter Bankgesellschaft were all important steps in the process to make structures in the Sparkassen-Finanzgruppe more efficient overall.

SaarLB, the regional Sparkassen and Helaba will be pooling their expertise in international business in future under the umbrella of S-International Saar Pfalz GmbH & Co. KG, which was established in 2022.

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.

Since mid-2022, Helaba has also been offering its employees a comprehensive ESG training module with a view to nurturing knowledge and expertise in this field. ESG training is one of the elements required to meet one of the sustainability KPIs (non-financial indicator).

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.

The "Scope – Growth through Efficiency" transformation project was brought to a successful close at the end of 2022 as an addition to the strategic agenda. The objective of the project was to counter the anticipated increase in costs and downward pressure on income. The efficiency measures implemented in the transformation project have had the intended effect. The controllable components of general and administrative expenses were stabilised at 2018 levels in 2022 for Helaba Bank (excluding WIBank and LBS). Externally induced costs (including expenses for the bank levy, the reserve funds and assessments), in contrast, rose very significantly from 2018 on. The flexibility created by the project is facilitating investment in future growth.

Helaba's strategic and well-diversified business model, which continued to show the same resilience it has demonstrated in the past, remained one of the key factors in the Helaba Group's progress along with its sound income and business performance. 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.

Financial Position and Financial Performance

Changes to basis of consolidation

The changes to the basis of consolidation in 2022 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, and securitisation entities.

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

	2022	2021		Change
	in € m	in € m	in € m	in %
Net interest income	1,417	1,326	92	6.9
Loss allowances	–162	–207	45	21.7
Net interest income after loss allowances and modifications	**1,255**	**1,119**	**137**	**12.2**
Net fee and commission income	533	485	48	9.9
Income / expenses from investment property	207	218	–11	–5.2
Gains or losses on measurement at fair value	111	183	–72	–39.6
Net trading income	355	80	275	>100,0
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–245	103	–348	>–100,0
Share of profit or loss of equity-accounted entities	–4	22	–26	>–100,0
Other net income / expense	183	57	126	>100,0
General and administrative expenses, including depreciation and amortisation	–1,652	–1,515	–137	–9.1
Profit or loss before tax	**633**	**569**	**64**	**11.3**
Taxes on income	–202	–67	–135	>–100,0
Consolidated net profit	**431**	**501**	**–71**	**–14.1**

In 2022, the Helaba Group generated profit before taxes of € 633 m. The key factors influencing financial performance were a significant rise in net fee and commission income and an encouraging trend in net interest income. Net fee and commission income rose again as a result of the systematic expansion of customer business and net interest income also benefited from the ECB's interest rate increases. Due to the surprising robustness of the German economy and the high quality of the portfolios, the loss allowance requirement was smaller than in the prior-year period. Substantial charges arising from the European bank levy and the deposit guarantee scheme were only partly offset by the "Scope – Growth through Efficiency" cost and efficiency programme, as a result of which general and administrative expenses were noticeably higher overall. The changes in the individual items in the Group's financial performance were as described below:

The Group's net interest income for financial year 2022 was up by 6.9 % year on year to € 1,417 m despite a fall in contributions from participation in the ECB tendering process (TLTRO III). The TLTRO III bonus included in the reporting period was € 60 m (2021: € 147 m). Net interest income also benefited from global interest rate rises. Net margin contributions from customer business were on a very encouraging trend. Conversely, lower income from early termination fees had a negative impact on net interest income. This was largely offset by the positive contribution from investments of own funds due to the rise in interest rate levels.

Loss allowances amounted to a net addition (i.e. expense) of € 162 m (2021: net addition of € 207 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 € 27 m (2021: net reversal of € 26 m); stage 2, net addition of € 148 m (2021: net addition of € 119 m); stage 3, net addition of € 48 m (2021: net addition of € 117 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 € 8 m (2021: € 3 m). The net addition to loss allowances at stage 2 included a portfolio-based loss allowance component amounting to a net addition of € 100 m (2021: net addition of € 113 m). For further details, please refer to Note (37) of the consolidated financial statements.

After taking into account the loss allowances, the net interest income of € 1,119 m in the previous year rose to € 1,255 m in the reporting year.

Net fee and commission income again improved appreciably to € 533 m, a year-on-year increase of € 48 m. Net fee and commission income is mostly generated by Helaba, Frankfurter Sparkasse, Helaba Invest and the FBG Group. The rise in net fee and commission income in the reporting year was driven by all operating divisions. In particular, performance in terms of fees and commissions was very strong in the securities and securities deposit business at Helaba and in the account management and payment transactions business at Frankfurter Sparkasse. Fees and commissions from the FBG Group's asset management activities also rose significantly.

Most of the net income from investment property is generated by the GWH Group and amounted to € 207 m (2021: € 218 m). This figure comprises the balance of rental income, operating costs and the net gains or losses on disposals. In the current reporting period, an increase in rental income contrasted with a lower net gain on disposals. In addition, net income from investment property was reduced by a year-on-year increase in write-downs.

Propelled by the significant changes in market conditions, especially interest rates, net trading income rose very sharply year on year to stand at € 355 m in 2022 (previous year: € 80 m). Due to the noticeable rise in interest rates and wider credit spreads, remeasurement gains on derivatives within net x-value adjustments (XVAs) and a clear increase in customer demand for hedging instruments and capital market finance were the main drivers of the positive trend in net trading income. Both the change in ECB monetary policy and the growing uncertainty amidst the Ukraine crisis made for an extremely volatile market environment in 2022. Particularly in the primary and secondary market for securities, trading volumes were lifted by the volatile market conditions and the related increase in customer demand across all products. Accordingly, the customer business exceeded expectations.

Net income from hedge accounting and other financial instruments measured at fair value (not held for trading) amounted to a net expense of € 245 m (2021: net income of € 103 m). The main drivers here were remeasurement losses on derivatives, which are set against opposite effects within net x-value adjustments (XVAs), and a negative contribution from fund investments.

Other net income / expense increased from net income of € 57 m to net income of € 183 m. The very sharp rise is due, firstly, to the derecognition of financial instruments not measured at fair value through profit or loss. This generated income of € 20 m (2021: € 0 m). Secondly, the prior-year figure was adversely affected by the addition of provisions. Other net income / expense also included dividend income of € 17 m (2021: € 9 m).

General and administrative expenses (including depreciation and amortisation) rose by € 137 m to € 1,652 m. These expenses comprised personnel expenses of € 733 m (2021: € 709 m), other administrative expenses of € 773 m (2021: € 678 m) as well as depreciation and amortisation charges of € 146 m (2021: € 128 m). A pay-scale increase in July 2022 and the payment of a bonus to compensate for inflation resulted in a moderate rise in personnel expenses. The Group employed an average of 6,310 people in the year under review (2021: 6,267). Other administrative expenses were impacted by a very sharp increase in the European bank levy of € 20 m to € 94 m and a very strong rise in expenses for the association overhead allocation and the reserve funds of € 37 m to € 92 m. Whereas the European bank levy increased as a result of the general rise in contributions, expenses for the reserve funds went up due to DKB's switch to the private banks' deposit guarantee scheme. Depreciation and amortisation rose due to increased investment in information technology (IT).

Profit before taxes amounted to € 633 m (2021: € 569 m).

General and administrative expenses were covered by the total income (profit before taxes excluding general and administrative expenses, depreciation and amortisation, and loss allowances) of € 2,447 m (2021: € 2,290 m), producing a cost-income ratio of 67.5 % (2021: 66.1 %). Return on equity before taxes rose from 6.4 % to 6.7 %. The return on assets pursuant to article 90 of Capital Requirements Directive IV (CRD IV) was unchanged at 0.2 %.

Income tax expense amounted to € 202 m (2021: € 67 m) and resulted mainly from income tax expense of € 141 m in Germany (2021: tax expense of € 28 m) and income tax expense of € 61 m abroad (2021: tax income of € 39 m). Of the income tax expense, a tax expense of € 271 m was in respect of current taxes. Deferred tax income of € 69 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 31.9 % (2021: 11.8 %).

Profit after taxes, that is to say consolidated net profit, decreased by € 71 m to € 431 m. Of the consolidated net profit, a profit of € 0 m (2021: € 2 m) was attributable to non-controlling interests, with the result that the profit attributable to the shareholders of the parent company amounted to € 431 m (2021: € 500 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. 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 2022 rose from € 484 m to € 761 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 € 330 m (2021: loss of € 18 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 € 693 m before taxes (2021: € 177 m). A discount rate of 3.75 % (31 December 2021: 1.25 %) was used to determine pension provisions for the main pension obligations in Germany. Credit-risk-related changes in the fair value of financial liabilities designated voluntarily at fair value accounted for a net gain of € 339 m before taxes (2021: net loss of € 98 m). Conversely, interest-rate-related measurement effects on debt instruments measured at fair value through other comprehensive income depressed other comprehensive income by contributing a net loss of € 609 m before taxes (2021: net loss of € 123 m). This was due to the general rise in interest rates. The cross currency basis spread in the measurement of derivatives accounted for a net gain of € 39 m before taxes within comprehensive income (2021: net loss of € 10 m).

Statement of financial position

Assets

	31.12.2022	31.12.2021		Change
	in € m	in € m	in € m	in %
Cash on hand and demand deposit balances with central banks and banks	40,266	34,039	6,226	18.3
Financial assets measured at amortised cost	130,673	130,014	659	0.5
Bonds	1,774	389	1,386	>100,0
Loans and advances to banks	12,836	15,686	–2,850	–18.2
Loans and advances to customers	116,062	113,939	2,123	1.9
Trading assets	12,672	15,308	–2,636	–17.2
Financial assets measured at fair value (not held for trading)	21,694	27,099	–5,405	–19.9
Investment property	3,109	2,994	114	3.8
Income tax assets	639	788	–149	–18.9
Other assets	2,449	2,097	352	16.8
Total assets	**211,502**	**212,341**	**–839**	**–0.4**

Equity and liabilities

	31.12.2022	31.12.2021		Change
	in € m	in € m	in € m	in %
Financial liabilities measured at amortised cost	170,881	168,256	2,625	1.6
Deposits and loans from banks	65,735	60,116	5,619	9.3
Deposits and loans from customers	63,643	63,411	231	0.4
Securitised liabilities	41,064	44,363	–3,299	–7.4
Other financial liabilities	439	365	74	20.2
Trading liabilities	13,754	13,301	453	3.4
Financial liabilities measured at fair value (not held for trading)	15,042	19,069	–4,027	–21.1
Provisions	1,171	1,877	–707	–37.6
Income tax liabilities	215	106	109	>100,0
Other liabilities	562	510	52	10.3
Equity	9,877	9,222	655	7.1
Total equity and liabilities	**211,502**	**212,341**	**–839**	**–0.4**

The Helaba Group's consolidated total assets were on a par with the prior-year figure at € 211.5 bn (31 December 2021: € 212.3 bn). Total business volume, which includes off-balance sheet liabilities in banking business and fiduciary activities as well as assets, was likewise almost unchanged at € 254.9 bn (31 December 2021: € 252.8 bn).

Cash on hand and demand deposit balances with central banks and banks rose by 18.3 % to € 40.3 bn (31 December 2021: € 34.0 bn). Here, the general rise in interest rates led to an increase in the balance of cash collateral received and provided. Cash on hand and demand deposit balances with central banks and banks included an amount of € 24.2 bn (31 December 2021: € 24.2 bn) attributable mainly to Helaba's participation in the ECB's targeted longer-term refinancing operations (TLTRO III), which provide funding at favourable rates.

The financial assets measured at amortised cost, which are reported at their net carrying amounts, increased by € 0.7 bn to € 130.7 bn. In particular, the loans and advances to customers included in this amount went down by € 2.1 bn to € 116.1 bn due to the increased liquidity needs of our customer. Of this amount, commercial real estate loans accounted for € 36.1 bn (31 December 2021: € 34.8 bn) and infrastructure loans for € 27.3 bn (31 December 2021: € 28.1 bn). Of the loans and advances to banks amounting to € 12.8 bn (31 December 2021: € 15.7 bn), which are financial assets measured at amortised cost, € 6.4 bn (31 December 2021: € 6.3 bn) was attributable to Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg

The cumulative loss allowances recognised in respect of financial assets measured at amortised cost amounted to € 847 m (31 December 2021: € 714 m).

Trading assets recognised at fair value amounted to € 12.7 bn at the reporting date (31 December 2021: € 15.3 bn). The reason for this decrease lay with the positive fair values of derivatives, which declined by € 1.9 bn to € 9.4 bn due mainly to interest-rate-related measurement effects. The portfolio of bonds and other fixed-income securities contracted by € 0.6 bn to € 1.6 bn.

Of the financial assets measured at fair value (not held for trading) amounting to € 21.7 bn (31 December 2021: € 27.1 bn), assets of € 14.8 bn (31 December 2021: € 16.5 bn) comprised bonds and other fixed-income securities measured through other comprehensive income. Non-trading derivatives decreased by € 2.9 bn to € 1.8 bn, meaning that the positive fair values of all derivatives fell by € 4.8 bn overall to € 11.2 bn.

Financial liabilities measured at amortised cost amounted to € 170.9 bn (31 December 2021: € 168.3 bn). Within this figure, deposits and loans from banks rose by € 5.6 bn to € 65.8 bn. Of this figure, € 10.7 bn (31 December 2021: € 9.7 bn) was accounted for by liabilities to Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. Securitised liabilities showed a downward trend, falling by € 3.3 bn to € 41.1 bn. In this regard, the volume of new business was exceeded by the value of maturing contracts and repurchases. Deposits and loans from customers remained virtually unchanged at € 63.6 bn (31 December 2021: € 63.4 bn).

Trading liabilities recognised at fair value increased by € 0.5 bn to € 13.8 bn. Whereas the negative fair values of derivatives rose by € 0.7 bn to € 9.3 bn, deposits and loans fell by € 0.2 bn to € 4.1 bn.

Financial liabilities measured at fair value (not held for trading) amounted to € 15.0 bn as at the reporting date (31 December 2021: € 19.1 bn). This figure included non-trading derivatives amounting to € 4.1 bn (31 December 2021: € 6.8 bn), meaning that the total negative fair values of all derivatives fell by € 2.0 bn to € 13.4 bn. As on the assets side of the statement of financial position, the fair values of derivatives were reduced by interest-rate-related measurement effects.

Equity

The Helaba Group's equity amounted to € 9.9 bn as at 31 December 2022 (31 December 2021: € 9.2 bn). The increase was mainly attributable to the comprehensive income of € 761 m (31 December 2021: € 484 m). Accumulated OCI for the Group amounted to a loss of € 199 m (31 December 2021: cumulative net loss of € 529 m). Within this figure, cumulative income of € 134 m (31 December 2021: cumulative loss of € 583 m) relates to items that will not be reclassified to profit or loss in future periods (i.e. OCI that will not be recycled) and a cumulative loss of € 333 m (31 December 2021: cumulative income of € 54 m) to items that will be reclassified to profit or loss in future periods (i.e. OCI that will be recycled). OCI (that will not be recycled) included a cumulative loss of € 82 m (31 December 2021: cumulative loss of € 573 m) attributable to remeasurements of pension obligations. The change was mainly attributable to an increase in the discount rate to 3.75 % (31 December 2021: 1.25 %). Remeasurement gains arising on financial liabilities to which the fair value option (FVO) is applied as a result of changes in own credit risk contributed € 225 m (31 December 2021: loss of € 7 m) to the rise in OCI (that will not be recycled). OCI (that will be recycled) included the cumulative gains and losses on debt instruments measured at fair value through other comprehensive income amounting to a loss of € 338 m (31 December 2021: gain of € 78 m). The change is the result of the general rise in interest rates. Equity was negatively impacted by a loss of € 16 m (31 December 2021: loss of € 43 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 € 2 m in the currency translation reserve for foreign operations to € 38 m. An amount of € 90 m was distributed from the consolidated net profit for 2021 to the owners based on their shareholdings and capital contributions. An amount of € 14 m was paid in December 2022 to service the AT1 bonds.

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

Financial performance by segment

The contributions of the individual segments to the profit before taxes of € 633 m in 2022 (2021: € 569 m) were as follows:

in € m

	2022	2021[1]
Real estate	286	224
Corporates & Markets	472	217
Retail & Asset Management	194	245
WIBank	42	33
Other	–389	–123
Consolidation / reconciliation	28	–27
Group	**633**	**569**

[1] Prior-year figures adjusted: The Other segment previously included components of income and expense from economic hedges that are set against net trading income in the Corporates & Markets segment and have an offsetting effect. Net income was adjusted by a negative amount of € 21 m in the Corporates & Markets segment and by a positive amount of € 21 m in the Other segment..

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 the reporting year, the volume of new medium- and long-term business in Real Estate Finance increased very substantially, by 52 % year on year, to € 9.2 bn. Margins on new business declined markedly compared with the previous year. The average volume of business was around € 1.1 bn higher in 2022.

Net interest income amounted to € 429 m and remained virtually unchanged compared with the previous year. The addition to loss allowances was very much lower than in the previous year at € 33 m, a year-on-year decrease of € 53 m. Net fee and commission income came to € 22 m and was thus significantly higher than in the previous year (€ 13 m).

At € 132 m, general and administrative expenses were in line with the prior-year figure (€ 136 m).

Profit before taxes for the segment amounted to € 286 m and exceeded the figure for the previous year (€ 224 m) by around 27 % primarily because of the lower 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 increased very significantly, by 88 %, to € 3.9 bn. In the Corporate Banking division, the volume of new business amounted to € 4.4 bn, which was 31 % higher than the prior-year level. New business volume in the municipal lending business rose by 45 % to € 1.4 bn. The Savings Banks & SME division generated a new business volume of € 1.0 bn, mainly driven by the development loans business, although this figure fell short of the corresponding prior-year figure, which had been achieved 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 payment transactions business also increased substantially compared with the previous year. Overall, the segment generated net interest income of € 548 m, around 11 % up on the previous year.

Loss allowances amounted to a net reversal of € 3 m (2021: net addition of € 48 m).

Net fee and commission income came to € 181 m and was thus slightly higher than in the previous year (€ 175 m). The increase in this figure can be traced essentially to the payment transactions and lending businesses.

The gains and losses on measurement at fair value (trading and non-trading) amounted to a net gain of € 211 m, a very sharp increase on the prior-year figure (net gain of € 91 m), due to positive remeasurement effects (XVAs) and growing customer business. Conversely, private equity and mezzanine funds were on a downtrend.

The moderate contraction in general and administrative expenses of around 5 % resulted largely from lower internal cost allocations and a fall in personnel expenses.

Profit before taxes for the segment came to € 472 m, which was very substantially greater than the figure in 2021 (€ 217 m). The main contributing factors were higher gains and losses on measurement at fair value, the improvement in net interest income, and lower loss allowances.

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 management of the Bank's own real estate and the real estate subsidiaries of the GWH Group also fall within this segment.

Net interest income in the segment amounted to € 242 m, slightly higher than the previous year's figure. The increase was largely attributable to the retail business at Frankfurter Sparkasse. The segment's loss allowances came to a net addition of € 8 m (2021: net reversal of € 1 m), predominantly accounted for by Frankfurter Sparkasse.

At € 281 m, the segment's net fee and commission was virtually unchanged compared with the previous year. FBG, Helaba Invest and LBS all contributed to this improvement.

Net income from investment property is generated mainly by GWH, primarily in the form of rental income from residential real estate. At € 207 m, it was down slightly on the prior-year figure as a result of the year-on-year increase in write-downs.

Gains or losses on measurement at fair value of special funds, which are predominantly related to activities at Frankfurter Sparkasse, showed a very sharp fall to a net loss of € 38 m in the reporting period (2021: net gain of € 16 m) due to interest rate rises and credit spread volatility.

Other net income / expense amounted to income of € 85 m, an increase on the prior-year figure (2021: € 77 m) due to one-time items from real estate management and changes in provisions at Frankfurter Sparkasse.

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

At € 194 m, profit before taxes in the segment was significantly lower than the prior-year figure (€ 245 m).

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 € 4.0 bn.

The growth in new business stemmed primarily from municipal finance and hospital support subsidies.

The approved volume of hospital support rose by 39 % compared with the previous year, from € 408 m to € 565 m. The greater part of this sum is accounted for by the fixed-rate hospital support grant provided by the State of Hesse.

At € 71 m, net interest income was noticeably higher than the prior-year figure (€ 65 m) due especially to the changing interest rate environment. Net fee and commission income (€ 66 m) is derived mainly from the service business and increased markedly year on year, by around € 8 m.

The rise in other net income / expense to net income of € 3 m (previous year: net expense of € 4 m) was attributable to the reversal of a provision recognised in the previous year.

General and administrative expenses came to € 99 m. The anticipated, significant rise compared with the previous year (€ 86 m) was primarily the result of the planned rise in personnel expenses (caused by an increase in the number of jobs) and higher expenses due to the expansion of the development business.

In financial year 2022, the segment therefore generated profit before taxes of € 42 m (previous year: € 33 m), a result attributable to the upward trend in net interest income and the one-time item within other comprehensive income.

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 period, the TLTRO bonus decreased compared with the previous year, causing the segment's net interest income to fall by € 13 m to € 119 m.

The very sharp rise in loss allowances to a net addition of € 126 m (2021: net addition of € 74 m) is due in particular to the high level of geopolitical uncertainty and its possible implications for economies.

The gains and losses on measurement at fair value (non-trading) was primarily attributable to the absence of the positive remeasurement effects that arose in the previous year and interest-rate-related remeasurements. The net loss of € 62 m (prior-year period: net gain of € 77 m) represented a very significant year-on-year decline of € 139 m.

Other net income / expense in the segment increased very sharply to net income of € 71 m (2021: net income of € 2 m). The main factors here were the changes in provisions (lower amounts recognised and reversed in 2022) and the net disposal gain on the sale of securities held in the liquidity buffer.

General and administrative expenses amounted to € 372 m in the reporting period (2021: € 248 m) due to several items that had the effect of increasing expenses. In addition to the higher costs for the reserve fund and the bank levy totalling € 54 m, which are presented in this segment, costs for the IT modernisation programme also form part of the segment and were up on the prior-year figure to € 14 m.

The segment's loss before taxes widened to € 389 m (2021: € 123 m) due mainly to the very sharp fall in gains or losses on measurement at fair value and the increase in general and administrative expenses.

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 profit of € 28 m (2021: loss of € 27 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:

	2021 forecast for 2022	2022 actual
Net interest income	Slight decrease	+ 6.9 %
Loss allowances	Decrease	– 21.7 %
Net fee and commission income	Noticeable increase	+ 9.9 %
Income / expenses from investment property	Significant increase	– 5.2 %
Gains or losses on measurement at fair value	Sharp fall	– 39.6 %
Other net income / expense	Very significant increase	> 100.0 %
General and administrative expenses, including depreciation and amortisation	Moderate increase	+ 9.1 %
Profit or loss before tax	At the prior-year level	+ 11.3 %
Total assets	Moderate fall	– 0.4 %
Volume of new medium- and long-term business (excl. WIBank)	Very significant increase	31.9 %

in %

	2021 forecast for 2022	31.12.2022	31.12.2021
Cost-income ratio	< 70	67.5	66.1
Return on equity	Largely unchanged	6.7	6.4
Common Equity Tier 1 (CET1) capital ratio	Downward trend	13.5	14.3
Leverage ratio	Unchanged	4.4	5.7
Liquidity coverage ratio (LCR)	135	216.8	183.8
Net stable funding ratio (NSFR)	110	119.0	118.0

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

The projected decline in net interest income was avoided due to the rise in interest rates in the second half of the year. This, combined with the growth in the assets-side portfolio, resulted in a moderate increase.

The projected decline in the loss allowance requirement caused by the COVID-19 pandemic did materialise and the overall figure for loss allowances was well below the prior-year figure and in line with the budgeted figure. As a consequence, net interest income after loss allowances turned out to be significantly above budget and higher than the figure achieved in the previous year.

The predicted moderate rise in net fee and commission income was also exceeded, with net fee and commission income up significantly on the prior-year figure. The contribution from net income from investment property was slightly lower than in the previous year and the forecast increase was not achieved.

In total, the gains and losses on measurement at fair value, comprising both trading and non-trading components, were significantly below the budget figure. Net trading income was very significantly above the budget figure whereas the gains and losses on measurement at fair value (non-trading) were much lower than budgeted. The upward trend attributable to XVA remeasurement effects was offset by corresponding hedging transactions.

Other net income / expense rose very sharply and exceeded the budgeted amount. The main drivers here were the changes in provisions presented in the Other segment.

The actual figure for general and administrative expenses was slightly above the moderate increase predicted for this item. This is due to an additional charge for the reserve fund and the higher-than-expected bank levy. The fact that the budgeted amounts were met, even in an increasingly inflationary environment, reflects the success of the rigorous approach to personnel and non-personnel cost management. The “Scope – Growth through Efficiency” transformation project initiated in 2019 to counter cost inflation was brought to a successful close on 31 December 2022, having made a significant contribution to limiting the rise in general and administrative expenses.

The reporting year saw a significant increase in profit before taxes compared with the previous year and the figure turned out to be higher than the level anticipated in the budget. The return on equity consequently improved to 6.7 %.

Total assets were on a par with the prior-year figure and thus exceeded expectations slightly.

As expected, the volume of new medium- and long-term business was very much higher than the prior-year figure after the uncertainty caused by the COVID-19 pandemic subsided to normal levels.

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. It is modular in nature and consists of a general risk strategy and sub-risk strategies specific to the primary risk types. The general risk strategy sets out the universal stipulations for risk management, while the sub-risk strategies lay down detailed ground rules and methods for dealing with the primary risk types.

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.

Helaba's Executive Board believes that its risk management arrangements are structured adequately with regard to the nature, scope and complexity of the business activities, the risk inherent in these activities, and the business and risk strategies of the Helaba Regulatory Group. The Helaba Regulatory Group develops its risk management arrangements continuously to accommodate changing circumstances, new findings and newly introduced regulatory requirements in both national and international contexts, to create a range of sophisticated tools for and an environment conducive to risk containment.

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, risk appraisal, risk containment, 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 policy.

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 (RAF)
The Helaba Regulatory Group defines the RAF as a holistic approach to risk containment. Risk containment is based on a multi-stage limit framework. At the highest level, factors known as RAS indicators are identified and then used to produce a description of the overall risk profile in material terms. The RAS 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 RAS 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. The RAS indicators defined under the RAF and the threshold values specified for this purpose are formulated together in a risk appetite statement (RAS) that forms an annex to the general risk strategy.

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 Regulatory Group level (IFRS). Interest rate risk from pension obligations at Regulatory Group level (IFRS) is mapped in the risk-bearing capacity. CVA risk is also considered.

- 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 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 the Helaba Regulatory Group'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.

- 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.

- Business risk for Helaba is the potential economic loss from a situation in which disadvantageous developments in the core performance figures lead to the risk cover pool being too small to allow risks arising in the future to be absorbed adequately.

- 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.

Sustainability and social responsibility are central to the way that Helaba approaches its business. This means that sustainability factors, especially those relating to climate and the environment, can potentially also affect Helaba's risk situation. In addition to the sustainability objectives, which are set down in the business strategy, the Helaba Regulatory Group defines ESG factors – environmental, social or governance factors the occurrence of which could negatively impact financial position (including capital resources), financial performance or the liquidity position – in the course of risk management. These ESG factors are regarded not as a separate risk type, but rather as potential risk drivers that can affect all risk types. ESG factors must therefore be taken into account within the risk management processes of the identified risk types. The extent of the required monitoring and containment measures reflects the significance of the ESG factors for the risk type concerned.

A comprehensive materiality analysis from a risk perspective for climate-related and environmental risks was completed for the first time in 2022. The analysis assessed the materiality of transition and physical risks for the risk types classified in the risk inventory process as being of primary importance for the Helaba Regulatory Group, namely default risk, market risk, liquidity and funding risk, non-financial risk, real estate risk and business risk. Materiality was estimated using a scorecard method that also incorporated qualitative estimates. The analysis determined that Helaba's portfolio is moderately exposed to transition risks in the context of default risk. Corresponding requirements for the loan origination and review processes are described in detail in the sub-risk strategy for default risk. Although exposure to climate-related and environmental risks as risk drivers is assessed as low in the other primary risk types, methods for risk measurement and monitoring are being refined for these areas too.

The results of the internal materiality analysis agree with those of the 2022 climate stress test initiated by the regulatory authorities, in which Helaba participated in full.

It has therefore been concluded that there is no need for separate, additional capital backing for climate-related and environmental risks under the ICAAP.

The findings from the materiality analysis are already being used both in the preparation of the business strategy and risk strategy and in other central elements of the risk management processes and will also be considered in the design of internal climate stress tests. The analysis of climate-related and environmental risks forms an integral part of risk governance within the Helaba Regulatory Group and will accordingly be refined on an ongoing basis over the coming years. The inputs considered by Helaba in this methodological refinement process will include the publications addressed to all banks by the regulatory authorities, among them the ECB Guide on climate-related and environmental risks, which defines the regulatory expectations of banks in respect of the integration of climate-related and environmental risks into bank governance.

Sustainability as Helaba understands it and the activities and processes it pursues in this connection are described in full in the Non-financial statement.

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 pursuant to MaRisk. The risk inventory process to be completed for the Helaba Regulatory Group annually and on an ad-hoc basis also helps to identify previously unknown risks and ensure that any of material significance are incorporated into the risk management process.

2. Risk assessment

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

3. Risk containment

The information obtained in the risk identification and quantification phases provides the basis for risk containment by the local management units of the LoD 1 units (lending and trading units). Risk containment encompasses all the measures implemented in order to reduce, limit, avoid and transfer risks and keep risk exposure within the limits defined in the RAF for the primary risk types.

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 RAS indicators and the status of the relevant indicators from the recovery plan (German Regulation on the Minimum Requirements for the Design of Recovery Plans for Institutions (MaSanV)). 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 (Group Model Validation) 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 various committees are also required, within the scope of their responsibilities as defined above, to consider risk-related aspects of ESG matters, especially in the context of climate-related and environmental factors.

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. Helaba has in addition established an ICS evidence centre to coordinate and monitor the updating of the risks inherent in processes and the assessment of the appropriateness and effectiveness of controls.

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 monitoring and containment of risk-related climate and environmental factors is an interdisciplinary task that is performed by all three lines of defence, according to their respective function, within the framework defined by the business strategy and risk strategy. LoD 1, for example, is bound to observe all climate-related and environmental requirements, procedures and limits when entering into transactions while LoD 2 is responsible for overarching risk assessment and monitoring for climate-related and environmental risks within the existing risk types.

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 for compliance with relevant provisions regarding capital market compliance risk. 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 and Data Protection

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 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 27001 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.

The Information Security Management function and the Data Protection Officer are responsible for employee training and for measures to raise awareness among employees. Both of 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 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 2022 once again overcollateralised the quantified risk exposures by a substantial margin, underlining the conservative risk profile. Helaba had a capital buffer of € 4.6 bn in respect of its economic risk exposures as at the reporting date (31 December 2021: € 4.8 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 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.

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 such scenario becoming a reality.

Other protection mechanisms

There are other protection mechanisms in addition to the risk cover pool. Helaba is a member of the sub-funds of the Landesbanken and Girozentralen and is thus included in the Sparkassen-Finanzgruppe's protection scheme, which comprises the eleven sub-funds of the regional savings bank and giro associations, the sub-fund of the Landesbanken and Girozentralen and the sub-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 members of 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 binding key metrics for the establishment of 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 € 18.1 bn in total (31 December 2021: € 17.7 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 protection 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 amendment to the charter for the reserve fund that came into effect on 17 November 2022 set the total volume of the fund at € 600 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.

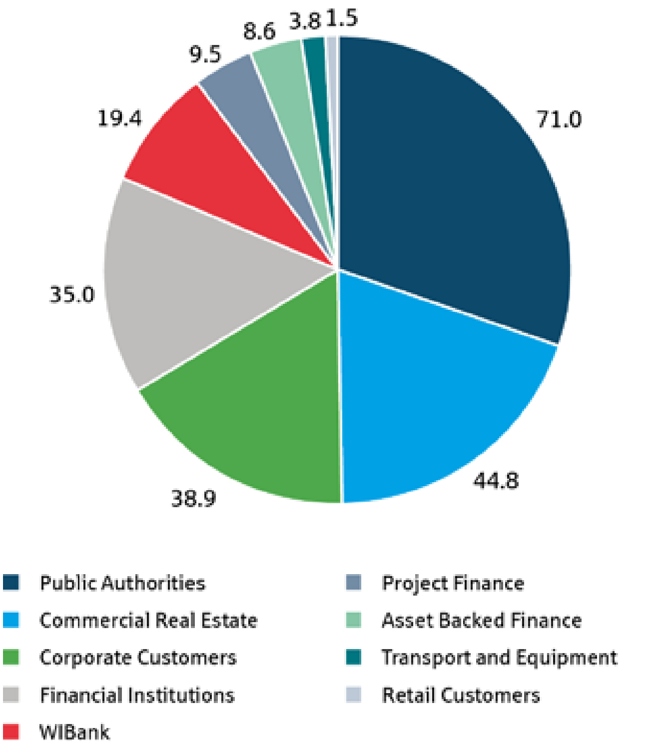
The approved total limits are allocated to individual borrowers, product categories and the operating divisions concerned in accordance with the application for approval. The utilisation of the individual limits is monitored on a daily basis and appropriate measures are initiated immediately if any limit 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 € 232.6 bn as at 31 December 2022 (31 December 2021: € 220.8 bn) broken down by portfolio. 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 portfolios
(narrow Group companies)
Chart 1 in € bn



The lending activities in the narrow Group companies as at 31 December 2022 focused on the following portfolios: public sector, 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	31.12.2022	31.12.2021
in € bn		
Germany	160.5	152.9
Rest of Europe	49.9	47.5
North America	21.0	19.2
Oceania	0.5	0.5
Other	0.7	0.6

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

Creditworthiness / risk appraisal

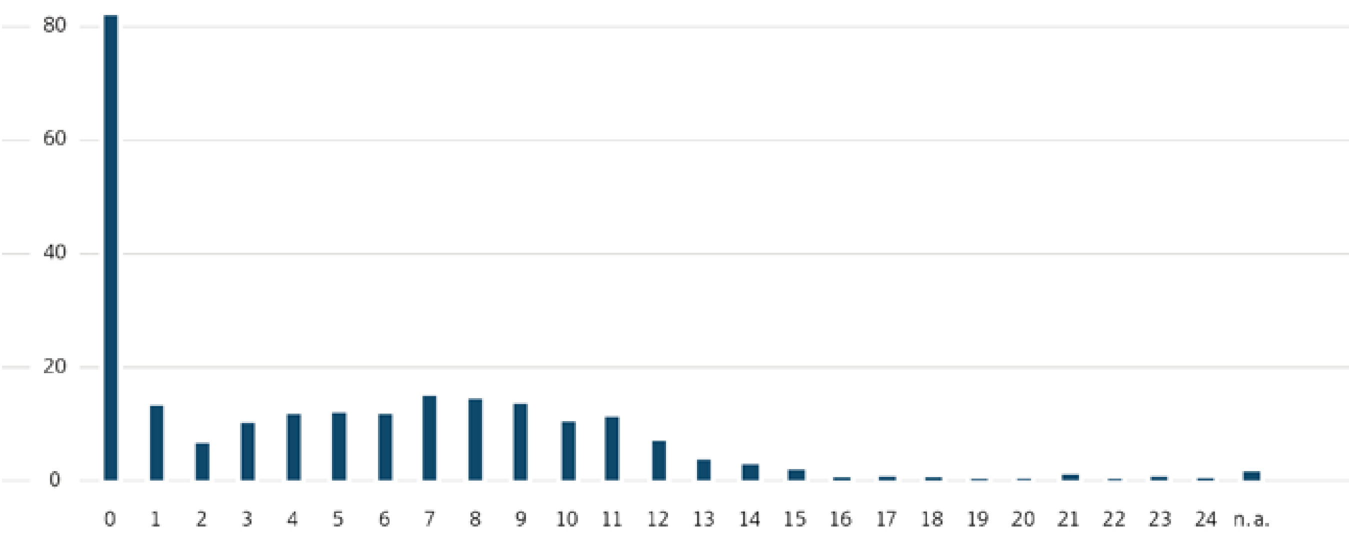
Helaba employs 16 rating systems developed together with DSGV or other Landesbanken and two rating systems developed internally. Based on statistical models, these systems classify loan exposures, irrespective of the customer or asset group, by the fixed probability of default (PD) using a 25-point cardinal 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 € 232.6 bn (31 December 2021: € 220.8 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 2022, utilisation was 4.3 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 € 66.5 bn (31 December 2021: € 61.9 bn), most of which was accounted for by borrowers in Europe (68.0 %) and North America (30.4 %). As at 31 December 2022, 57.2 % (31 December 2021: 75.6 %) of these risks were assigned to country rating classes 0 and 1 and a further 42.6 % (31 December 2021: 24.3 %) came from rating categories 2–15. Just 0.2 % (31 December 2021: 0.1 %) fell into rating class 16 or worse. The change in the risk structure is due especially to the migration of the United States of America from rating class 1 to rating class 2.

Exposures in the Russian Federation (rating category 22), Belarus (rating category 22) and Ukraine (rating category 21) amounted in total to approximately € 20 m (31 December 2021: approximately € 27 m) as at the reporting date.

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 € 1,353 m (31 December 2021: € 1,496 m). The main reasons for this reduction in the economic risk exposure are the decrease in exposure in the Corporate Banking and Global Markets divisions and the adoption of new parameters for the loss given default models.

Exceptional default risk management issues in 2022

The situation around the Ukraine war and the related turmoil and geopolitical tensions represented a rapidly increasing risk for the Bank in 2022. The Bank responded by introducing measures within its existing risk management framework to identify, assess and mitigate the associated risks and to ensure it is properly prepared for any adverse impacts.

In the first stage, the entire lending portfolio was analysed to determine whether it might be affected by first- and second-round effects of the Ukraine war. In addition to a low level of direct exposure in the countries directly affected, namely the Russian Federation, Ukraine and Belarus, the analysis identified borrowers significantly affected by downstream effects (including restrictions on imports and exports of goods and energy, production constraints or production downtime due to a lack of supplier products, sharp increases in energy prices, a general stoppage of energy deliveries from the Russian Federation, etc.). These borrowers were flagged in the Bank's systems for close monitoring and regular reporting and changes were made to the risk classification and / or the respective exposure strategy where necessary.

Net exposure (after transfers to the guarantors) in relation to these entities that carry at least one warning notice for risk classification purposes amounted to approximately € 4.9 bn as at the reporting date. The entities concerned were primarily companies / customers in the corporate customers portfolio.

The second stage involved a more thorough analysis of the impact of the termination of gas supplies from the Russian Federation and the risk effects of high / sharply increased energy prices on individual sub-portfolios. The results of this analysis were then used to add to the existing company-specific approach to identifying the customers particularly affected by the Ukraine war a significant sector-based approach to determining how the termination of gas supplies from the Russian Federation affects specific sub-portfolios. Close monitoring of entire sectors of industry that are particularly dependent on natural gas (because it is vital either for their own business processes or their supply chain) and corresponding reporting can now be ensured by tracking the relevant sub-portfolios. Here too, adjustments have been made to risk classifications and / or the relevant exposure strategy (including reducing and suspending customer-based limits and focusing new business on existing customers) where necessary to limit the increase in risk.

The total lending volume in relation to the sub-portfolios classified as impacted by the energy crisis as a result of the termination of gas supplies from the Russian Federation amounted as at the reporting date to € 28 bn (which includes € 4.3 bn for companies carrying at least one warning notice for risk classification purposes).

Separately, Helaba continued to implement the policy established in 2020 whereby risk sub-portfolios significantly affected by the COVID-19 pandemic are actively managed and exposures from those sub-portfolios that have been classified as under intensive management, recovering or non-performing in particular are subject to close monitoring. It also further developed the method used to identify critical sub-portfolios, which had initially focused on the COVID-19 pandemic. With the impact of the pandemic gradually fading, COVID-19-related features are no longer being considered and the focus now rests on limited sub-portfolios and their watchlist content above a defined minimum portfolio size. The method is reviewed by operational risk management every six months.

The critical sub-portfolios represented a total lending volume as at the reporting date of € 11.3 bn (31 December 2021: € 12.5 bn, COVID-19-affected only) in the real estate, corporate customers, and transport and equipment portfolios, € 0.6 bn of which is simultaneously included in the aforementioned termination of gas supplies monitoring due to being impacted by first-round and second-round effects. The year-on-year reduction in the total volume of lending is a result in part of taking transfers to the guarantors into account for the purpose of mitigating risk.

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

Portfolio	thereof: Sub-portfolios classified as critical	thereof: On the watchlist
Real Estate	€ 6.3 bn	€ 1.6 bn
Corporate Customers	€ 3.4 bn	€ 1.3 bn
Transport and Equipment	€ 1.7 bn	€ 0.3 bn

The energy availability and price crises triggered by the termination of gas supplies from the Russian Federation caused an economic downturn in the main markets financed by Helaba in the second half of 2022. Companies in energy-intensive sectors of industry have been directly and indirectly affected and other companies have been affected indirectly through their supply chains. The Bank has responded by taking action to mitigate / limit the increase in risk and creating additional portfolio-based loss allowances.

Helaba's target markets in real estate lending business reacted to rising interest rates in 2022 with falling prices and significantly smaller transaction volumes. The Bank has been preparing for the anticipated increase in interest rates in its new business activities since 2021 by focusing structuring and risk assessment on the fixed interest rate to be agreed with the customer over the term of the transaction. The increase in interest rates also pushes up the funding risk for transactions where it is not possible to respond, or not possible to respond fast enough, to this development with rent rises. A detailed portfolio analysis carried out in the fourth quarter identified a sum of € 0.6 bn that was affected by these risks and this sum was accordingly added to the watchlist. The transactions concerned are not currently associated with any serious default risk.

The inherent risks in the lending portfolio of the narrow Group companies remain predominantly stable despite the increased pressures thanks to the high quality of the portfolio. Actual rating increases and default events fell well short of the increase in default risk anticipated by management once again in 2022.

Credit risk in the narrow Group companies remains subject to close monitoring and regular assessment so that Helaba can continue to respond quickly to any impacts of the war in Ukraine and rising interest rates in the future.

Even with the measures taken by the Bank, government assistance and individual concessions, uncertainty surrounding the war in Ukraine, the energy crisis and the COVID-19 pandemic (which flattened off significantly in 2022) mean Helaba cannot rule out the possibility of events such as rating deteriorations and defaults in 2023.

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. In 2020 and 2021, the focus here was primarily on the effects of the COVID-19 pandemic. Due to extensive government support and special measures such as the temporary suspension of the requirement to file for insolvency, however, the extent to which these effects are reflected in specific loan loss allowances has so far been limited.

A portfolio-based loss allowance was recognised to take account of the ongoing disruption to global supply chains as well as the anticipated effects of the Ukraine war and the related sanctions, including energy supply shortages, as there has so far been only a very small number of actual defaults on individual exposures. The portfolio-based loss allowance takes into account effects of the weaker macroeconomic environment that are not yet fully reflected in the risk models. It also factors in the effects in the sectors particularly affected by the aforementioned risk-related developments.

Further details on credit risk are presented in Note (37) of the consolidated financial statements.

Sustainability criteria in lending business

In order to minimise or rule out the fundamental risk that companies or projects financed by Helaba might impact negatively on the environment and society, Helaba has developed sustainability criteria and exclusion criteria for lending that have been integrated into the existing risk process and risk management and apply throughout the Group. These are published on the Helaba website ("Sustainability Criteria for Lending Activities").

The process of identifying, measuring and managing sustainable lending is governed by Helaba's Sustainable Lending Framework, which was published in the first half of 2022. This framework includes a comprehensive set of criteria and a standardised Group-wide method for classifying sustainable finance and thus further increasing its share of the total lending volume. It is applied in all lending business at Helaba and Frankfurter Sparkasse, ensuring a consistent view of sustainable finance activities throughout the Helaba Regulatory Group.

The loan origination and review processes take account of environmental, social and governance factors and the associated risks for the financial position of borrowers. Particular attention is paid to the potential effects of environmental factors and climate change on the ability of our borrowers to make their repayments. These effects are assessed together with any risk-mitigating measures on the part of the borrower. Relevant ESG factors are identified and assessed according to a defined, standardised system. The result of the assessment is expressed using a multi-stage scale and documented as part of the risk analysis.

Risk management in respect of climate risks is being refined continuously, taking account of factors including the supervisory expectations set out in the ECB Guide on climate-related and environmental risks and other regulatory requirements. An effective risk reporting system is being established in parallel.

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 2021. 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 €151 m (31 December 2021: €140 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.

The Risk Committee allocates limits to the risk-incurring divisions and the various types of market price risk within the scope of the defined cumulative limit for market price 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. Portfolio limits and dynamic loss limits are additionally used to limit market risks. The trading units also independently use stop-loss limits for this purpose.

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 2022 plus a breakdown by trading book and banking book. The linear interest rate risk is the most significant of the market risk types. The change in linear interest rate risk is due primarily to the sharp rise in interest rates being taken into account in parameter calculations. 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 92 % (31 December 2021: 91 %) of the linear interest rate risk for the overall portfolio of the narrow Group companies, sterling positions for 5 % (31 December 2021: 2 %) and US dollar positions for 2 % (31 December 2021: 5 %). 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 € 17 m for the Group (31 December 2021: € 9 m). The incremental risk in the trading book amounted, with a time horizon of one year and a confidence level of 99.9 %, to € 257 m (31 December 2021: € 171 m). The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 1,122 m (excluding CVA risk, 31 December 2021: € 453 m) for the Group from market risk. The sharp increase in economic risk exposure is likewise the result of the sharp rise in interest rates in the first half of the year in combination with significantly higher levels of volatility. Moreover, since the beginning of 2022, interest rate risk from pension obligations has also been taken into account.

Group MaR by risk type in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Trading book	36	9	36	8	–	1	–	–
Banking book	121	37	102	31	1	–	18	6
Total	**153**	**45**	**134**	**38**	**1**	**1**	**18**	**6**

The risk measuring systems are based on a modified variance-covariance approach or a Monte Carlo simulation. The latter is used in particular for mapping complex products and options. Non-linear risks in the currency field, which are of minor significance at Helaba, are monitored using scenario 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 € 36 m (31 December 2021: € 8 m).

Market risk in the trading book

All market risks are calculated daily on the basis of the end-of-day position of the previous trading day and the current market parameters. Helaba uses the parameters prescribed by the regulatory authorities – a 99 % confidence level, a holding period of ten trading days and a historical observation period of one year – for internal risk management as well. Chart 3 shows the MaR for the trading book (Helaba Bank) for the 2022 financial year. The average MaR for 2022 as a whole was € 24 m (2021 as a whole: € 15 m), the maximum MaR was € 36 m (2021 as a whole: € 40 m) and the minimum MaR was € 8 m (2021 as a whole: € 6 m). The changes in risk in financial year 2022 stemmed primarily from linear interest rate risk and were attributable to regular parameter updates (volatility, correlations), which included the sharp rises in interest rates in 2022, and to a normal level of reallocated exposures.

Daily MaR of the trading book in financial year 2022
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 2022

	Q1		Q2		Q3		Q4		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Interest rate risk	14	29	20	10	26	5	30	6	23	13
Currency risk	1	1	1	1	–	1	–	1	1	1
Equities risk	–	2	1	1	1	1	1	1	1	1
Total risk	**15**	**32**	**21**	**12**	**27**	**8**	**31**	**7**	**24**	**15**

Number of trading days: 253 (2021: 253)

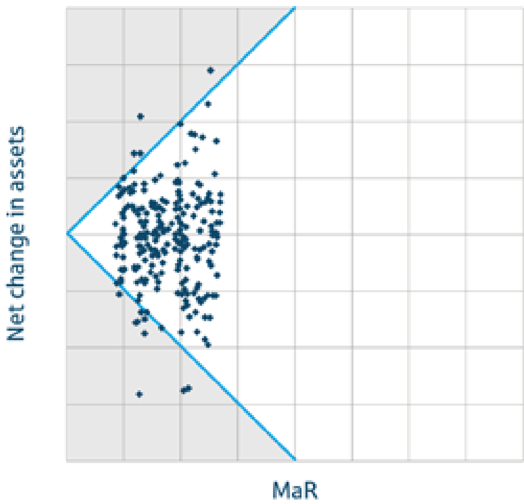
The annual average MaR for the trading book for Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG remains unchanged at € 0 m in each case.

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 2022.

Back-testing for the trading book in financial year 2022
Chart 4



The internal model for the general interest rate risk produced fifteen negative outliers in clean back-testing and four negative outliers in dirty back-testing in 2022 in regulatory mark-to-market back-testing (2021: five negative outliers in clean back-testing and nine 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. ESG stress tests have been included for market risk since the end of 2022, similar to the approach used in connection with the EBA climate stress test in 2022.

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 2022, such an interest rate shock would, in the unfavourable scenario, have resulted in a negative change of € 341 m in the value of the Helaba Group banking book (31 December 2021: € 109 m). Of this figure, a loss amounting to € 345 m (31 December 2021: loss of € 101 m) would have been attributable to local currency and a gain amounting to € 4 m (31 December 2021: loss of € 8 m) to foreign currencies. The change compared with the end of 2021 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 2022, even amidst the war in Ukraine and the significant increase in market rates.

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. Since the end of 2022, ESG factors (CO_2) have also been included in the market-wide scenario. 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 Liquidity drawdowns in specific sectors were also investigated in the context of the war in Ukraine.

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 and the balances with central banks. 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 one week up to one year depending on the specific scenario. Monitoring the limits is the responsibility of the Risk Controlling unit. An economic liquidity coverage ratio that clearly shows the integration of regulatory and economic perspectives required in the ILAAP was determined in the same way as for the regulatory LCR. The coverage in the most relevant scenario (30 day solvency) was 178 % as at the reporting date as a result of the excellent level of liquidity adequacy (31 December 2021: 180 %). This increases to 182 % (31 December 2021: 188 %) if Frankfurter Sparkasse is included. The average coverage ratio in 2022 was 154 % (2021: 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 for the Helaba Regulatory Group stood at 216.8 % on 31 December 2022 (31 December 2021: 183.8 %). 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, as in the previous year. No liquidity had been drawn down from stand-by lines in US public finance business as of the reporting date (as was the case at the end of 2021).

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 2022, as was also the case at 31 December 2021. 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.

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 2022 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 31.12.2022	Reporting date 31.12.2021
	VaR 99.9%	VaR 99.9%
Helaba	215	192
Frankfurter Sparkasse, Helaba Invest and other companies included in risk management at the level of individual risks	95	98
Total	**311**	**289**

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 € 311 m (31 December 2021: € 289 m) for the Helaba Regulatory Group from operational risk. The increase is attributable primarily to the adjustment of the data records for inflation.

COVID-19 pandemic

Business continuity management (BCM) measures implemented in response to the COVID-19 pandemic were also continued in 2022. 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.

Ukraine war

No material effects of the war in Ukraine on non-financial risk were identified in 2022.

ESG risks

There are operational risk scenarios regarding buildings for own business operations to cover risks from external factors including in connection with extreme climate-related and environment-related events (physical risks). Any such events that should occur would be recorded as loss events.

Preparations for expanded data acquisition regarding operational risk events were made as part of the HelabaSustained project to facilitate designation based on defined climate-related and environment-related criteria.

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.

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 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 court proceedings and coordinating on a formalised basis with other units.

Third-party risk – outsourcing and other external procurement

The Organisation division (Procurement) 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 Procurement 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. Central Sourcing Management within Procurement 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.

COVID-19 pandemic and impact of the war in Ukraine

The progress of the COVID-19 pandemic was observed and assessed continuously in 2022. Response measures were adapted in line with the situation and the lifting of statutory requirements, although remote working has been retained as a permanent feature independent of the COVID-19 pandemic. The stability of operational processes was maintained at all times in 2022.

The effects of the Ukraine war on procured services and on potential gas shortage and electricity outage scenarios were analysed and revised by central BCM with an eye towards emergency preparedness and resulted in a number of changes.

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. The consolidated accounts must also be marked up ("tagged") and disclosed as specified in Articles 4 and 6 of the ESEF regulation using Inline XBRL technology.

The reporting year was the first in which Helaba was required by the ESEF regulation to mark up all notes corresponding to the markup elements in Tables 1 and 2 of Annex II to the regulation as well as marking up the principal elements of the consolidated accounts using iXBRL.

Marking up notes necessitates an assessment of whether a particular note represents part of the content of a mandatory markup element and must therefore be assigned to the element. This assessment can be a matter of judgement in certain cases.

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 2022 reporting date under the economic internal perspective for the calculation of risk-bearing capacity indicates that business risks reduced slightly to € 199 m in the year compared with 31 December 2021 (31 December 2021: € 204 m).

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. In addition, the level of insurance cover in place to protect real estate held in the Bank's real estate portfolio in respect of external factors (physical risks) and the sustainability certification of this real estate was raised in the year under review.

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 € 173 m (31 December 2021: € 187 m) from real estate projects and real estate portfolios. This reduction in risk results primarily from progress made on construction within the real estate project management 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.

Since 2022, Helaba has been using the Global Reporting Initiative (GRI) reporting standards as a guide in preparing the non-financial statement. It also prepares a sustainability report in accordance with the current GRI standards. Helaba provides comprehensive reports online on its sustainability activities (nachhaltigkeit.helaba.de). The sustainability report 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. 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 set out standards of conduct for business activity, operations, staff and corporate social responsibility. Sustainability and diversity are core elements of the tripartite strategic agenda defined by the Executive Board. 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.

Helaba is continuously refining its business model and in doing so reviews the composition and focus of the individual lines of business. As part of the strategy process in 2022, all lines of business were for the first time examined for possible effects (opportunities and risks) of climatic and environmental changes on their exposures. Overall, the opportunities associated with supporting the transformation outweigh the climate-related and environmental risks contained in their portfolios and still remaining after collateral and mitigating factors.

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.

In 2022, Helaba signed up to the UN Principles for Responsible Banking in order to underscore its strategic focus on sustainability externally as well as internally. Helaba Invest and Frankfurter Bankgesellschaft are also signatories to the Principles for Responsible Investment (PRI). Helaba has also signed up to the Ten Principles of the UN Global Compact, thereby recognising international standards for environmental protection, human and labour rights, and anti-corruption measures and undertaking to orient its business operations around those standards. 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.

Sustainability strategy and ESG objectives

Helaba's understanding of sustainability encompasses all dimensions of ESG (environment, social and governance). The HelabaSustained programme launched in 2020 co-ordinates the Group-wide ongoing development of Helaba's sustainability profile across all dimensions of ESG. 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.

Moreover, in 2022, Helaba strengthened its line organisation in the area of sustainability with a view to steadily transferring central outcomes of the HelabaSustained programme. A new organisational unit called Sustainability Management was established in Group Steering. This group is headed by the holder of the post of Chief Sustainability Officer (CSO) created back in 2021. The Group Sustainability Committee (GSC) was also established, providing a permanent setting for dialogue and effective sustainability management within the Helaba Group. The Helaba Group's sustainability officers meet with the CSO once a quarter.

Helaba has set itself five strategic ESG objectives and developed a key performance indicator (KPI) management system on the basis of those objectives. The ESG objectives form an integral part of the business strategy, and the KPI management system has been implemented throughout the Group since 2022. This testifies to Helaba's ambition to orient its business activities around sustainability and enables it to measure its progress. The five ESG objectives are outlined in brief below:

1. Helaba will reduce the CO_2 emissions generated by its own banking operations by 15–30 % by 2025. The measures by which this objective will be achieved include improving building systems, switching to biogas and installing a photovoltaic system on the Helaba Campus site in Offenbach am Main. Since financial year 2021, the Helaba Group has been offsetting the unavoidable emissions that remain once all sources that can be eliminated or replaced have been addressed.

2. Helaba will do its bit towards achieving the Paris Agreement targets and increase the volume of sustainable business in its portfolio to 50 % by 2025. The Sustainable Lending Framework provides a standardised method for the definition, measurement and management of sustainable lending business. This represents the initial step in a holistic impact assessment and management process.

3. Helaba promotes diversity and has put in place a system of diversity management with a view to bolstering the diversity of the organisation's workforce. Advancing the careers of women is a particular priority for Helaba. It therefore intends to appoint female staff to 30 % of management positions. It works to this end from the start of employees' careers, taking care to ensure that programmes for junior staff and professional development have a balanced mix of male and female participants.

4. Helaba is investing in its workforce and in society. By 2025, Helaba aims to reach two training and continuing professional development days per employee and 1,000 social volunteering days. To promote the uptake of these options and achieve the goal, the use of training and continuing professional development days and social volunteering is being integrated into Helaba's target agreement with its employees.

5. Helaba aims to maintain a strong and steady position in the relevant ESG ratings. To pass on targeted information to parties such as ESG rating agencies, Helaba places relevant information for analysts on the new ESG page on its website.

Back in 2021, work began to develop a sustainable data management system so as to enable Helaba to comply with ESG-related requirements imposed by legislation and the supervisory authorities and operationalise its own ESG KPI management system. Transaction-related information in relation to the EU Taxonomy Regulation, ESG risk assessments, eligibility for classification as a sustainable product and contributions to the United Nations Sustainable Development Goals (UN SDG) have been recorded systematically for relevant new business since 2022. Legacy sustainability-related data are steadily being recorded for existing business. In 2023, a process is to be implemented for checking alignment with the EU Taxonomy. The aim is to enable Helaba to access a consistent Group-wide dataset on the ESG attributes of its businesses and manage its ESG objectives accordingly.

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 shrinking 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. Among other measures, the amount of green electricity in the procurement mix is ideally to be increased to 100 % and the heating energy in the MAIN TOWER is to be switched from natural gas to biogas so as to achieve a further significant reduction in operating greenhouse gas emissions in accordance with ESG-KPI 1 and help set Helaba's banking operations on a firm trajectory to carbon neutrality by 2035 at the latest. In addition, since the end of 2022 Helaba has been conducting a technical assessment with regard to installing a photovoltaic system on the roof of the Helaba Campus at the Offenbach site. Since financial year 2021, the Helaba Group has been offsetting the unavoidable emissions that remain once all sources that can be eliminated or replaced have been addressed. 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. As part of the Helaba-Sustained project, Helaba has devised and implemented the steps necessary to implement the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, "LkSG"), which is required to be applied as of 2023. Among other things, the organisational prerequisites were created for conducting and monitoring risk management for the purpose of analysing human rights and environmental risks. In 2022, Helaba's supply chain was analysed with regard to relevant risks. No relevant risks emerged in its own area of business. In the case of direct suppliers, no relatively high risks triggering preventive or corrective actions were identified in relation to specific suppliers.

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 2022. It structured or supported 45 financing transactions involving contractually agreed sustainability elements (ESG-linked loans/green loans) in 2022, for example, a year-on-year increase of more than 100 %. Also in 2022, Helaba introduced a rendezvous clause and an ESG bridge model to tap the concept of sustainable finance, particularly for the wide range of small and medium-sized enterprises and those companies that are just starting to equip themselves with ESG objectives and management tools. It was also particularly active in the financing of renewable energy, rail transport and energy efficiency projects. Helaba played a leading role in 19 ESG-linked transactions in the market for sustainable promissory notes in 2022 (2021: 13). Of these, nine were the issuer's first sustainable promissory note transaction with a sustainability component. Helaba is thus underscoring its efforts to encourage companies to join the sustainable transformation and intends to continue building up its market position here in 2023.

Having been expanded significantly since 2021, the Sustainable Finance Advisory service ramped up sustainability-related advisory activities for customers (both corporate customers and customers of the Sparkassen) in 2022 in order to keep pace with the growing demand for specific advice and individual structuring of sustainable financing solutions. By offering low-entry-threshold products, Helaba primarily taps customer groups that are just embarking on the transformation journey and want to use sustainable finance measures to pivot their business model or strategic management to sustainability.

Expansion of sustainable business

Helaba has set itself the strategic objective to increase the proportion of its business that can be regarded as sustainable to 50 % by 2025. Its Sustainable Lending Framework was finalised in 2022 and provides a standardised method for the definition, measurement and management of sustainable lending business. The criteria of the EU Taxonomy Regulation are a key factor in determining which transactions Helaba classifies as sustainable. However, as the EU's current requirements exclude certain products, customer groups and key sustainability aspects such as social matters from consideration, Helaba also draws on other factors, in particular the UN SDG, in its assessment of sustainable transactions. The quality of the Sustainable Lending Framework was rated "robust" by rating agency ISS ESG in its second party opinion.

The identification of sustainable financing transactions using the Sustainable Lending Framework represents the initial step in a holistic impact assessment and management process. Since the end of 2022, Helaba has been developing a Sustainable Investment Framework with the aim of classifying sustainable investment business. This is to be finalised in 2023. Future improvements in data availability and market participants' publication of Taxonomy eligibility ratios as at 31 December 2021 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.

Financed greenhouse gas emissions

Helaba recognises the particular urgency of the climate crisis and its stated aim is to help limit climate change. In 2022, it therefore started to determine financed greenhouse gas emissions, on the basis of which it intends to develop a reduction strategy in accordance with the Paris Agreement.

The initial focus is on particularly carbon-intensive sectors and on customers that make up a large proportion of the lending portfolio. The prioritised sectors here are: mining, chemical industry, metal production; energy; automotive and mechanical engineering; food, feed, agriculture; public sector and municipal corporations; shipping, aviation, transport; construction, real estate, housing. Since the end of 2022, Helaba has been working with the support of an external data provider to ascertain the financed greenhouse gas emissions for corporate finance in the prioritised sectors and for a large proportion of the real estate portfolio on the basis of the Partnership for Carbon Accounting Financials (PCAF) approach. The current analysis relates to the lending portfolio of Helaba Bank as at 31 December 2021 and covers around 46 % of the total lending volume, less money market trading, repos, derivatives, securities and central bank business of € 125.4 bn. Based on the volume in the prioritised sectors (€ 86.5 bn), coverage is 60 %. The next step is to analyse and quality assure the determined data. Helaba plans to report transparently on the results and disclose financed greenhouse gas emissions on an annual basis in future.

In 2022, the analysis focused on the real estate sector and corporate finance in the energy, automotive and mechanical engineering, and chemical sectors. In 2023, it is intended to analyse project finance and the transport and equipment portfolio and continuously improve coverage, data availability and data quality. Building on the first carbon footprint ascertained for the lending portfolio, Helaba's intention in 2023 is to infer sector-specific reduction pathways in accordance with the 1.5 °C target, set specific reduction targets and develop appropriate measures, beginning in the energy and real estate sector. In future, recording of the carbon footprint is to be incorporated as an additional benchmark for the lending portfolio (Scope 3 greenhouse gas emissions).

Sustainability criteria for lending

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, mining, oil and gas, agriculture and forestry, paper and pulp, and armaments. This ensures that the funding of activities with heightened ESG risk, such as fracking or the extraction of oil from tar sands, is ruled out. The sustainability criteria for lending are published on Helaba's website and are therefore also visible to market players. Helaba reviews its risk strategy 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. 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. Detailed information on the integration of climate-related and environmental risks as well as the treatment of ESG factors in Helaba's risk management is provided in the Risk Report section.

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 € 159.0 bn under management in special and retail funds as at 31 December 2022 (31 December 2021: € 183.1 bn). 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 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. As a member of the BVI "Sustainability" committee and through its involvement in BVI working groups such as "Responsible Investment" and "Impact Investing", Helaba Invest is playing a part in the transformation of the German fund industry. Between spring 2021 and October 2022, Helaba Invest was also involved in the "Pathways to Paris" project. This project was initiated by WWF Germany and PwC Germany and aims to have the real economy and the financial sector work together to tackle the climate crisis. Helaba Invest took the perspective of the financial sector here and, in a working group focused on the energy industry, discussed ways to achieve Paris compatibility together with business representatives and science experts from the energy sector.

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 regularly conducted in this context identified areas for action that represent the priorities for its sustainability strategy. In three areas for action – good governance, sustainable products and services, and being an attractive employer – key issues were recorded and backed with appropriate strategic targets and indicators to measure target attainment.

Through the sustainability governance system in place since 2020, Helaba Invest intends to ensure that processes and responsibilities are aligned with the management of Helaba Invest's overarching and strategic sustainability activities. For example, two ESG committees recommend actions to Helaba Invest's investment committees as and when necessary. The sustainability officer's role is to coordinate these activities, put possible improvements to the management as and when necessary, and refine Helaba Invest's sustainability strategy in the public interest. The sustainability officer does so in close consultation with 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 represents a binding foundation in the form of ethical standards, sustainability-related risk management, the integration of climate aspects and responsible exercising of voting rights. For example, Helaba Invest excludes from its managed funds manufacturers of controversial weapons, which include cluster munitions, land mines and biological, chemical and nuclear weapons. In addition, 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. Sales limits of 25 % and 5 %, respectively, are applied. Since 2021, the specific CO_2 intensity of the investment portfolio has been systematically recorded and analysed. This indicator is factored into internal assessments so as to enable a reduction in the carbon intensity of the portfolios to be measured. With the help of an external engagement provider, Helaba Invest is also working to bring about improvements at the companies it has invested in. This covers human and labour rights, the environment and corruption.

Helaba Invest had € 23.8 bn under management under its ESG Investment Policy as at 31 December 2022 (31 December 2021: € 35.0 bn). In the reporting period, the volume of retail and special funds under management that fall under Helaba Invest's ESG Investment Policy fell by 32 % compared with the previous year.

Helaba Invest is also expanding its activities in relation to products that take into account environmental/social characteristics in accordance with the Sustainable Finance Disclosure Regulation (known as Article -8 products). Together with its customers, Helaba Invest has chosen to maintain a conservative approach to classifying and reclassifying funds in order to minimise the risk of greenwashing. The volume of Article 8 products amounted to € 2.2 bn as at 31 December 2022 (31 December 2021: € 1.6 bn), a year-on-year increase of 40 %. A large number of master special funds not currently classified according to Articles 8 or 9 of the EU-SFDR (Sustainable Finance Disclosure Regulation) also already factor in individual sustainability criteria. In 2022, Helaba Invest continued to systematically expand its sustainability-focused product range, for example in creating an ESG strategy fund for infrastructure pursuant to Article 8 of the EU Sustainable Finance Disclosure Regulation. The first closing is scheduled for the first quarter of 2023. It has been announced that additional funds are to be created in 2023. Helaba Invest additionally 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.

At corporate level too, Helaba Invest is continuously expanding its sustainability activities and promotes an open and tolerant corporate culture. It 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 again in 2022.

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 58 branches and advice centres, 30 self-service banking centres, three digital advisory units and over 194 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 2022, customers held 1,187 basic accounts (31 December 2021: 1,214). 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 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. In 2022, Frankfurter Sparkasse launched its ESGIntegration sustainability project, which is systematically expanding and refining sustainability across the four sub-projects "Market & Sales", "Strategy, Management & Risk", "Environment" and "Social & Governance". In terms of content, the project addresses not just banking-specific issues such as sustainability risks, regulatory requirements and Frankfurter Sparkasse's product range, but also issues such as diversity, Frankfurter Sparkasse's carbon footprint and sustainability reporting. 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 53,000 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 132 homes for rent were completed in 2022, for example (2021: 147). 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 2021 (438,503 MWh) was approximately 0.95 % 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 832 tonnes (2020: 1,050 tonnes of CO_2). Since 2017, new energy certificates have been prepared for around 93 % of the residential units and show consumption for around 90 % of all residential units. At 119 kWh/m²/a (2020: 120), 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 31 % of living space falls under energy efficiency classes A+ to C, approximately 58 % under classes D to E and approximately 11 % 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 that can be planned 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.

GWH stands ready to assist its tenants in times when heating and electricity costs are rising sharply and also lives up to its ambition to be a reliable and fair landlord for customers in economically challenging periods. Under the GWH home pledge, GWH is promising its customers that it will not serve notice of termination as a result of difficulties in paying utilities and common charges for the 2021 and 2022 accounting periods. GWH’s intention in doing so is to alleviate its customers’ fear that they risk losing their own home in the face of dramatic increases in energy costs. If, in the current circumstances, tenants are unable to pay the increased utilities and common charges in full or at all, GWH is prepared to come to individual arrangements to make it easier for its customers to meet their payment obligations in addition to waiving termination. A dedicated e-mail address has been set up for this purpose.

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®, has been instituted so that any employee can report potentially unlawful activities. 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 2022, 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 junior staff 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.

The employer brand campaign initiated in 2021 is intended to increase awareness of Helaba as an employer and align recruiting efforts more closely with the relevant target groups. Key areas addressed include 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. In 2022, a digital "mood barometer" survey afforded employees the opportunity to give the senior management broad feedback on their working environment and Helaba as an employer, which 71.2 % of employees did. The survey findings are being used to work out an approach to Helaba's further development.

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 € 2.5 m in 2022 in employee skills development (2021: € 2.7 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 junior talents. 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. 19 women and 20 men began a traineeship or combined work/study programme at Frankfurter Sparkasse in 2022. 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.

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 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.

In 2022, Helaba assumed particular responsibility by offering Ukrainian refugees job opportunities. The aim here was to provide low-entry-threshold options so that jobseekers could be quickly integrated into Helaba. The new employees were offered language courses and other forms of support. Helaba also took part in donation initiatives in order to provide direct help to people in Ukraine – and thus many of the employees.

As a corporate citizen, Helaba wishes to be a major force for good in society. In 2022, it therefore created the opportunity for employees to undertake social volunteering during working hours. Following a successful pilot phase at the Düsseldorf site, it is now offering corporate social volunteering at all sites, more specifically in the form of various projects in which employees can volunteer to take part.

The mood barometer survey conducted in 2022 also offers a sound basis on which to work on refining the corporate culture. To this end, this comprehensive view of the company is being combined with other perspectives and approaches to cultural transformation in the "Let's go 2030" programme, which is to be implemented in 2023.

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.

Helaba'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 the company's workforce. The model's long-term focus supports a sustainable approach to HR activities.

Adding to the women's and LGBTIQ* networks that had already been introduced, committed employees launched a series of new initiatives in 2022: the NextGeneration network aims to facilitate and promote networking among young employees throughout the Helaba Regulatory Group. The HelaNations network reaches out to employees from outside Germany or employees of diverse ethnicity and wishes to bring greater diversity to the Helaba culture and foster an open system of knowledge-sharing across all sites. The Helaba community is thus continuing to grow.

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

	31.12.2022	31.12.2021	31.12.2020
Proportion of women	47.2 %	47.1 %	47.0 %
Proportion of female managers	23.3 %	23.4 %	22.8 %
Proportion of women on the Executive Board (Helaba Bank)	0.0 %	0.0 %	0.0 %
Proportion of women on the Supervisory Board (Helaba Bank)	28.3 %	30.2 %	28.3 %
Proportion aged > 50	50.4 %	50.1 %	48.6 %
Proportion aged 30 – 50	41.5 %	41.8 %	42.5 %
Proportion aged < 30	8.1 %	8.4 %	8.8 %
Proportion of employees with disabilities	5.2 %	6.0 %	5.9 %

Basic principles under employment law and remuneration policy

Around 95 % of employees work in Germany (2021: 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 (2021: 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 55 % of employees is collectively agreed (2021: around 56 %), with the pay for more than 80 % of this proportion being set under the collective agreement for public-sector banks (2021: more than 80 %). Remuneration for the remaining 45 % or so is not subject to a collective salary agreement (2021: around 44 %). 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 3.7 % (departure initiated by the employee; 2021: 3.2 %), an average period of service of 15.0 years (2021: 15.1 years) and a low absenteeism rate of 6.3 % (absence caused by illness as evidenced by a doctor's certificate; 2021: 4.0 %) 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 total assets and of covered assets (total assets minus the trading portfolio according to the FINREP definition and exposures to central governments and central banks) 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 additions to the Delegated Regulation (EU) 2022/1214 (delegated act concerning nuclear and gas energy activities), which came into force on 4 August 2022, expanded the list of economic activities with six new specific economic activities in the areas of nuclear and gas energy. The additional activities must be included in the eligibility report as at 31 December 2022. The additional standard template also published is only published once Taxonomy alignment has been reported, which step, per Article 10 (4), only becomes necessary for the 2023 reporting year from 1 January 2024.

The following table presents the KPIs relating to Taxonomy-eligible and Taxonomy non-eligible economic activities and to the business exempted from Taxonomy eligibility screening that have to be disclosed as at 31 December 2022 based on the regulatory consolidated group:

in %

	31.12.2022	
	Turnover	CapEx
KPI 1: proportion of total assets accounted for by economic activities that are Taxonomy-eligible	18.0	18.0
KPI 2: proportion of total assets accounted for by economic activities that are Taxonomy non-eligible	25.2	25.1
KPI 3: proportion of total assets accounted for by exposures to central governments, central banks and supranational organisations	33.6	33.6
KPI 4: proportion of total assets accounted for by derivatives (only derivatives used for hedging under hedge accounting)	0.4	0.4
KPI 5: proportion of total assets accounted for by exposures to companies that are not required to publish a non-financial statement	14.3	14.3
KPI 6: proportion of total assets accounted for by the trading portfolio (including trading and banking book derivatives)	6.6	6.6
KPI 7: proportion of total assets accounted for by short-term interbank loans	0.1	0.1

For the reporting in the 2022 reporting period, information from external data providers was used for the first time, meaning that general financing arrangements were included in KPI 1 based on the published Taxonomy eligibility ratios. The Taxonomy-eligible proportion in the case of general financing arrangements for non-financial corporations is determined on the basis of the Taxonomy eligibility ratio published by the respective counterparty and the turnover and capital spending (CapEx) key figures.

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 2022 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 or are not modernisation loans or vehicle loans. The GAR must be presented using the preliminary standard template of Annex VI of 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 2022 of 30.0 % (weighted by turnover) or 30.1 % (weighted by CapEx) instead of the KPI 1 of 18.0 % 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).

The 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.

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.

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. 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

Geopolitical uncertainty, a surge in inflation and a sharp increase in interest rates are slowing the global economy. The problems that have been affecting supply chains are fading, but so too is the positive momentum of the recovery from the pandemic. China's decision to discontinue its zero COVID policy has had a negative impact in the short term but opens up new scope for recovery once the wave of infection has passed. A mild recession is becoming evident in the USA and the US economy will grow by only 0.5 % over the course of 2023 as a whole.

The rest of the euro zone is less vulnerable to the effects of the energy crisis than Germany and economic growth across the euro zone as a whole is likely to be higher than economic growth in Germany in 2023 at 0.6 %. Key countries such as Italy and Spain are benefiting from large-scale European transfers. Many countries do not face an urgent need to redesign their gas infrastructure.

The ECB is expected to raise the main refinancing rate to 3.5 % in the first quarter of 2023. This will probably mark the peak of the current cycle of interest rate rises. The ECB is to begin scaling back its asset purchase programme portfolio from March, reducing the amount reinvested by € 15 bn per month. This signifies an extension of the ECB's restrictive approach and although inflation will tend to slow, no significant change in monetary policy is to be expected before 2024. The Fed has already moved to a restrictive monetary policy and with core inflation expected to fall back only very slowly, no loosening can be expected in 2023. The benchmark rate is accordingly likely to remain at around 5 % until the end of the year. Yields on bond markets on both sides of the Atlantic will probably climb a little further over the coming quarters.

Opportunities

Helaba defines as opportunities the business potential that it is able to leverage in its operating segments as a result of its business model, market position or special expertise. By pursuing targeted strategic growth initiatives in its lines of business, Helaba has positioned itself to best exploit the potential opportunities arising from each market environment.

The Helaba Group has long had a stable and viable strategic business model in place. The key factors behind the Helaba Group'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.

The Helaba Group 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 current crisis situation, as evidenced by the stability of the operating business.

Helaba has adopted five strategic sustainability objectives and developed a key performance indicator management system based on them. Its endeavours in the area of sustainability target all three ESG dimensions: environment, social and governance. The ESG objectives form an integral part of the business strategy, and the KPI management system has been implemented throughout the Group since 2022. This testifies to Helaba's ambition to orient its business activities around sustainability and enables it to measure its progress. Its second ESG objective frames Helaba's aim to help bring the Paris Agreement targets within reach and increase the volume of sustainable business in its portfolio to 50 % by 2025. Finalised in 2022, the Sustainable Lending Framework provides a standardised method for the definition, measurement and management of sustainable lending business. This represents the initial step in a holistic impact assessment and management process. Since the end of 2022, Helaba has been developing a Sustainable Investment Framework with the aim of classifying sustainable investment business. This is to be finalised in 2023.

Having been expanded significantly since 2021, the Sustainable Finance Advisory service ramped up sustainability-related advisory activities for customers (both corporate customers and customers of the Sparkassen) in 2022 in order to keep pace with the growing demand for specific advice and individual structuring of sustainable financing solutions. By offering low-entry-threshold products, Helaba primarily taps customer groups that are just embarking on the transformation journey and want to use sustainable finance measures to pivot their business model or strategic management to sustainability. Helaba is thus underscoring its efforts to encourage companies to join the sustainable transformation and intends to continue building up its market position here in 2023.

The Helaba 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. Helaba has also been offering all employees a comprehensive ESG training course comprising a number of different modules since the middle of 2022.

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 2022.

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's range in this area includes innovative, low-entry-threshold solutions intended to help companies with their sustainable transformation and designed to appeal to SMEs in particular.

Helaba successfully placed its first green bond in 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. Having now become well established across the financial market, innovative technologies including blockchain, artificial intelligence and cloud services are advancing at an extraordinary pace. These changes bring with them new customer expectations in terms of exactly what constitutes a comprehensive digital customer offer.

Helaba continues to drive its digital transformation consistently through ongoing activities to implement the digitalisation strategy, which focuses on the key areas of innovation and new business models, ecosystems and partnerships, digital culture and collaboration, and new technologies. Implementation is supported by 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 action areas and opportunities opened up by digital transformation. Agile working methods and collaboration in cross-functional teams pave the way for greater flexibility and a faster response to customer needs.

Plans are in place to introduce a performance measurement system and a digital roadmap to facilitate tracking and management of progress in the action areas.

There is potential to boost added value permanently by utilising and expanding the platform economy and digital ecosystems and partnerships are accordingly of great importance for Helaba, not least as a way to provide new options for more efficient collaboration for the Sparkassen and other S-Group companies. Digital platforms harbour remarkable market potential by virtue of the numerous possibilities they open up to automate process chains and integrate supply and demand even more effectively.

Helaba pursues collaborative partnerships with fintechs and proptechs, 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. One notable example here is Helaba's involvement in vc trade, a debt capital platform that it entered into together with two other banks in the first quarter of 2022. vc trade's product range is being extended continuously and Helaba has become the first Landesbank to place an ESG-linked loan in a digital benchmark transaction in the Sparkasse sector. Further syndication arrangements are planned and will open up new market opportunities. Encouraged by the success of vc trade, Helaba has identified opportunities to reproduce other elements of debt capital markets business in digital form on platforms in the future to generate corresponding added value for customers and banks. The risk marketplace provided by joint venture Komuno will in future give Sparkassen access to another innovative platform solution that promises to help them both expand into new business fields and improve their processes.

The ongoing development of payment transactions in the direction of programmable payments and programmable money could also present a wide variety of new applications and opportunities for Helaba, which is a major player in payment transaction business. Helaba regularly examines related business approaches by interacting directly with interested customers and other banks.

The latest available technology already enables providers to offer innovative and significantly more efficient payments solutions in B2B transactions by integrating these solutions into customer business processes (embedded finance). In addition to the use of distributed ledger technology for programmable payments, opportunities also stem from the wide range of potential applications for the tokenisation of assets. This enable the 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 interacts with interested customers with the aim of developing business approaches and solutions to address specific issues. This could also open up new opportunities throughout the Group in future and provide a basis for the development of extended business approaches.

Helaba played an active role in the collaborative project run by the German Banking Industry Committee to design tokenised commercial bank money known as the "Giralgeldtoken" and draw up use cases for programmable payments. The challenge now is to develop specific solutions for ongoing use by customers. For a leading provider of payment transaction processing services like Helaba, this initiative could open up opportunities for additional innovative business models such as pay-per-use. Other potential new applications could also emerge in future from the ECB's digital euro project, the investigation phase of which should conclude in October 2023.

Technological progress is opening up new possibilities for data analysis and use too, prompting Helaba to become a partner in the Financial Big Data Cluster (FBDC) initiative. The initiative and its members aim to identify opportunities to build up joint data resources for the financial sector and develop use cases for the application of artificial intelligence to analyse this data. Helaba is particularly interested in the sustainable finance element of the initiative.

The transition to a much more sustainable economic pathway is another context in which the integration of digitalisation opens up the potential for more advanced business approaches. These range from the capture and analysis of relevant data to specifically structured products. The acquisition of ESG data in particular opens up a wealth of opportunities for new products and applications that facilitate the acquisition, processing and purchase of ESG data are going to become increasingly significant for Helaba as a result.

The digital transformation is being supported by the development of a central Data Governance & Analytics unit to help create added value with data-driven products, services and business models. Group-wide data governance is a key foundation for this and thus has a fundamental role to play in the achievement of the strategic business objectives.

Helaba intends to continue expanding and modernising its IT infrastructure so that it can continuously improve its processes and respond flexibly to future challenges. It aims to establish a modern, capable and efficient IT environment that supports 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 and related innovations implemented. The associated reduction in complexity will simplify working processes, cut duplicated data capture and retention, and enhance the quality of value creation. This will increase the benefits for both customers and employees of Helaba significantly. In addition, the necessary foundations are being laid for access to innovative products, the use of modern platforms inside and outside Helaba, and for strategic partnerships that offer our customers added value and enable Helaba to stand out effectively from its competitors. The overall programme will run until mid-2026.

There were 13 separate projects in train to implement the first wave of the overall programme as at the reporting date and a further project was launched as planned on 1 January 2023. Project activities in the reporting period saw further progress made on implementation, and initial applications were developed and put into production.

Despite the changed underlying conditions, most notably the significant increases in interest rates and the higher expected returns that go with them, Helaba believes even the current market phase holds plenty of opportunity for its real estate lending business thanks to its well-established presence in the markets over many years. Its range of attractive products, in particular in the ESG sphere, and its pronounced product expertise provide a good basis in the current circumstances for an expansion of the market position.

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. Long-term business potential should be strong in this segment thanks to the focus of project finance activities on the priority energy sector, principally renewable energy, and the modal shift towards rail transport. 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. Helaba's collaboration with vc trade, a web-based platform solution for promissory note and syndicated loan business, enables it to realise the benefits of joint lending business, such as risk diversification and balance sheet management. Through the establishment of this web-based platform solution, Helaba is also helping the Sparkassen to meet their requirements for digital solutions with the goal of achieving standardisation and automated processes.

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. Its takeover of NordLB's international documentary business further strengthens Helaba's leading position in this segment, which also stands to receive a boost from the development of the risk marketplace with Komuno. Helaba is continuously investigating additional opportunities to expand this business area further.

The increasing amount of attention given to sustainability factors in structuring finance and the support provided through the Sustainable Finance Advisory service open up opportunities to help various customer groups at Helaba and the Sparkassen navigate their way through the economic transformation to a sustainable future.

In the payments business, Helaba continues to be one of Germany's leading payment transaction clearing houses and a leading Landesbank. The associated opportunities are being systematically exploited with the aim of boosting fee and commission income.

The ongoing expansion of the girocard in e-commerce is just one of the steps being taken in response to the digital structural change in cash management business. The addition of the co-badged Debit MasterCard and Visa Debit card to the girocard product range combines the global payment options at the point of sale with the extended 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 2.0), which aim to provide a secure, demand-based and efficient wallet payment system 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 is in a state of flux, but still represents the cornerstone of its sales organisation and has been 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 organisational changes implemented in the front office and back office in the course of a transformation project additionally yield opportunities both to make marketing more efficient and to leverage potential in customer business. The chance to support customers through their sustainability transformation process also opens up opportunities for end-to-end advisory services and in investment and lending business.

Frankfurter Sparkasse's digital sales platform, 1822direkt, once again received multiple awards in 2022 for the quality of its products, advice and service, highlighting the appeal of its offering. Frankfurter Sparkasse also received the accolade of "Best bank" in the overall rating resulting from Germany's largest assessment of banking services. It capitalised on the current interest rate environment to relaunch the demand deposit account and step up marketing in new customer business.

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.

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 leading provider of special funds both within and outside the Sparkassen-Finanzgruppe.

In 2022, Helaba Invest continued to systematically expand its sustainability-focused product range, for example in creating an ESG strategy fund for infrastructure pursuant to Article 8 of the EU Sustainable Finance Disclosure Regulation. The first closing is scheduled for the first quarter of 2023. It has been announced that additional funds are to be created in 2023. Helaba Invest additionally 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. 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. In 2022, the high quality of Helaba Invest's ESG offerings was confirmed when it was awarded 'platinum' classification in the TELOS ESG Company Check for the very professional and dynamic integration of sustainability factors at an organisational level and at the level of the investment solutions.

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 in the S-Group. It also offers stand-alone asset management with minimum ESG standards. 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.

The GWH Group has established a comprehensive, long-term decarbonisation program intended to make its residential real estate portfolio more attractive and sustainable. Its ultimate objective here is to improve energy consumption and carbon footprint continuously until its residential buildings are carbon neutral.

Potential exists for the GWH Group to continue growing the portfolio of residential units it manages on its own behalf and for third parties through the purchase of housing portfolios. It is actively involved in this connection in developing its own residential real estate projects, increasing depth in the portfolio value chain and optimising the existing portfolio to create affordable homes for the long term.

OFB is opening up further growth opportunities by covering all areas of the real estate business. It consistently takes account of sustainability factors and the latest standards required in the market. In particular, OFB can consolidate its position by increasing its development activities through further diversification across sectors and regions of the market. It also has potential to fuel OFB's growth as a project developer through the revitalisation of existing buildings.

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 for customers, for example by continuously developing the digital customer portal. Helaba continues to see particular opportunities in the further expansion of products to support housing construction, especially in urban areas, and in business development, primarily with the aid of venture capital and guarantee products and with a focus on the transformation of the economy. One example is WIBank's involvement in the development of green tech accelerator ryon, which networks with universities, established companies, start-ups, finance partners and the public sector to provide an optimal environment for the technical and commercial development of green tech innovations. WIBank is part of the accelerator operating company along with Merck, Hessen Trade & Invest GmbH (HTAI), TU Darmstadt and Frankfurt University. The crisis recovery tool REACT-EU (Recovery Assistance for Cohesion and the Territories of Europe) also presents opportunities. One key focus area involves making the economic recovery environmentally compatible while boosting the innovativeness and competitiveness of small and medium-sized enterprises (SMEs). A further aim is to strengthen healthcare systems by investing in health research. There will also be support for digital learning projects at education and training providers.

Helaba receives ratings from rating agencies Moody's Investors Service (Moody's) and Fitch Ratings (Fitch). The S&P rating was relinquished on 30 June 2022.

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, 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+" in 2022.

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 transfer of NordLB's international documentary business and international payment transactions to Helaba on 31 December 2022 opens up further opportunities to strengthen Helaba's role as a central correspondent and provider of payment transaction processing services for the Sparkassen-Finanzgruppe.

The prevailing economic conditions remain challenging, and so 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, the Helaba Group 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 Helaba Group has also identified development opportunities involving broader diversification and the ongoing expansion of business areas in non-interest income business. Sustainable finance remains very much front and centre as it strives to proactively assist customers by providing 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.

Expected 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 2023. Forecasters currently expect the economy to stagnate in 2023, following the outbreak of the war in Ukraine in 2022, but anticipate a recovery in 2024. This being the case, it is assumed there will be no need for higher loss allowances. Rising interest rates are also helping to reduce the pressure in the banking industry, although the number of wide-ranging projects ongoing, many of which have been triggered by regulatory measures, continues to grow. Overall, these expectations represent the primary constraints for Helaba's forecast earnings growth in 2023.

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 below the previous year's level in 2023. New business has been planned taking account of the uncertainty associated with the overall geopolitical situation 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 the same level as the prior year overall, with total assets expected to decline slightly.

Interest income from lending business is expected to increase slightly as average margins begin to rise again despite a sharp drop in planned new business for 2023. Net interest income is forecast to be slightly lower overall as the positive effects from participation in the ECB tendering process (TLTRO III) disappear.

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

The Helaba Group anticipates no significant change in credit risk even if the Ukraine war were to continue. It is helped in this respect by the fact that its net exposure to borrowers in the Russian Federation and Ukraine is low. Having been increased 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 additions to loss allowances will not increase.

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

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

Valuation gains or losses – the sum of net trading income and gains and losses on measurement at fair value (non-trading) – are expected to improve very considerably year on year in 2023.

Other net income seems likely to be significantly weaker in 2023 and is expected to fall short of the prior-year figure.

General and administrative expenses are expected to remain virtually unaffected by externally induced costs (including the European banking levy) in 2023. However, 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 will be affected by the wider situation with inflation in 2023 via factors such as higher external costs, but will increase by only a moderate amount due to Helaba's rigorous cost management and the impact of the measures from the Scope – Growth through Efficiency project, implementation of which was completed in 2022.

Group net profit before taxes for 2023 is budgeted to be lower than in the prior year, with income from operations continuing to grow.
Return on equity should accordingly fall 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. The risk appetite for the leverage ratio remains the same as in the prior year.

Regulatory authorities stipulate that a liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR) of at least 100 % must be maintained (capacity). The Helaba Regulatory Group has a target LCR of 125 % (appetite) for 2023, which is above the regulatory minimum requirement.

The net stable funding ratio (NSFR) – a medium- and long-term liquidity ratio – was introduced on a mandatory basis from June 2021 after the CRR II came into force. The target figure for 2023 is 105 % (appetite).

The wide-ranging implications of the Ukraine war remain the main risk factor in 2023 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 further 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 moderate increase in income in 2023. The volume of new medium- and long-term real estate lending business in 2023 is expected to be noticeably lower than the prior-year level. Additions to loss allowances in the Real Estate segment are expected to be slightly lower than in the prior year. With a marginal increase in general and administrative expenses, the segment's profit before taxes in 2023 is anticipated to be markedly higher than the prior-year level.

Income in the Corporates & Markets segment from municipal lending business is expected to be stable in 2023. Business with corporate customers is expected to yield essentially stable income in Asset Finance but moderately lower income in Corporate Banking due to a decline in net interest income. This income will be offset by an increased charge from the expected loss allowance, only a small part of which is allocated to actual default events. Income in capital market business is expected to fall very sharply through to the end of 2023 due to the net trading income situation. Savings Banks and SME expects income to drop back markedly in 2023 after having been boosted in the year under review by additional returns as interest rates began to rise. Profit before taxes is forecast to be very much lower than the prior-year figure overall in 2023 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 2023. Earnings performance is expected to be almost unchanged year on year despite the likelihood of increased additions to loss allowances thanks to the rise in interest rates that began in 2022. GWH is anticipating very significantly increased contributions to earnings in 2023 compared with the prior year. Helaba Invest is expected to post noticeably higher earnings in 2023. Frankfurter Bankgesellschaft should see a further increase in earnings, mainly because net fee and commission income is expected to be markedly higher, although general and administrative expenses will also rise due to the ongoing expansion of its business. Overall profit before taxes is expected to increase significantly compared with the previous year.

No significant change in the volume of business is expected in 2023 for the WIBank segment. The forecast marked increase in income as compared with the prior year is likely to be more than offset by the anticipated rise in general and administrative expenses. and profit before taxes is consequently expected to be down noticeably year on year.

In the Other segment, income derived from investing own funds is expected to be up very sharply year on year, with income from treasury activities up slightly. OFB expects income in 2023 to be substantially down on the prior-year figure, which was affected by the completion of multiple high-volume projects. Profit before taxes is forecast to be substantially higher than the prior-year figure overall.

Overall assessment

Helaba recorded a highly satisfactory Group net profit before taxes of € 633 m (2021: € 569 m) for financial year 2022. This result underlines the stability of the broadly diversified business model and the operational strength of the business segments once again, especially given that it was achieved against the backdrop of a war in Ukraine that could not have been foreseen at the beginning of the year.

The actions implemented from the strategic agenda are working and were progressed consistently in 2022. The modernisation of the IT infrastructure continued as planned.

Helaba continues to support customers proactively through the current turbulence, especially in the context of transitioning to more sustainable business models. In particular, work to expand the ESG product range and the Sustainable Finance Advisory proposition gained more traction in 2022.

In operating business, net fee and commission income in particular increased further. Net interest income was boosted by rising interest rates in the second half of the year.

The increase in general and administrative expenses resulted largely from higher contributions to the bank levy and reserve fund and increased investment, especially in modernising IT. However, 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.

The risk situation remained comfortable and although additions were made to loss allowances (including top-level adjustments) in relation to existing uncertainties, these additions were down from 2021 due to the economic recovery.
Levels of geopolitical and economic uncertainty remain high worldwide. The lack of clarity regarding energy price trends, fragile supply chains, the persistent shortage of skilled staff, and continued high inflation and the associated rising cost pressure together make for a thoroughly challenging environment.

Thanks to its well-diversified business model, which has amply demonstrated its resilience in the past, Helaba is well placed for the challenges of 2023. 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 2023, which factors in the anticipated economic upturn featured in recent forecasts, lies in the € 500 m to € 700 m range.

The net profit generated in financial year 2022 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, 28 February 2023

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 2022

	Notes	2022 in € m	2021[1)] in € m	Change in %
Net interest income	(4)	1,417	1,326	6.9
Interest income		3,861	3,349	15.3
thereof: Calculated using the effective interest method		2,630	1,919	37.0
Interest expenses		–2,443	–2,023	–20.8
Loss allowances	(5)	–162	–207	21.7
Gains or losses from non-substantial modification of contractual cash flows	(6)	0	–	–
Net interest income after loss allowances and modifications		**1,255**	**1,119**	**12.2**
Dividend income	(7)	17	9	93.9
Net fee and commission income	(8)	533	485	9.9
Fee and commission income		682	617	10.6
Fee and commission expenses		–149	–132	–13.2
Income/expenses from investment property	(9)	207	218	–5.2
Net trading income	(10)	355	80	>100.0
Gains or losses on other financial instruments mandatorily measured at fair value through profit or loss	(11)	–2,202	–297	>-100.0
Gains or losses on financial instruments designated voluntarily at fair value	(12)	1,966	403	>100.0
Net income from hedge accounting	(13)	–8	–3	>-100.0
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	(14)	20	–0	>100.0
thereof: From financial assets measured at amortised cost		0	–0	>100.0
Share of profit or loss of equity-accounted entities	(15)	–4	22	>-100.0
Other net operating income	(16)	146	48	>100.0
General and administrative expenses	(17)	–1,506	–1,387	–8.6
Depreciation	(18)	–146	–128	–14.2
Profit or loss before tax		**633**	**569**	**11.3**
Taxes on income	(19)	–202	–67	>-100.0
Consolidated net profit		**431**	**501**	**–14.1**
thereof: Attributable to non-controlling interests		–0	2	>-100.0
thereof: Attributable to shareholders of the parent		431	500	–13.7

1) Prior-year figures adjusted: Net income from investment property is now reported as a separate item. In the previous year, this amount was reported under other net operating income.

Consolidated Statement of Comprehensive Income

for the period 1 January to 31 December 2022

	2022	2021	Change
	in € m	in € m	in %
Consolidated net profit according to the consolidated income statement	**431**	**501**	**–14**
Items that will not be reclassified to the consolidated income statement:	**717**	**62**	**>100.0**
Remeasurement of net defined benefit liability	693	177	>100.0
Change in fair value of equity instruments measured at fair value through other comprehensive income	–6	1	>-100.0
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	339	–98	>100.0
Taxes on income on items that will not be reclassified to the consolidated income statement	–309	–19	>-100.0
Items that will be subsequently reclassified to the consolidated income statement:	**–387**	**–79**	**>-100.0**
Share of profit or loss of equity-accounted entities	0	–0	>100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	0	–0	>100.0
Gains (–)/losses (+) reclassified to the consolidated income statement in the reporting period	–0	0	>-100.0
Change in fair value of debt instruments measured at fair value through other comprehensive income	–609	–123	>-100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	–589	–124	>-100.0
Gains (–)/losses (+) reclassified to the consolidated income statement in the reporting period	–20	0	>-100.0
Gains or losses from currency translation of foreign operations	2	12	–80.0
Unrealised gains (+)/losses (–) recognised in the reporting period	2	12	–80.0
Gains or losses from fair value hedges of currency risk	39	–10	>100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	39	–10	>100.0
Taxes on income on items that will be subsequently reclassified to the consolidated income statement	180	42	>100.0
Other comprehensive income after taxes	**330**	**–18**	**>100.0**
Comprehensive income for the reporting period	**761**	**484**	**57.3**
thereof: Attributable to non-controlling interests	–0	2	>-100.0
thereof: Attributable to shareholders of the parent	761	482	58.0

Consolidated Statement of Financial Position

as at 31 December 2022

Assets

	Notes	31.12.2022 in € m	31.12.2021 in € m	Change in %
Cash on hand, demand deposits and overnight money balances with central banks and banks	(21), (37)	40,266	34,039	18.3
Financial assets measured at amortised cost	(22), (37)	130,673	130,014	0.5
Trading assets	(23)	12,672	15,308	−17.2
Other financial assets mandatorily measured at fair value through profit or loss	(24)	2,523	5,702	−55.8
Financial assets designated voluntarily at fair value	(25)	2,853	3,661	−22.1
Positive fair values of hedging derivatives under hedge accounting	(26)	740	541	36.6
Financial assets measured at fair value through other comprehensive income	(27), (37)	15,579	17,194	−9.4
Shares in equity-accounted entities	(28)	34	40	−15.4
Investment property	(29)	3,109	2,994	3.8
Property and equipment	(30)	722	669	8.1
Intangible assets	(31)	188	161	16.8
Income tax assets	(32)	639	788	−18.9
Current income tax assets		109	193	−43.7
Deferred income tax assets		531	596	−10.9
Other assets	(33)	1,506	1,228	22.6
Total assets		**211,502**	**212,341**	**−0.4**

Equity and liabilities

	Notes	31.12.2022 in € m	31.12.2021 in € m	Change in %
Financial liabilities measured at amortised cost	(22)	170,881	168,256	1.6
Trading liabilities	(23)	13,754	13,301	3.4
Negative fair values of non-trading derivatives	(24)	3,420	4,850	–29.5
Financial liabilities designated voluntarily at fair value	(25)	10,915	12,268	–11.0
Negative fair values of hedging derivatives under hedge accounting	(26)	706	1,951	–63.8
Provisions	(34)	1,171	1,877	–37.6
Income tax liabilities	(32)	215	106	>100,0
Current income tax liabilities		214	98	>100,0
Deferred income tax liabilities		1	8	–86.6
Other liabilities	(33)	562	510	10.3
Equity	(35)	9,877	9,222	7.1
Subscribed capital		2,509	2,509	–
Capital reserves		1,546	1,546	–
Additional Tier 1 capital instruments		354	354	–
Retained earnings		5,665	5,338	6.1
Accumulated other comprehensive income (OCI)		–199	–529	62.4
Non-controlling interests		2	4	–50.2
Total equity and liabilities		**211,502**	**212,341**	**–0.4**

Consolidated Statement of Changes in Equity

for the period 1 January to 31 December 2022

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 1.1.2021	**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**	**9,217**	**4**	**9,222**
Changes in the basis of consolidation	–	–	–	–	–	–	−1	−1
Dividend payment				−104		−104	−1	−105
Comprehensive income for the reporting period				431	330	761	−0	761
thereof: Consolidated net profit				431		431	−0	431
thereof: Other comprehensive income after taxes					330	330	–	330
Reclassifications within equity				0	−0	–		–
As at 31.12.2022	**2,509**	**1,546**	**354**	**5,665**	**−199**	**9,875**	**2**	**9,877**

Consolidated Cash Flow Statement

for the period 1 January to 31 December 2022

in € m

	2022	2021
Consolidated net profit	**431**	**501**
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	342	356
Additions to and reversals of provisions outside the scope of application of IFRS 9	–32	–11
Other non-cash expense/income	–181	–201
Gains or losses from the derecognition of non-financial assets and financial instruments	–80	–80
Other adjustments	–1,163	–1,275
Subtotal	**–682**	**–710**
Changes in assets and liabilities from operating activities after adjustment for non-cash items:		
Loans and receivables measured at amortised cost	664	2,013
Trading assets/liabilities	1,283	1,917
Other loans and receivables mandatorily measured at fair value through profit or loss	25	21
Loans and receivables designated voluntarily at fair value	160	89
Loans and receivables measured at fair value through other comprehensive income	–196	17
Other assets / liabilities from operating activities	–25	–565
Financial liabilities measured at amortised cost	2,082	160
Financial liabilities designated voluntarily at fair value	1,640	–100
Interest received	4,012	3,461
Interest paid	–2,077	–1,731
Dividends and profit distributions received	17	9
Income tax payments	–272	–59
Cash flow from operating activities	**6,632**	**4,522**

in € m

	2022	2021
Proceeds from the disposal of:		
Financial assets measured at amortised cost excluding loans and receivables	20	73
Other financial assets mandatorily measured at fair value through profit or loss excluding loans and receivables	259	1,696
Financial assets designated voluntarily at fair value excluding loans and receivables	1	1
Financial assets measured at fair value through other comprehensive income excluding loans and receivables	7,276	5,977
Investment property	51	42
Property and equipment	35	44
Intangible assets	–	3
Payments for the acquisition of:		
Financial assets measured at amortised cost excluding loans and receivables	−1,397	−461
Other financial assets mandatorily measured at fair value through profit or loss excluding loans and receivables	−331	−1,152
Financial assets measured at fair value through other comprehensive income excluding loans and receivables	−6,057	−2,605
Investment property	−224	−368
Property and equipment	−115	−41
Intangible assets	−54	−50
Effect of changes in basis of consolidation:		
Proceeds from the disposal of subsidiaries and other operations	5	4
Payments made for the acquisition of subsidiaries and other operations	–	0
Cash flow from investing activities	**−537**	**3,163**
Dividend payments	−104	−104
Repayment of lease liabilities	−43	−46
Change in cash and cash equivalents from other financing activities (subordinated liabilities)[1]	170	11
Cash flow from financing activities	**23**	**−139**

in € m

	2022	2021
Cash and cash equivalents as at 1.1.	**34,039**	**26,429**
Cash flow from operating activities	6,632	4,522
Cash flow from investing activities	–537	3,163
Cash flow from financing activities[1]	23	–139
Effect of exchange rate changes, measurement changes and changes in basis of consolidation	108	64
Cash and cash equivalents as at 31.12.	**40,266**	**34,039**
thereof: Cash on hand	79	70
thereof: Demand deposits and overnight money balances at central banks and banks	40,187	33,969

[1] Non-cash changes in subordinated liabilities amounted to a decrease of € 27 m (31 December 2021: decrease of € 3 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 2022 were not affected by entities consolidated for the first time (31 December 2021: € 44 m). As in the prior-year period, deconsolidations in the reporting period did not lead to the derecognition of cash and cash equivalents.

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.

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Accounting Policies

(1) Basis of Presentation

Basis of accounting

Landesbank Hessen-Thüringen Girozentrale (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).

Helaba pursues the long-term strategic business model of a full-service bank; it has a strong regional focus, a presence in carefully selected international markets and is tightly integrated into the Sparkassen-Finanzgruppe. One key aspect of Helaba's business model is its legal form as a public-law institution. 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.

The consolidated financial statements of 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 2022 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).

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 2022 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 28 February 2023 and will be submitted for approval by the Board of Public Owners on 31 March 2023.

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

- credit risk, especially when determining the impairment of financial assets, loan commitments and guarantees using the expected credit loss method (see Note (37))
- the calculation of the fair values of certain financial assets and liabilities (see Note (40))
- provisions and other obligations (see Note (34))
- impairment of assets, including goodwill, other intangible assets and right-of-use assets under leases (see Notes (16) and (31))
- the recognition of deferred tax assets (see Note (32))

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 current macroeconomic environment is one of considerable uncertainty due to factors such as the Ukraine war, the related energy crisis and the rise in inflation. Risks arising from the COVID-19 pandemic and disruption to global supply chains, a stoppage of gas deliveries and the Ukraine war were taken into account as at 31 December 2021 and 30 June 2022 (in the case of a stoppage of gas deliveries as at 30 June 2022). Generally speaking, these risks still existed as at 31 December 2022. While the risks arising from the COVID-19 pandemic have diminished, the stoppage of gas deliveries has given rise to an energy crisis that is impacting a variety of sectors. Hopes of a swift end to the Ukraine war have faded. As at 31 December 2022, the uncertainty surrounding the assumptions, estimates and assessments necessary in applying accounting policies had increased significantly, as the chains of effects from the aforementioned crises may spread far and wide and second-round effects may exacerbate the risk situation. Helaba has taken into account its assessment of future macroeconomic conditions that was not yet fully reflected in the loss allowance models as at the reporting date by recognising a portfolio-based loss allowance and through the identification of an exceptional circumstance. For further details, please refer to Note (37).

For further information on the organisation of risk management, the individual risk types and risk concentrations, including in connection with the Ukraine war, the related energy crisis and the rise in inflation, as well as on 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 2022 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 IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

  Under IAS 16, the cost of an item of property, plant and equipment includes all costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments to IAS 16 that have now been issued prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating.

  The amendments also clarify the meaning of 'costs of testing'.

  The amendments are required to be applied retrospectively, but only to items of property, plant and equipment and intangible assets that have been brought to the location and condition necessary for them to be capable of operating on or after the beginning of the earliest period presented in the financial statements. The cumulative effect of initially applying the amendments is required to be recognised as an adjustment to the opening balance of retained earnings.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

  The amendments clarify that the cost of fulfilling a contract comprises all costs that relate directly to the contract. These consist of both the incremental costs of fulfilling the contract (e.g. direct labour and materials) and other costs that relate directly to fulfilling contracts (e.g. a prorated allocation of depreciation charges for items of property, plant and equipment used in fulfilling the contract among others).

  The new rules are required to be applied to existing contracts for which the entity has not yet fulfilled all its obligations at the date of initial application. The cumulative effect of initially applying the amendments is required to be recognised as an adjustment to the opening balance of retained earnings. Comparative information must not be restated.

- Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework

  The amendments replace the reference to an earlier version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without making significant changes to its existing requirements. The amendments also introduce an exception to the recognition principles in IFRS 3 Business Combinations in order to prevent Day 2 gains or losses from arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies if incurred separately. The exception requires an entity to apply the criteria in IAS 37 or IFRIC 21 rather than the Conceptual Framework in order to determine whether a present obligation exists at the acquisition date. Finally, the amendments add a new paragraph to IFRS 3, clarifying that contingent assets must not be recognised at the acquisition date. In accordance with the transition requirements, the Group applies the amendments prospectively, i.e. to business combinations that take place after the beginning of the financial year in which it first applies the amendments (date of initial application).

- 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
    Cash flows for taxation are required to be included in determining the fair value of biological assets and agricultural produce. This aligns the requirements in IAS 41 with those in IFRS 13.

  - IFRS 1 First-Time Adoption of International Financial Reporting Standards
    The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs. However, this applies only if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment also applies to associates and joint ventures that apply IFRS 1.D16(a).

  - IFRS 9 Financial Instruments
    The amendment clarifies which fees an entity is required to include in assessing whether the terms of a new or modified financial liability are substantially different from those of the original financial liability. An entity only includes fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. In accordance with the transition requirements, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the financial year in which it first applies the amendment (1 January 2022).

  - IFRS 16 Leases
    In Illustrative Example 13 accompanying IFRS 16, passages on reimbursements for leasehold improvements have been removed, as they had led to misunderstandings.

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 will require 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 in 2021. The Helaba Group successfully adapted the overwhelming majority of customer contracts affected by these changes during 2021. Other relevant contracts expired anyway or were terminated in good time by mutual agreement. In individual cases, fallback provisions that had already been agreed as a precaution in loan agreements or the ISDA protocols (ISDA IBOR Fallbacks Protocol and IBOR Fallbacks Supplement) were used in the derivatives business.

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 € 63.8 bn on an unnetted basis (31 December 2021: € 66.8 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 contracts concluded up to and including 2021 is mandatory by 30 June 2023. Use of the new “risk free rates” as reference values has been mandatory for new business in the USD sphere since 2022.

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 2022 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)	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
EONIA	–	400	–	3,723	–	–
EURIBOR	11,627	22,497	2,681	3,074	447,840	446,969
LIBOR						
USD	6,701	11,327	247	442	46,562	53,110
GBP	263	3,212	–	17	343	8,155
CHF	–	140	–	–	1	152

Overall, no material impact is anticipated at the moment from outstanding modifications, changeovers or amendments to other market parameters used in valuations.

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 1 Presentation of Financial Statements – Non-current Liabilities with Covenants
- 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 IFRS 16 Leases – Lease Liability in a Sale and Leaseback

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

Amendments to recognised amounts, changes to estimates, restatement or adjustment of prior-year figures

In the reporting period, net income from investment property was for the first time presented separately in the consolidated income statement in order to facilitate a better understanding of the financial performance (see Note 9). In the previous year, it was reported within other net operating income (see Note 16). This change in presentation results in a change in the lease disclosures (see Note 50; disclosures on operating leases). The prior-year figures were adjusted accordingly. This constitutes a change in accordance with IAS 1.85. At the same time, it brought consistency with the management reporting.

In Notes (16) and (50) in the previous year, income from allocatable operating and maintenance expenses was presented as rental and lease income. The prior-year figure was restated and income from allocatable operating and maintenance expenses is presented separately in the new Note (9).

As part of the upgrade to a new Murex3 release that went live at the beginning of March 2022, Helaba made a number of functional and technical enhancements. This also involved making modifications to the measurement of trading instruments. In particular, the implementation of a new yield curve logic that refines the discounting of OTC derivatives while taking into account collateral led to changes in measurement. The overall effect of the modifications on net trading income and net income from hedge accounting and other financial instruments measured at fair value (not held for trading) was less than €1 m. These measurement model modifications constituted changes to estimates in accordance with IAS 8.32 et seq. The changes referred to above marked the successful completion of the project.

There has been no impact on the figures for consolidated net profit or equity from the adjusted figures referred to below.

- In the segment report, the allocation of components of income and expense from economic hedges was changed. In the previous year, this income and expense was not allocated to a segment and was presented under Other. They are now allocated to the Corporate & Markets segment. The prior-year figures have been adjusted in Note (20).
- In the previous year, guarantees were presented as financial guarantees. The nominal amounts have been restated in Notes (37), (44) and (47). Due to the small amount, this had no impact on the presentation of provisions.
- In the previous year within deposits and loans designated at fair value, financial instruments that were required to be allocated to Level 2 due to the measurement inputs used were allocated to Level 3. This was implemented in the tables concerned in Note (40).
- In the previous year, collateral in the form of financial instruments for securities repurchase transactions was not reported in the presentation of conditional netting rights. The presentation was restated in Note (42).

(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 (31)). 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 fully 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 117 entities are consolidated in the Helaba Group (31 December 2021: 121). Of this total, 89 (31 December 2021: 90) entities are fully consolidated and 28 entities are included using the equity method (31 December 2021: 31). 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 2021: 24) subsidiaries, 17 (31 December 2021: 17) joint ventures and eleven (31 December 2021: 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 entities shown below.

Changes in the group of fully consolidated entities

Entities added

GWH Projekt Eppstein GmbH & Co. KG, Frankfurt am Main	Fully consolidated as of July 2022 following its establishment
GWH Projekt Lyoner Gärten GmbH & Co. KG, Frankfurt am Main	Fully consolidated as of January 2022 following its establishment
GWH WohnWertInvest Deutschland III, Hamburg	Fully consolidated as of July 2022 following its establishment

Entities removed

BHT Baugrund Hessen-Thüringen GmbH, Frankfurt am Main	Merged into OFB Projektentwicklung GmbH in March 2022
Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG, Pullach	MAIN TOWER held by the entity acquired by Helaba and entity closed in April 2022
Main Capital Funding II Limited Partnership, St. Helier, Jersey	Deconsolidated because the entity was no longer material following the repayment of the silent participations held by the entity in September 2022
Main Capital Funding Limited Partnership, St. Helier, Jersey	Deconsolidated because the entity was no longer material following the repayment of the silent participations held by the entity in September 2022

The income from the deconsolidation of Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG amounted to less than € 1 m. Helaba also received a retrospective purchase price payment of approximately € 5 m for an entity deconsolidated in 2020. Net gains on deconsolidation are reported within other net operating income.

Changes in the group of equity-accounted entities

Entities removed

G&O MK 15 Bauherren GmbH & Co. KG, Frankfurt am Main	Merged into G & O Verwaltungsgesellschaft mbH in October 2022
G & O Baufeld Alpha 2. BA GmbH & Co. KG, Frankfurt am Main	Merged into G & O Alpha Verwaltungsgesellschaft mbH in October 2022
Multi Park Mönchhof Main GmbH & Co. KG, Neu-Isenburg	Merged into Multi Park Verwaltungs GmbH in September 2022

The gains from the deconsolidation of these entities amounted to a total of less than € 1 m. These net gains on deconsolidation are reported within the share of profit or loss of equity-accounted entities.

(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 and associates, and other equity investments. This class also includes shares in entities that are of minor significance and are therefore neither fully consolidated nor 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)

The Helaba Group's total borrowing under the ECB's TLTRO III programme amounted to € 24.2 bn as at 31 December 2022 (31 December 2021: € 24.2 bn). Receipt of the additional interest benefit for the special additional reporting period from 24 June 2021 to 23 June 2022 was confirmed on 10 June 2022. In the reporting period, interest income from financial liabilities included a TLTRO III bonus amount of € 60 m (2021: € 147 m).

In the period from 1 January 2022 to 23 June 2022, the average interest rate on the deposit facility over the additional special interest rate period (24 June 2021 to 23 June 2022) was the applicable rate for ongoing interest on TLTRO operations. In accordance with ECB decision ECB/2022/37 of 27 October 2022, the base rate for the interest rate period from 24 June 2022 to 22 November 2022 (post-interest rate period) was the average interest rate on deposit facilities over the period from the operations' maturity commencement date to 22 November 2022. The pro rata interest for those periods is reported as interest income from financial liabilities.

For the period from 23 November 2022 until the maturity date or early repayment date (last interest rate period), the interest rate is indexed to the average applicable key ECB interest rates over that period. These pro rata amounts of interest are presented under interest expense from financial liabilities.

in € m

	2022	2021
Interest income from	**3,861**	**3,349**
Financial assets measured at amortised cost	**2,547**	**1,885**
thereof: Calculated using the effective interest method	2,512	1,828
Bonds and other fixed-income securities	15	1
Loans and receivables	2,533	1,884
Non-trading financial assets mandatorily measured at fair value through profit or loss	**747**	**636**
Bonds and other fixed-income securities	9	8
Loans and receivables	4	4
Derivatives not held for trading	734	624
Financial assets designated voluntarily at fair value	**26**	**27**
Bonds and other fixed-income securities	3	3
Loans and receivables	24	24
Financial assets measured at fair value through other comprehensive income	**110**	**91**
thereof: Calculated using the effective interest method	110	91
Bonds and other fixed-income securities	100	85
Loans and receivables	10	6
Hedging derivatives under hedge accounting	**112**	**240**
Financial liabilities (negative interest)	**232**	**398**
Financial liabilities measured at amortised cost	232	398
Other	**85**	**72**
Cash on hand and demand deposit balances	8	0
thereof: Calculated using the effective interest method	8	0
Commitment fees	77	72
From plan assets in connection with pension obligations	0	–

Table continued on next page.

in € m

	2022	2021
Interest expense on	**–2,443**	**–2,023**
Financial liabilities measured at amortised cost	**–1,247**	**–849**
Securitised liabilities	–343	–263
Deposits and loans	–903	–585
Other financial liabilities	–1	–1
Derivatives not held for trading	**–463**	**–467**
Financial liabilities designated voluntarily at fair value	**–161**	**–161**
Securitised liabilities	–60	–52
Deposits and loans	–101	–109
Hedging derivatives under hedge accounting	**–408**	**–285**
Financial assets (negative interest)	**–155**	**–240**
Financial assets measured at amortised cost	–154	–239
Financial assets measured mandatorily at fair value through profit or loss	–0	–1
Financial assets designated voluntarily at fair value	–0	–0
Financial assets measured at fair value through other comprehensive income	–0	–0
Provisions and other liabilities	**–9**	**–22**
Unwinding of discount on provisions for pension obligations	–18	–21
Unwinding of discount on other provisions	7	0
Sundry liabilities	2	–2
Net interest income	**1,417**	**1,326**

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

(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

	2022	2021
Financial assets measured at amortised cost	**–154**	**–191**
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	–0
Additions to cumulative loss allowances	–0	–0
Reversals of cumulative loss allowances	0	0
Loans and receivables	–154	–191
Additions to cumulative loss allowances	–467	–507
Reversals of cumulative loss allowances	306	314
Direct write-offs	–4	–3
Recoveries on loans and receivables previously written off	12	6
Financial assets measured at fair value through other comprehensive income	**1**	**0**
Bonds and other fixed-income securities	0	0
Additions to cumulative loss allowances	–1	–0
Reversals of cumulative loss allowances	1	1
Loans and receivables	0	0
Additions to cumulative loss allowances	–0	–3
Reversals of cumulative loss allowances	1	3
Loan commitments	**1**	**–3**
Additions to provisions	–75	–53
Reversals of provisions	76	50
Financial guarantees	**–10**	**–14**
Additions to provisions	–36	–32
Reversals of provisions	27	19
Total	**–162**	**–207**

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

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

In the reporting period, there were gains or losses of € 0 m from non-substantial modifications of contractual cash flows in respect of these instruments (previous year: no gains or losses).

(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

	2022	2021
Related to financial assets mandatorily measured at fair value through profit or loss	**15**	**7**
Equity shares and other variable-income securities	8	3
Shares in unconsolidated affiliates	2	2
Shares in non-equity-accounted joint ventures	0	0
Shares in non-equity-accounted associates	0	–
Other equity investments	5	2
Related to financial assets measured at fair value through other comprehensive income	**2**	**1**
Other equity investments	2	1
Total	**17**	**9**

(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

	2022	2021
Lending and guarantee business	82	76
Account management and payment transactions	149	135
Asset management	152	142
Securities and securities deposit business	48	41
Management of public-sector subsidy and development programmes	63	56
Other fees and commissions	38	35
Total	**533**	**485**

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	**22**	**231**	**376**	**67**	**–**	**–14**	**682**
Lending and guarantee business	22	77	1	–	–	–5	95
Account management and payment transactions	–	77	80	–	–	–2	155
Asset management	–	–	163	–	–	–2	161
Securities and securities deposit business	–	71	51	–	–	–3	119
Management of public-sector subsidy and development programmes	–	–	–	63	–	–	63
Other	1	6	81	4	–	–2	88
Revenue in accordance with IFRS 15 under other operating income	**–**	**1**	**108**	**0**	**67**	**–63**	**113**
Total	**22**	**232**	**484**	**67**	**67**	**–77**	**795**

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

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**

As at 31 December 2022, the balance of receivables and contract assets in connection with IFRS 15 amounted to € 238 m (31 December 2021: € 169 m). As at 31 December 2022, Helaba had contractual liabilities of € 3 m (31 December 2021: € 3 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 € 202 m as at 31 December 2022 (31 December 2021: € 292 m). The revenue is expected to be recognised in full by 2024.

(9) Net Income from Investment Property

Most of the net income from investment property is generated by the GWH Group. The following table shows a breakdown of the income and expenses:

in € m

	2022	2021[1]
Income from investment property	**472**	**415**
Rental and lease income	282	266
Income from allocatable operating and maintenance expenses	162	109
Gains on derecognition	21	28
Other income	8	11
Expenses from investment property	**–266**	**–198**
Operating and maintenance expenses	–232	–178
thereof: From property leased out	–232	–178
Losses on derecognition	–	–0
Impairment losses	–30	–15
Miscellaneous expenses	–4	–5
Total	**207**	**218**

[1] Presentation restated: In the previous year, income from allocatable operating and maintenance expenses was presented as rental and lease income. See also Note (1).

In the previous year, net income from investment property was reported as part of other net operating income; see also Note (1).

(10) 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

	2022	2021
Equity-/index-related transactions	**0**	**2**
Equity shares and other variable-income securities	4	–2
Equities	3	–2
Investment units	0	0
Equity/index derivatives	–8	10
Issued equity/index certificates	4	–6
Interest-rate-related transactions	**329**	**94**
Bonds and other fixed-income securities	–267	–71
Loans and receivables	–196	–19
Repayable on demand and at short notice	0	–0
Securities repurchase transactions (reverse repos)	–1	–2
Other fixed-term loans	–197	–17
Other receivables not classified as loans	1	–0
Short sales	4	–3
Issued money market instruments	–2	2
Deposits and loans	6	20
Payable on demand	–6	6
Securities repurchase transactions (repos)	12	15
Other financial liabilities	0	–0
Interest-rate derivatives	784	166
Currency-related transactions	**24**	**3**
Foreign exchange	35	11
FX derivatives	–10	–8
Credit derivatives	**6**	**–12**
Commodity-related transactions	**21**	**17**
Net fee and commission income or expense	**–25**	**–25**
Total	**355**	**80**

(11) 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

	2022	2021
Derivatives not held for trading	**–2,052**	**–312**
Equity/index derivatives	2	8
Interest-rate derivatives	–2,101	–342
Cross-currency derivatives (FX derivatives)	48	23
Credit derivatives	–1	–1
Bonds and other fixed-income securities	**–117**	**–12**
Loans and receivables	**–36**	**–11**
Equity shares and other variable-income securities	**–3**	**34**
Shareholdings	**4**	**2**
Shares in unconsolidated affiliates	0	–0
Shares in non-equity-accounted joint ventures	–0	0
Shares in non-equity-accounted associates	3	–0
Other equity investments	1	3
Receivables from the purchase of endowment insurance policies	**1**	**1**
Total	**–2,202**	**–297**

(12) 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

	2022	2021
Bonds and other fixed-income securities	–25	–8
Loans and receivables	–622	–196
Securitised liabilities	1,222	240
Deposits and loans	1,390	367
Total	**1,966**	**403**

(13) 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 both interest rate risk and combined interest rate and currency risk. 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 (26) 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	
	2022	2021	2022	2021
Fair value hedges – micro hedges	**–10**	**–6**	**3**	**0**
Interest rate hedges	–20	–5	–	–
Change in fair value of hedging derivatives in the reporting period	–453	–26	–	–
Interest-rate-related change in fair value of hedged items in the reporting period	432	20	–	–
Combined hedge of interest rate and currency risk	10	–0	3	0
Change in fair value of hedging derivatives in the reporting period	84	1	3	0
Interest-rate-related change in fair value of hedged items in the reporting period	–73	–2	–	–
Fair value hedges – group hedges	**1**	**3**	**36**	**–10**
Foreign currency hedges	1	3	36	–10
Change in fair value of hedging derivatives in the reporting period	–352	–1,221	36	–10
Spot-rate-related change in fair value of hedged items in the reporting period	353	1,224	–	–
Total	**–8**	**–3**	**39**	**–10**

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

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

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

in € m

	2022	2021
Related to financial assets measured at amortised cost	**0**	**–0**
Bonds and other fixed-income securities	–0	–0
Loans and receivables	0	–0
Related to financial assets measured at fair value through other comprehensive income	**20**	**–0**
Bonds and other fixed-income securities	20	–0
Loans and receivables	–0	–
Related to financial liabilities measured at amortised cost	**0**	**0**
Deposits and loans	0	0
Total	**20**	**–0**

(15) 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

	2022	2021
Share of profit or loss of equity-accounted joint ventures	**–6**	**18**
Share of profit or loss	–2	21
Impairment losses or impairment loss reversals	–5	–3
Gain/loss on disposals	0	–
Share of profit or loss of equity-accounted associates	**2**	**4**
Share of profit or loss	3	4
Impairment losses or impairment loss reversals	–1	–0
Total	**–4**	**22**

(16) Other Net Operating Income

in € m

	2022	2021[1]
Gains (+) or losses (–) from the disposal of non-financial assets	**38**	**52**
Property and equipment	–0	–0
Intangible assets	–0	–
Inventories	39	53
Impairment losses (–) or reversals of impairment losses (+) on non-financial assets	**–5**	**–7**
Property and equipment	–1	–0
Intangible assets	–1	–1
Inventories	–3	–6
Additions (–) to or reversals (+) of provisions	**32**	**11**
Provisions for off-balance sheet liabilities (excluding loan commitments and financial guarantees)	0	0
Restructuring provisions	7	–22
Provisions for litigation risks and tax proceedings	–1	2
Sundry provisions	26	31
Income from the deconsolidation of subsidiaries	**5**	**4**
Other net operating income	**46**	**25**
Property and equipment	16	15
Inventories	29	10
Rental income under non-cancellable subtenancy arrangements	**1**	**1**
Income from non-banking services	**30**	**27**
Income and expenses from the absorption of losses	**–**	**–0**
Profit transfer expenses	**–1**	**–0**
Sundry other operating income and expenses	**0**	**–65**
Total	**146**	**48**

[1] Prior-year figures adjusted: Net income from investment property is now reported in Note (9). The lines were removed from this table and the subtotals adjusted (gains (+) or losses (–) from the disposal of non-financial assets € –28 m; impairment losses (–) or reversals of impairment losses (+) on non-financial assets € +15 m; other net operating income / expense € –205 m; total € –218 m). See also Note (1).

Gains or losses from the disposal of non-financial assets, other net operating income / expense and income from non-banking services include revenue in accordance with IFRS 15. Please refer to Note (8) for further disclosures.

(17) General and Administrative Expenses

in € m

	2022	2021
Personnel expenses	**–733**	**–709**
Wages and salaries	–577	–552
Social security	–87	–85
Expenses for pensions and other benefits	–68	–72
Other administrative expenses	**–773**	**–678**
Business operating costs	–120	–114
Audit and consultancy services	–103	–91
IT expenses	–278	–269
Expenses for business premises	–43	–40
Cost of advertising, public relations and representation	–25	–20
Mandatory contributions	–205	–144
thereof: Contributions to SGVHT and DSGV protection schemes	–63	–26
thereof: Mandatory contributions to the European Single Resolution Fund	–94	–73
Total	**–1,506**	**–1,387**

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

	2022	2021
Audit fees	–6	–4
Other attestation services	–1	–1
Total	**–7**	**–5**

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	
	2022	2021	2022	2021	2022	2021
Helaba	**1,548**	**1,531**	**1,864**	**1,850**	**3,412**	**3,381**
Bank	1,118	1,127	1,577	1,580	2,695	2,707
WIBank	314	288	216	194	530	482
LBS	116	116	71	76	187	192
Group subsidiaries	**1,407**	**1,412**	**1,491**	**1,474**	**2,898**	**2,886**
Helaba group	**2,955**	**2,943**	**3,355**	**3,324**	**6,310**	**6,267**

(18) Depreciation and Amortisation

in € m

	2022	2021
Investment property	**–50**	**–47**
Buildings leased out	–50	–47
Property and equipment	**–61**	**–57**
Owner-occupied land and buildings	–43	–40
Operating and office equipment	–16	–15
Machinery and technical equipment	–2	–2
Intangible assets	**–34**	**–23**
Concessions, industrial and similar rights	–0	–0
Purchased software	–33	–21
Internally generated software	–0	–0
Other intangible assets	–1	–1
Total	**–146**	**–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 in respect of investment property are recognised in net income from investment property (see Note (9)). Impairment losses in respect of all other property and equipment are recognised within other net operating income (see Note (16)).

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 (16)). Please refer to Note (31) for information on impairment tests applied to intangible assets.

(19) Taxes on Income

Income tax expense amounted to € 202 m (2021: € 67 m) and resulted mainly from income tax expense of € 141 m in Germany (2021: tax expense of € 28 m) and income tax expense of € 61 m abroad (2021: tax income of € 39 m).

There was no reduction of the current tax expense from the use of previously unrecognised tax losses.

Of the income tax expense, a tax expense of € 272 m was in respect of current taxes. Deferred tax income of € 69 m arose in relation to temporary differences. In the previous year, tax income arose in the amount of € 6 m (2021: € 90 m). The net outcome from new tax loss carryforwards and the utilisation of such carryforwards in the reporting period was a small amount of deferred tax income / expense (2021: no deferred tax income or expense).

in € m

	2022	2021
Current taxes	–272	–59
Deferred taxes	69	–8
Total	**–202**	**–67**

in € m

	2022	2021
Profit or loss before tax	**633**	**569**
Applicable income tax rate in %	32	32
Expected income tax expense in the financial year	**–203**	**–182**
Effect of variance in tax rates	2	5
Effect of changes in the tax rate	–0	0
Effect of prior-period taxes recognised in the financial year	6	89
Tax-exempt income and trade tax reduction	31	37
Non-deductible operating expenses and trade tax addition	–45	–35
Impairment losses and adjustments	–1	17
Other effects	7	1
Income tax expense	**–202**	**–67**

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	
	2022	2021	2022	2021	2022	2021
Items that will not be reclassified to the consolidated income statement:	**1,026**	**80**	**–309**	**–19**	**717**	**62**
Remeasurement of net defined benefit liability	693	177	–202	–50	491	128
Change in fair value of equity instruments measured at fair value through other comprehensive income	–6	1	0	–0	–6	1
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	339	–98	–107	31	232	–67
Items that will be subsequently reclassified to the consolidated income statement:	**–567**	**–122**	**180**	**42**	**–387**	**–79**
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	–609	–123	193	39	–416	–84
Gains or losses from currency translation of foreign operations	2	12	–	–	2	12
Gains or losses from fair value hedges of currency risk	39	–10	–13	3	27	–6
Total	**459**	**–41**	**–129**	**24**	**330**	**–18**

(20) 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	429	548	242	71	119	8	1,417
Loss allowances	−33	3	−8	0	−126	1	−162
Net interest income after loss allowances	**397**	**551**	**234**	**72**	**−7**	**9**	**1,255**
Net fee and commission income	22	181	281	66	−16	−1	533
Income/expenses from investment property	–	–	207	–	–	–	207
Gains or losses on measurement at fair value	–	211	−38	1	−62	−0	111
Net trading income	–	345	3	–	–	7	355
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–	−134	−41	1	−62	−7	−245
Share of profit or loss of equity-accounted entities	–	−6	3	–	−2	–	−4
Other net income/expense	−1	11	85	3	71	14	183
Total income	**418**	**949**	**772**	**141**	**−17**	**22**	**2,285**
General and administrative expenses, including depreciation and amortisation	−132	−477	−578	−99	−372	6	−1,652
Profit or loss before tax	**286**	**472**	**194**	**42**	**−389**	**28**	**633**
Assets (€ bn)	34.7	66.1	35.3	25.9	74.9	−25.4	211.5
Risk-weighted assets (€ bn)	17.8	30.4	6.8	1.5	8.4	–	64.8
Allocated capital (€ m)	2,255	3,707	2,227	183	1,087	0	9,459
Return on equity (%)	12.7	12.7	8.7	22.9	–	–	6.7
Cost-income ratio (%)	29.3	50.4	74.1	70.3	–	–	67.5

The following table shows the figures for the comparative period:

in € m

	Real Estate	Corporates & Markets[1]	Retail & Asset Management	WIBank	Other[1]	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	–	91	16	−1	77	–	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)	–	7	19	−1	77	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**	**721**	**815**	**119**	**125**	**−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**	**217**	**245**	**33**	**−123**	**−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	6.6	10.6	20.7	–	–	6.4
Cost-income ratio (%)	30.4	65.6	70.0	72.4	–	–	66.1

[1] Prior-year figures adjusted: The Other segment previously included components of income and expense from economic hedges (gains or losses on measurement at fair value (non-trading)) that were set against net trading income in the Corporates & Markets segment and had an offsetting effect. The allocation was changed so that presentation in the segment reporting more appropriately reflects presentation for management purposes. Net income from hedge accounting and other financial instruments measured at fair value (not held for trading) was adjusted by a negative amount of € 21 m in the Corporates & Markets segment and by a positive amount of € 21 m in the Other segment. The respective total lines were adjusted accordingly. In the Corporates & Markets segment, return on equity slipped from 7.2 % to 6.6 %; the cost-income ratio rose from 63.8 % to 65.6 %. See also Note (1).

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 provides advice and products for municipal authorities and their corporations. In addition to the lending products, this segment also includes the trading and sales activities, 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 an additional requirement for loss allowances 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

	2022	2021[1]
Real estate lending	418	360
Property management and development	266	303
Corporate loans	449	415
Municipal lending business	45	47
Treasury products	117	263
Capital market products	321	173
Fund management/asset management	199	184
Home savings business	41	41
Sparkasse lending business	26	22
Cash Management	108	63
Public development and infrastructure business	141	119
Retail	320	363
Other products/reconciliation	–166	–270
Group	**2,285**	**2,083**

[1] Prior-year figures adjusted: Treasury products previously included components of income and expense from economic hedges (gains or losses on measurement at fair value (non-trading)) that were set against net trading income in capital market products and had an offsetting effect. The allocation was changed so that presentation in the segment reporting more appropriately reflects the presentation of products. This income was adjusted by a negative amount of € 21 m in capital market products and by a positive amount of € 21 m in treasury products.

The breakdown by region is as follows:

in € m

	2022	2021
Germany	1,959	1,855
Europe (excluding Germany)	137	77
World (excluding Europe)	189	151
Group	**2,285**	**2,083**

Consolidated Statement of Financial Position Disclosures

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

in € m

	31.12.2022	31.12.2021
Cash on hand	**79**	**70**
Financial assets measured at amortised cost	**39,980**	**33,682**
Demand deposits at central banks	39,807	33,452
With Deutsche Bundesbank	38,536	32,061
With other central banks	1,271	1,391
Demand deposits and overnight money balances at banks	174	230
Financial assets mandatorily measured at fair value	**207**	**287**
Demand deposits and overnight money balances at banks	207	287
Total	**40,266**	**34,039**

(22) Financial Instruments Measured at Amortised Cost

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

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

Within hedge accounting, the carrying amounts of financial instruments in this measurement category that form the hedged items in micro fair value hedges are adjusted for the changes in the fair value corresponding to the hedged risk. Please refer to Note (26) for information on hedge accounting.

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

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

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

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

in € m

	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**1,774**	**389**
thereof: Listed	1,739	389
Medium- and long-term bonds	1,774	389
Loans and receivables	**128,898**	**129,625**
Repayable on demand and at short notice	6,607	9,805
Credit card receivables	14	13
Trade accounts receivable, including factoring	3,176	2,764
Other fixed-term loans	119,039	116,987
Promissory note loans	2,789	2,573
Registered bonds	1,211	1,064
Forwarding loans	9,501	9,248
Time deposits	4,008	4,738
Bausparkasse building loans	1,090	1,029
Sundry other fixed-term loans	100,440	98,336
Other receivables not classified as loans	62	56
Total	**130,673**	**130,014**

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

in € m

	31.12.2022	31.12.2021
Commercial real estate loans	36,104	34,821
Residential building loans	7,091	6,831
Consumer loans to private households	222	221
Infrastructure loans	27,263	28,071
Asset finance	5,593	6,149
Leasing funding	5,133	4,438
Import/export finance	3	19
Other financing purposes	37,631	36,437
Total	**119,039**	**116,987**

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

in € m

	31.12.2022	31.12.2021
Securitised liabilities	**41,064**	**44,363**
Issued money market instruments	1,260	3,402
Commercial paper (CP)	431	1,540
Certificates of deposit (CD)	331	1,862
Asset-backed commercial paper (ABCP)	498	–
Medium- and long-term bonds issued	39,805	40,961
Mortgage Pfandbriefe	7,613	7,342
Public Pfandbriefe	6,900	10,425
Structured (hybrid) bonds	702	1,168
Other medium- and long-term bonds	24,590	22,025
Deposits and loans	**129,378**	**123,528**
Payable on demand	44,808	43,842
With an agreed term	77,879	72,978
With an agreed period of notice	6,688	6,708
Securities repurchase transactions (repos)	3	–
Other financial liabilities	**439**	**365**
Total	**170,881**	**168,256**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**168**	**103**	**1,501**	**241**	**105**	**44**	**1,774**	**389**
Central giro institutions	5	–	–	–	–	–	5	–
Other banks	163	103	1,501	241	85	44	1,750	389
Other financial corporations	–	–	–	0	14	–	14	0
Government	–	–	–	–	5	–	5	–
Loans and receivables	**83,546**	**82,197**	**25,982**	**25,890**	**19,370**	**21,538**	**128,898**	**129,625**
Central banks	54	56	–	–	–	–	54	56
Central giro institutions	356	322	–	–	–	–	356	322
Sparkassen	7,833	6,681	–	–	–	–	7,833	6,681
Other banks	2,084	2,132	1,586	2,385	924	4,109	4,594	8,627
Other financial corporations	6,269	5,557	4,137	3,331	1,785	1,557	12,192	10,445
Non-financial corporations	33,333	32,413	18,738	18,447	16,334	15,562	68,404	66,421
Government	25,355	26,963	1,500	1,704	161	127	27,015	28,794
Households	8,262	8,072	23	23	166	183	8,451	8,278
Total	**83,714**	**82,300**	**27,484**	**26,131**	**19,474**	**21,582**	**130,673**	**130,014**

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Deposits and loans	**118,908**	**116,058**	**4,993**	**1,411**	**5,477**	**6,059**	**129,378**	**123,528**
Central banks	23,780	23,865	–	–	–	–	23,780	23,865
Central giro institutions	1,140	1,009	–	–	–	–	1,140	1,009
Sparkassen	13,539	12,359	–	–	–	–	13,539	12,359
Other banks	22,909	20,941	3,015	544	1,353	1,399	27,277	22,883
Other financial corporations	17,461	20,155	1,143	523	2,665	3,213	21,269	23,890
Non-financial corporations	9,851	8,924	723	236	570	581	11,144	9,741
Government	8,498	7,882	0	0	564	649	9,062	8,531
Households	21,731	20,923	111	108	326	218	22,168	21,249
Other financial liabilities	**420**	**341**	**8**	**9**	**11**	**14**	**439**	**365**
Central giro institutions	2	3	–	–	–	–	2	3
Sparkassen	4	2	–	–	–	–	4	2
Other banks	55	2	–	–	–	–	55	2
Other financial corporations	85	66	–	–	10	10	96	77
Non-financial corporations	200	183	8	9	0	4	209	196
Government	26	29	–	–	–	–	26	29
Households	47	56	–	–	0	0	47	56
Total	**119,327**	**116,399**	**5,001**	**1,421**	**5,488**	**6,073**	**129,817**	**123,893**

(23) Trading Assets and Trading Liabilities

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

Loans and receivables held for trading mainly comprise promissory note loans and, to a lesser extent, repos and money trading transactions.

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

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

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

in € m

	31.12.2022	31.12.2021
Positive fair values of derivatives held for trading	**9,421**	**11,309**
thereof: Traded OTC	9,421	11,304
thereof: Exchange-traded	–	5
Equity-/index-related transactions	126	192
Interest-rate-related transactions	8,243	10,442
Currency-related transactions	1,043	660
Credit derivatives	8	14
Commodity-related transactions	1	2
Bonds and other fixed-income securities	**1,629**	**2,256**
thereof: Listed	1,629	2,256
Money market instruments	0	28
Medium- and long-term bonds	1,629	2,228
Loans and receivables	**1,621**	**1,721**
Repayable on demand and at short notice	7	3
Receivables from securities repurchase transactions (reverse repos)	46	210
Other fixed-term loans	1,568	1,508
Equity shares and other variable-income securities	**1**	**22**
thereof: Listed	1	22
Equities	1	22
Trading assets	**12,672**	**15,308**

in € m

	31.12.2022	31.12.2021
Negative fair values of derivatives held for trading	**9,267**	**8,572**
thereof: Traded OTC	9,267	8,562
thereof: Exchange-traded	0	10
Equity-/index-related transactions	126	189
Interest-rate-related transactions	8,268	7,806
Currency-related transactions	861	564
Credit derivatives	10	13
Commodity-related transactions	2	0
Securitised liabilities	**374**	**264**
Issued money market instruments	346	230
Commercial paper (CP)	346	230
Issued equity/index certificates	28	33
Deposits and loans	**4,067**	**4,238**
Payable on demand	903	903
With an agreed term	3,164	3,335
Liabilities arising from short-selling	**45**	**227**
Other financial liabilities	**–**	**0**
Trading liabilities	**13,754**	**13,301**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**724**	**972**	**494**	**872**	**411**	**412**	**1,629**	**2,256**
Central giro institutions	123	122	–	–	–	–	123	122
Sparkassen	9	78	–	–	–	–	9	78
Other banks	482	351	427	708	402	409	1,312	1,467
Other financial corporations	5	10	9	13	–	–	14	23
Non-financial corporations	26	32	21	16	–	4	47	52
Government	79	380	36	135	9	–	124	515
Loans and receivables	**1,412**	**1,551**	**155**	**146**	**54**	**25**	**1,621**	**1,721**
Central banks	46	210	–	–	–	–	46	210
Central giro institutions	28	193	–	–	–	–	28	193
Sparkassen	650	179	–	–	–	–	650	179
Other banks	344	502	–	0	–	–	344	502
Other financial corporations	5	5	–	–	3	3	8	8
Non-financial corporations	120	162	155	139	51	21	326	322
Government	219	300	–	7	–	–	219	307
Equity shares and other variable-income securities	**1**	**21**	**–**	**1**	**–**	**–**	**1**	**22**
Other banks	–	–	–	0	–	–	–	0
Other financial corporations	–	3	–	0	–	–	–	3
Non-financial corporations	1	18	–	1	–	–	1	19
Total	**2,137**	**2,544**	**649**	**1,019**	**466**	**437**	**3,251**	**4,000**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Deposits and loans	**3,823**	**3,598**	**138**	**601**	**106**	**39**	**4,067**	**4,238**
Sparkassen	2,351	451	–	–	–	–	2,351	451
Other banks	344	21	8	0	106	39	457	60
Other financial corporations	263	971	75	128	–	–	338	1,099
Non-financial corporations	530	1,189	56	472	–	0	586	1,662
Government	335	966	–	–	–	–	335	966
Households	–	0	–	–	–	–	–	0
Liabilities arising from short-selling	**45**	**227**	**–**	**–**	**–**	**–**	**45**	**227**
Government	45	227	–	–	–	–	45	227
Other financial liabilities	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**0**
Sparkassen	–	0	–	–	–	–	–	0
Total	**3,868**	**3,825**	**138**	**601**	**106**	**39**	**4,112**	**4,465**

(24) 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

	31.12.2022	31.12.2021
Positive fair values of non-trading derivatives	**1,086**	**4,161**
thereof: Traded OTC	1,086	4,161
thereof: Exchange-traded	0	–
Equity-/index-related transactions	3	1
Interest-rate-related transactions	944	4,036
Currency-related transactions	139	125
Credit derivatives	0	–
Bonds and other fixed-income securities	**806**	**903**
thereof: Listed	671	746
Money market instruments	4	–
Medium- and long-term bonds	802	903
Loans and receivables	**211**	**272**
Repayable on demand and at short notice	1	1
Other fixed-term loans	211	271
Equity shares and other variable-income securities	**344**	**275**
thereof: Listed	10	7
Equities	0	0
Investment units	344	275
Shareholdings	**75**	**71**
Shares in unconsolidated affiliates	9	10
Shares in non-equity-accounted joint ventures	5	5
Shares in non-equity-accounted associates	7	4
Other equity investments	55	52
Receivables from the purchase of endowment insurance policies	**–**	**20**
Total	**2,523**	**5,702**

in € m

	31.12.2022	31.12.2021
Negative fair values of non-trading derivatives	**3,420**	**4,850**
thereof: Traded OTC	3,420	4,849
thereof: Exchange-traded	–	1
Equity- / index-related transactions	–	1
Interest-rate-related transactions	3,133	4,677
Currency-related transactions	287	171
Credit derivatives	0	1
Total	**3,420**	**4,850**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**67**	**81**	**396**	**450**	**344**	**372**	**806**	**903**
Central giro institutions	1	1	–	–	–	–	1	1
Other banks	3	8	59	53	15	19	78	80
Other financial corporations	13	14	151	163	110	120	273	298
Non-financial corporations	45	56	186	234	218	233	449	523
Government	6	1	–	0	–	–	6	2
Loans and receivables	**204**	**259**	**–**	**–**	**7**	**13**	**211**	**272**
Other financial corporations	10	1	–	–	7	9	17	10
Non-financial corporations	66	92	–	–	–	4	66	95
Government	128	167	–	–	–	–	128	167
Equity shares and other variable-income securities	**115**	**110**	**206**	**148**	**22**	**16**	**344**	**275**
Other financial corporations	115	110	206	148	22	16	344	275
Non-financial corporations	0	0	0	0	0	0	0	0
Shareholdings	**75**	**70**	**1**	**1**	**0**	**0**	**75**	**71**
Other banks	2	2	–	–	–	–	2	2
Other financial corporations	41	34	–	–	0	0	42	34
Non-financial corporations	32	34	1	1	–	0	32	35
Receivables from the purchase of endowment insurance policies	**–**	**20**	**–**	**–**	**–**	**–**	**–**	**20**
Other financial corporations	–	20	–	–	–	–	–	20
Total	**462**	**541**	**602**	**599**	**373**	**401**	**1,437**	**1,542**

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

(25) 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

			Changes attributable to credit risk			
	Carrying amount (fair value)		Reporting period		Cumulative	
	31.12.2022	31.12.2021	2022	2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	104	130	0	0	4	4
thereof: Listed	104	130				
Loans and receivables	2,749	3,532	7	4	–7	–8
Total	**2,853**	**3,661**	**7**	**4**	**–3**	**–4**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Securitised liabilities	6,671	6,509	8,114	6,591	–115	21
Deposits and loans	4,245	5,759	6,081	6,203	–215	–12
Total	**10,915**	**12,268**	**14,196**	**12,794**	**–329**	**10**

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

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

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**104**	**130**	**–**	**–**	**–**	**–**	**104**	**130**
Government	104	130	–	–	–	–	104	130
Loans and receivables	**2,749**	**3,532**	**–**	**–**	**–**	**–**	**2,749**	**3,532**
Other financial corporations	2	0	–	–	–	–	2	0
Non-financial corporations	40	49	–	–	–	–	40	49
Government	2,707	3,483	–	–	–	–	2,707	3,483
Financial assets	**2,853**	**3,661**	**–**	**–**	**–**	**–**	**2,853**	**3,661**
Deposits and loans	**4,113**	**5,607**	**124**	**142**	**8**	**10**	**4,245**	**5,759**
Sparkassen	510	597	–	–	–	–	510	597
Other banks	79	91	–	–	8	10	87	101
Other financial corporations	3,274	4,588	124	142	–	–	3,398	4,730
Non-financial corporations	150	199	–	–	–	–	150	199
Government	101	133	–	–	–	–	101	133
Financial liabilities	**4,113**	**5,607**	**124**	**142**	**8**	**10**	**4,245**	**5,759**

(26) 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 group of hedges of one currency hedges a bottom layer of a group of hedged items in the same currency identified by amount (bottom layer approach; the hedge ratio is 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 group of hedge always hedges of one currency hedges a bottom layer of a group of hedged items in the same currency identified by amount (bottom layer approach; the hedge ratio is 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Fair value hedges – micro hedges	**51,903**	**52,393**	**144**	**525**	**603**	**1,633**
thereof: Traded OTC	51,903	52,393	144	525	603	1,633
Interest rate hedges	51,382	51,872	144	525	415	1,282
Interest rate swaps	51,225	51,715	129	524	415	1,282
Cross-currency swaps	157	157	15	1	–	–
Combined hedge of interest rate and currency risk	521	521	–	–	187	351
Cross-currency swaps	521	521	–	–	187	351
Fair value hedges – group hedges	**17,245**	**14,530**	**595**	**16**	**104**	**318**
thereof: Traded OTC	17,245	14,530	595	16	104	318
Foreign currency hedges	17,245	14,530	595	16	104	318
Cross-currency swaps	17,245	14,530	595	16	104	318
Total	**69,148**	**66,923**	**740**	**541**	**706**	**1,951**

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	**911**	**627**	**27,781**	**22,584**	**51,903**
Interest rate hedges	911	627	27,781	22,063	51,382
Interest rate swaps	911	627	27,624	22,063	51,225
Cross-currency swaps	–	–	157	–	157
Combined hedge of interest rate and currency risk	–	–	–	521	521
Cross-currency swaps	–	–	–	521	521
Fair value hedges – group hedges	**102**	**2,481**	**12,168**	**2,494**	**17,245**
Foreign currency hedges	102	2,481	12,168	2,494	17,245
Cross-currency swaps	102	2,481	12,168	2,494	17,245
Total	**1,013**	**3,108**	**39,949**	**25,078**	**69,148**

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	**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
Combined hedge of interest rate and currency risk	–	–	–	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 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Interest rate hedges						
Financial assets measured at amortised cost	16,321	15,277	−2,367	28	265	463
Loans and receivables	16,321	15,277	−2,367	28	265	463
Financial assets measured at fair value through other comprehensive income	7,893	8,986	−490	33	1	1
Bonds and other fixed-income securities	7,893	8,986	−490	33	1	1
Financial liabilities measured at amortised cost	23,926	30,929	−2,555	326	−125	94
Securitised liabilities	16,160	19,949	−1,725	263	55	7
Deposits and loans	7,766	10,980	−830	63	−181	87
Combined hedge of interest rate and currency risk						
Financial assets measured at fair value through other comprehensive income	676	804	−73	−2	–	–
Bonds and other fixed-income securities	676	804	−73	−2	–	–
Foreign currency hedges						
Financial assets measured at amortised cost	15,767	13,388	–	–	–	–
Loans and receivables	15,767	13,388	–	–	–	–
Financial assets measured at fair value through other comprehensive income	933	1,373	–	–	–	–
Bonds and other fixed-income securities	933	1,373	–	–	–	–

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

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

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

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

in € m

	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**14,771**	**16,506**
thereof: Listed	14,160	16,217
Money market instruments	916	240
Medium- and long-term bonds	13,855	16,266
Loans and receivables	**782**	**656**
Other fixed-term loans	782	656
Shareholdings	**26**	**32**
Shares in unconsolidated affiliates	0	0
Other equity investments	26	32
Total	**15,579**	**17,194**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**4,538**	**5,350**	**5,367**	**6,067**	**4,866**	**5,088**	**14,771**	**16,506**
Central giro institutions	614	595	–	–	–	–	614	595
Other banks	1,631	1,494	4,645	4,906	4,079	4,560	10,354	10,960
Other financial corporations	12	15	82	51	150	127	244	193
Non-financial corporations	83	50	52	71	55	62	189	182
Government	2,199	3,197	589	1,040	582	339	3,370	4,576
Loans and receivables	**558**	**500**	**184**	**117**	**40**	**39**	**782**	**656**
Other financial corporations	18	14	27	14	–	–	45	28
Non-financial corporations	540	486	157	104	40	39	737	628
Shareholdings	**26**	**32**	**–**	**–**	**–**	**–**	**26**	**32**
Other banks	14	19	–	–	–	–	14	19
Other financial corporations	12	13	–	–	–	–	12	13
Total	**5,122**	**5,882**	**5,551**	**6,185**	**4,906**	**5,127**	**15,579**	**17,194**

(28) Shares in Equity-Accounted Entities

In the reporting period, a total of 25 (31 December 2021: 28) joint ventures and 3 (31 December 2021: 3) associates were accounted for using the equity method.

The breakdown of equity-accounted investments is shown below:

in € m

	31.12.2022	31.12.2021
Investments in joint ventures	**31**	**37**
Non-financial corporations	31	37
Investments in associates	**3**	**3**
Other financial corporations	0	0
Non-financial corporations	3	3
Total	**34**	**40**

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 a loss of € 2 m (2021: loss of € 3 m); the cumulative total of such unrecognised losses amounted to a loss of € 5 m as at 31 December 2022 (31 December 2021: loss of € 4 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Financial information – total				
Total assets	523	462	77	69
Total liabilities	467	396	41	37
Profit or loss from continuing operations	3	44	13	14
Other net income / expense	–	–	– 0	– 0
Comprehensive income	3	44	13	14
Financial information – proportionate				
Total assets	234	213	20	20
Total liabilities	208	185	20	18
Profit or loss from continuing operations	4	22	2	2
Other net income / expense	–	–	– 0	– 0
Comprehensive income	4	22	2	2

(29) 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 net income from investment property (see Note (9)).

in € m

	31.12.2022	31.12.2021
Land and buildings leased to third parties	2,770	2,635
thereof: Right-of-use assets under leases	36	49
Undeveloped land	12	13
Investment property under construction	326	347
Total	**3,109**	**2,994**

Real estate and leasing right-of-use assets held by the GWH Group accounted for € 2,830 m (31 December 2021: € 2,762 m) of the total investment property. The contractual obligations to purchase, construct or develop investment property in the GWH Group amounted to € 598 m (31 December 2021: € 528 m).

The fair values of the properties and right-of-use assets as at 31 December 2022 came to a total of € 5,546 m (31 December 2021: € 5401 m) and were allocated to Level 3. Please refer to Note (40) for information on determining fair value.

The table below shows the changes in investment property:

in € m

	2022	2021
Cost		
Balance as at 1.1.	**3,562**	**3,210**
Additions	224	352
Additions from original acquisition / construction	224	368
Additions from subsequent additional costs	–	–17
Disposals	–32	–0
Balance as at 31.12.	**3,754**	**3,562**
Accumulated depreciation		
Balance as at 1.1.	**–548**	**–504**
Depreciation	–50	–47
Disposals	2	3
Balance as at 31.12.	**–597**	**–548**
Cumulative loss allowances		
Balance as at 1.1.	**–19**	**–4**
Impairment losses	–30	–15
Balance as at 31.12.	**–49**	**–19**
Carrying amounts as at 31.12.	**3,109**	**2,994**

(30) 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 (16)).

in € m

	31.12.2022	31.12.2021
Owner-occupied land and buildings	633	577
thereof: Right-of-use assets under leases	134	122
Operating and office equipment	60	62
thereof: Right-of-use assets under leases	4	4
Machinery and technical equipment	30	30
thereof: Right-of-use assets under leases	0	0
Total	**722**	**669**

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 € 89 m as at 31 December 2022 (31 December 2021: € 66 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 2022 (31 December 2021: € 18 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Cost								
Balance as at 1.1.	**894**	**890**	**251**	**242**	**35**	**31**	**1,180**	**1,163**
Additions	98	24	15	13	3	4	115	41
Disposals	–3	–20	–11	–6	–0	–0	–15	–26
Changes due to currency translation and other adjustments	2	0	1	1	0	0	3	1
Balance as at 31.12.	**990**	**894**	**255**	**251**	**37**	**35**	**1,282**	**1,180**
Accumulated depreciation								
Balance as at 1.1.	**–312**	**–291**	**–189**	**–181**	**–5**	**–3**	**–506**	**–475**
Depreciation	–43	–40	–16	–15	–2	–2	–61	–57
Disposals	3	17	10	7	0	0	13	25
Changes due to currency translation and other adjustments	–0	2	–0	–0	–0	0	–1	2
Balance as at 31.12.	**–352**	**–312**	**–195**	**–189**	**–7**	**–5**	**–554**	**–506**
Cumulative loss allowances								
Balance as at 1.1.	**–5**	**–5**	**–0**	**–0**	**–**	**–**	**–5**	**–5**
Impairment losses	–0	–	–0	–0	–	–	–1	–0
Disposals	–	–	–0	–	–	–	–0	–
Changes due to currency translation and other adjustments	0	0	–0	–	–	–	–0	0
Balance as at 31.12.	**–5**	**–5**	**–1**	**–0**	**–**	**–**	**–6**	**–5**
Carrying amounts as at 31.12.	**633**	**577**	**60**	**62**	**30**	**30**	**722**	**669**

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

(31) 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 (16)).

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

in € m

	31.12.2022	31.12.2021
Goodwill	13	13
Concessions, industrial and similar rights	1	1
Software	169	143
thereof: Purchased	168	142
thereof: Internally generated	1	1
Software under development	3	–
Other intangible assets	2	3
Total	**188**	**161**

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 2022 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 2027, the planning is differentiated on the basis of the surpluses. For the purposes of projecting the long-term earnings from 2028 onwards, a growth markdown of 1.0 % is assumed in the discounting applied. Present value was calculated on the basis of the current market discount rate of 1.5 % plus a market risk premium of 7.5 % and a custom beta of 1.07 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 13.0 %.

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, further rises in capital market rates or inflation-induced economic weakness 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		Software under development		Other intangible assets		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cost														
Balance as at 1.1.	**164**	**164**	**2**	**2**	**391**	**339**	**1**	**2**	**–**	**–**	**7**	**7**	**566**	**514**
Additions	–	–	0	0	58	53	–	0	3	–	–	–	60	54
Additions from internal development	–	–	0	–	4	4	–	–	–	–	–	–	4	4
Other additions	–	–	–	0	54	50	–	0	3	–	–	–	56	50
Disposals	–	–	–	–	−1	−1	–	−0	–	–	–	–	−1	−1
Changes due to currency translation and other adjustments	–	–	–	–	2	−0	–	–	–	–	0	0	2	−0
Balance as at 31.12.	**164**	**164**	**2**	**2**	**450**	**391**	**1**	**1**	**3**	**–**	**7**	**7**	**627**	**566**
Accumulated amortisation														
Balance as at 1.1.	**–**	**–**	**−1**	**−1**	**−245**	**−222**	**−1**	**−0**	**–**	**–**	**−1**	**−1**	**−248**	**−223**
Amortiisation	–	–	−0	−0	−33	−21	−0	−0	–	–	−1	−1	−34	−23
Disposals	–	–	–	–	3	1	–	–	–	–	–	–	3	1
Changes due to currency translation and other adjustments	–	–	–	–	−2	−2	−0	–	–	–	−0	−0	−2	−2
Balance as at 31.12.	**–**	**–**	**−1**	**−1**	**−277**	**−245**	**−1**	**−1**	**–**	**–**	**−2**	**−1**	**−281**	**−248**
Accumulated impairment losses														
Balance as at 1.1.	**−151**	**−151**	**–**	**–**	**−4**	**−3**	**–**	**–**	**–**	**–**	**−3**	**−3**	**−158**	**−156**
Impairment losses	–	–	–	–	−1	−1	–	–	–	–	–	–	−1	−1
Disposals	–	–	–	–	−0	–	–	–	–	–	–	–	−0	–
Balance as at 31.12.	**−151**	**−151**	**–**	**–**	**−5**	**−4**	**–**	**–**	**–**	**–**	**−3**	**−3**	**−159**	**−158**
Carrying amounts as at 31.12.	**13**	**13**	**1**	**1**	**168**	**143**	**1**	**1**	**3**	**–**	**2**	**3**	**188**	**161**

(32) 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Financial assets and liabilities measured at amortised cost	1,155	641	884	652
Financial assets, financial liabilities, trading assets and trading liabilities measured at fair value through profit or loss	1,849	2,093	1,667	1,895
Financial assets measured at fair value through other comprehensive income	100	52	316	186
Other assets	71	80	62	89
Provisions for employee benefits	219	423	4	4
Other provisions	41	64	63	29
Other liabilities	93	82	8	7
Tax loss carryforwards	7	15	–	–
Deferred tax assets and liabilities, gross	**3,534**	**3,450**	**3,004**	**2,862**
Netted against deferred tax liabilities/assets	−3,003	−2,854	−3,003	−2,854
Total	**531**	**596**	**1**	**8**
thereof: Non-current	328	470	1	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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Items that will not be reclassified to the consolidated income statement:	**197**	**–829**	**–63**	**246**	**134**	**–583**
Remeasurement of net defined benefit liability	–123	–816	42	243	–82	–573
Change in fair value of equity instruments measured at fair value through other comprehensive income	–9	–3	–0	–0	–9	–3
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	329	–10	–104	3	225	–6
Items that will be subsequently reclassified to the consolidated income statement:	**–497**	**70**	**164**	**–17**	**–333**	**54**
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	–494	115	156	–37	–338	78
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	38	36	–	–	38	36
Gains or losses from fair value hedges of currency risk	–24	–63	7	20	–16	–43
Total	**–300**	**–759**	**101**	**230**	**–199**	**–529**

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 2022 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 2022, the Helaba Group had recognised deferred tax assets of € 3 m (31 December 2021: € 4 m) in respect of corporate income tax loss carryforwards of € 20 m (31 December 2021: € 22 m) and deferred tax assets of € 4 m (31 December 2021: € 11 m) in respect of trade tax loss carryforwards of € 26 m (31 December 2021: € 102 m).

Overall, no deferred tax assets had been recognised in respect of corporate income tax loss carryforwards of € 19 m (31 December 2021: € 22 m) and in respect of trade tax loss carryforwards of € 49 m (31 December 2021: € 52 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 no impairment losses on 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.

(33) Other Assets and Liabilities

Other assets mainly consist of property held for sale as part of ordinary business activities. These assets comprise properties, both completed and under construction, that Helaba is itself developing and marketing. The properties are measured at the lower of cost and fair value less cost to sell, i.e. the estimated recoverable sales proceeds less anticipated remaining costs for completion and sale.

Other assets and other liabilities are used for reporting any other assets or liabilities that, viewed in isolation, are of minor significance and that cannot be allocated to any other item in the statement of financial position.

in € m

	31.12.2022	31.12.2021
Inventories	**767**	**695**
Property held for sale	759	688
Other inventories / work in progress	8	8
Advance payments and payments on account	**348**	**252**
Other taxes receivable	**2**	**1**
Defined benefit assets	**34**	**–**
Sundry assets	**355**	**280**
Other assets	**1,506**	**1,228**

in € m

	31.12.2022	31.12.2021
Advance payments / payments on account	220	193
Tax liabilities, other taxes	32	44
Employee benefits due in short term	97	94
Sundry liabilities	213	179
Other liabilities	**562**	**510**

(34) Provisions

in € m

	31.12.2022	31.12.2021
Provisions for employee benefits	**936**	**1,540**
Pensions and similar defined benefit obligations	860	1,459
Other employee benefits due in the long term	76	80
Other provisions	**234**	**337**
Provisions for off-balance sheet liabilities	80	72
Provisions for loan commitments and financial guarantees	80	71
Provisions for other off-balance sheet obligations	0	1
Restructuring provisions	28	59
Provisions for litigation risks	13	14
Sundry provisions	113	192
Total	**1,171**	**1,877**

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 (overcollateralisation), 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 (overcollateralisation), 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	
	2022	2021	2022	2021	2022	2021
Balance as at 1.1.	**2,391**	**2,537**	**–931**	**–402**	**1,459**	**2,135**
Total pension cost	83	83	–13	–8	69	76
Interest expense (+)/interest income (–)	30	26	–11	–5	18	21
Current service cost	51	57	–	–	51	57
Past service cost	–0	–2	–	–	–0	–2
Gains or losses on settlement	2	3	–2	–3	–	–
Total gains or losses on remeasurement	–827	–174	134	–3	–693	–177
Actuarial gains (–)/losses (+) on financial assumptions	–816	–111	–	–	–816	–111
Actuarial gains (–)/losses (+) on demographic assumptions	–0	–4	–	–	–0	–4
Experience adjustment gains (–)/losses (+)	–11	–60	–	–	–11	–60
Gains or losses on remeasurement of plan assets	–	–	134	–3	134	–3
Employee contributions	3	3	–3	–3	0	0
Employer contributions	–	–	–12	–524	–12	–524
Benefits paid	–64	–67	11	14	–53	–53
Reclassifications	56	–	–	–	56	–
Changes due to currency translation	–1	9	1	–6	–0	3
Balance as at 31.12.	**1,640**	**2,391**	**–813**	**–931**	**827**	**1,459**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Domestic defined benefit plans	**1,543**	**2,255**	**–729**	**–821**	**814**	**1,433**
Landesbank Hessen-Thüringen	**1,100**	**1,594**	**–488**	**–548**	**612**	**1,046**
Comprehensive defined benefit plans	576	737	–	–	576	737
Defined benefit plan up to 1985	478	599	–	–	478	599
Individual commitments	64	89	–	–	64	89
VBB dual contract holders	33	49	–	–	33	49
Final salary plans (Retirement pension scheme 1986–1998)	186	288	–	–	186	288
Pension credit system (Retirement pension scheme from 1999)	238	422	–	–	238	422
Other plans	100	147	–38	–43	62	104
Plan asset without direct allocation	–	–	–450	–505	–450	–505
Frankfurter Sparkasse	**384**	**586**	**–228**	**–261**	**156**	**325**
Frankfurter Sparkasse pension fund	193	296	–227	–259	–34	37
Pension fund adjustment obligation	62	105	–	–	62	105
ZVK Frankfurt	70	103	–	–	70	103
Individual commitments	51	72	–	–	51	72
Other plans	8	10	–2	–2	6	8
Other Group companies	**59**	**75**	**–13**	**–13**	**47**	**62**
Foreign defined benefit plans	**97**	**136**	**–84**	**–110**	**13**	**26**
Total	**1,640**	**2,391**	**–813**	**–931**	**827**	**1,459**

The asset of € 34 m resulting from the Frankfurter Sparkasse pension fund as at 31 December 2022 is presented within Other assets (31 December 2021: pension provision of € 37 m).

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

	31.12.2022	31.12.2021
Plan assets quoted in active markets	**259**	**322**
Cash on hand, demand deposits and overnight money balances with central banks and banks	–	0
Bonds and other fixed-income securities	136	182
Equity shares and other variable-income securities	123	140
Plan assets not quoted in active markets	**554**	**610**
Cash on hand, demand deposits and overnight money balances with central banks and banks	1	0
Equity shares and other variable-income securities	501	561
Qualifying insurance contracts	53	49
Fair values of plan assets	**813**	**931**

As at 31 December 2022, the plan assets included the Group's own bonds in an amount of € 81 m held via investment funds (31 December 2021: € 115 m).

For the next financial year, Helaba expects to make contributions to plan assets of € 11 m (2021: € 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. Pension provisions have decreased significantly due to the rise in interest rates in the current financial year. 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

	31.12.2022	31.12.2021
Discount rate	3.7	1.2
Salary trend	2.1	2.0
Pension trend	1.8	1.5

In both the year under review and the previous year, the probability of invalidity and death in Germany was based on the 2018 generation mortality tables published by Professor Dr. Heubeck.

Changes in the main actuarial assumptions would have the following effects on the present value of all the defined benefit obligations:

in € m

	31.12.2022	31.12.2021
Discount rate (decreased by 50 basis points)	128	242
Salary trend (increased by 25 basis points)	44	70
Pension trend (increased by 25 basis points)	41	70
Life expectancy (improved by 10%)	64	118

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.

The weighted average maturity of the defined benefit obligations was 15.2 years (31 December 2021: 19.4 years). The following table shows the maturity structure of the forecast pension payments:

in € m

	31.12.2022	31.12.2021
Forecast pension payments with maturities of up to one year	72	68
Forecast pension payments with maturities of one year to five years	301	284
Forecast pension payments with maturities of five years to ten years	414	392

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 SparkassenVersicherung and Provinzial Lebensversicherung AG. The foreign branches in London and New York also have their own defined contribution plans funded through external pension providers. As in the previous year, the total expenses for defined contribution plans were € 4 m.

The employer subsidy for pension insurance in the reporting periodyear amounted to € 38 m (2020: € 36 m). m, the same amount as in the previous year.

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 1.1.2022	**80**	**1**	**59**	**14**	**192**
Utilisation	–38	–	–12	–2	–183
Reversals	–1	–0	–7	–1	–25
Reclassifications	12	–	–11	–	–56
Interest cost	–2	–	–2	–0	–4
Additions	23	0	–	2	189
Changes due to currency translation and other adjustments	1	–	–0	–	1
As at 31.12.2022	**76**	**0**	**28**	**13**	**113**

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 1.1.2021	**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**

Provisions for other off-balance sheet liabilities result from liabilities outside the scope of application of the IFRS 9 impairment model that are subject to the recognition and measurement regulations of IAS 37. Please refer to Note (37) for further information on provisions for loan commitments and financial guarantees within the scope of application of the IFRS 9 impairment model.

The restructuring provisions related mainly to Helaba's "Scope – Growth through Efficiency" programme, for which provisions of € 15 m (31 December 2021: € 32 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 € 13 m (31 December 2021: € 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 (47).

The sundry provisions mainly relate to risks in connection with real estate, flat-rate employment taxes, obligations in connection with share transactions and risks related to potential compensation claims in the deposit business or to the reimbursement of account processing fees and 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 € 116 m (31 December 2021: € 141 m).

(35) Equity

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

As at 31 December 2022, 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 2022, the bond amounts recognised in the consolidated statement of financial position stood at € 354 m (31 December 2021: € 354 m).

The retained earnings amounting to € 5,665 m (31 December 2021: € 5,338 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 2021: € 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 1.1.2021	**–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**
Other comprehensive income for the reporting period	491	–6	232	0	–416	–	2	27	330
Reclassifications within equity	–	–	–0						–0
As at 31.12.2022	**–82**	**–9**	**225**	**–1**	**–338**	**–17**	**38**	**–16**	**–199**

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 2022 under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 5.48 % (2021: 5.48 %) plus the applicable capital buffer requirements. The CET1 capital ratio requirement, including the relevant capital buffer requirements, as at 31 December 2022 therefore came to 8.58 % (31 December 2021: 8.51 %).

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 2022, the breakdown of the own funds of the Helaba banking group was as follows (each amount shown after regulatory adjustments):

in € m

	31.12.2022	31.12.2021
Tier 1 capital	**9,140**	**9,616**
Common Equity Tier 1 capital (CET1)	8,786	9,157
Additional Tier 1 capital	354	459
Tier 2 capital	**2,055**	**1,957**
Own funds, total	**11,195**	**11,573**

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

in € m

	31.12.2022	31.12.2021
Default risk (including equity investments and securitisations)	4,356	4,373
Market risk (including CVA risk)	529	469
Operational risk	302	268
Total own funds requirement	**5,188**	**5,110**
CET1 capital ratio	13.5%	14.3%
Tier 1 capital ratio	14.1%	15.1%
Total capital ratio	17.3%	18.1%

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. Under the CRR, banks generally have to comply with a leverage ratio of 3.0 %.

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

(36) Risk Management

The Group's risk strategy focuses on the assumption of risks with a view to making profits and takes account of the company's economic and regulatory capital. The identified risks are continuously measured and monitored for risk management purposes. The methods used are subject to constant improvement. With regard to the organisation of risk management, the individual risk types, including the consideration given to ESG factors, and risk concentrations, please refer to the risk report, which forms an integral part of the management report.

(37) Credit Risks Attributable to Financial Instruments

The Helaba Group applies the three-stage IFRS 9 impairment model to the following financial instruments and measurement categories:

- Financial assets in the AC measurement category
- Debt instruments in the FVTOCI (recycling) measurement category
- Lease receivables
- Receivables in accordance with IFRS 15 (including contract assets)
- Loan commitments within the scope of IFRS 9 and financial guarantees not measured at fair value through profit or loss.

In accordance with the expected credit loss model, a loss allowance is recognised in the amount of the expected credit loss for all financial instruments falling within this scope, depending on the model stage to which the financial instrument concerned is allocated.

Cumulative loss allowances on financial assets in the AC measurement category are deducted from the gross carrying amounts on the assets side of the statement of financial position. In the case of financial assets in the FVTOCI (recycling) measurement category, they are reported within accumulated OCI. The cumulative provisions for losses on loan commitments and financial guarantees are reported separately as a provision for off-balance sheet liabilities under provisions on the liabilities side of the statement of financial position. Impairment losses and reversals of impairment losses are recognised as additions to, and reversals of, this provision.

Loss allowances at stage 1

When a financial instrument is first recognised, it is normally allocated to stage 1 regardless of its initial credit risk. Exceptions are financial instruments that need to be classified as POCI assets (because there is already objective evidence of impairment at the time of initial recognition), lease receivables and IFRS 15 contract assets, which are always allocated to stage 2 in application of the simplified approach under IFRS 9.

The loss allowance at stage 1 is recognised in an amount equal to the twelve-month expected credit loss (12M ECL). This amount is derived from the lifetime expected credit losses and comprises the portion of the losses resulting from default events anticipated in the twelve months following the reporting date.

Loss allowances at stage 2

Financial instruments for which the credit risk has increased significantly compared with the credit risk expected on initial recognition are allocated to stage 2. Lease receivables, together with contract assets as specified in IFRS 15, are also allocated to stage 2.

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 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 same applies when forbearance action is agreed.

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 forward-looking information not previously reflected in the ECL calculation models and that should be factored into the recognition of loss allowances. As at 31 December 2022, the adjustment of loss allowances recognised in this regard amounted to € 396 m (31 December 2021: € 296 m). Current and foreseeable risks and their potential impact on probability of default and the recoverability of collateral securing selected credit portfolios are examined in this context. A detailed description is provided in the section entitled Portfolio-based loss allowances.

The following main parameters, assumptions and estimation methods are used to establish lifetime ECLs:

- Probability of default (PD): the lifetime PD represents the borrower's probability of default for the entire remaining term of the transaction concerned. The calculation of the lifetime PD is based on migration matrices available for every rating module. The migration matrices describe the probability that a borrower will migrate from one rating class into another within the next twelve months. They can be used to determine both the one-year PD and – based on matrix multiplication – the lifetime PD. The migration probabilities are mainly derived from past experience, but also take information on the current situation as well as forward-looking information into account.

- Exposure at default (EAD): the EAD is mainly based on the expected present value of the projected and extraordinary cash flows during the remaining term of the transaction. This includes both expected unscheduled repayments as well as cancellation probabilities for transactions where the cancellation before the end of the contract term is considered possible. Both parameters are calculated as average values of historical data.

- Credit conversion factor (CCF): the CCF is taken into account as part of the EAD calculation in the context of loan commitments. The CCF represents the projected drawdown of the provided credit line if a default occurs within the next year. Based on historical and economic customer behaviour, the CCF is calculated as the ratio between the loan amount to be drawn until the default event, and the provided credit line as at the respective reporting date. In order to be able to determine the provided credit line for more than one period in the event of a default, a life CCF (LCCF) must be taken into consideration. The LCCF represents the expected drawdown of a provided credit line over time provided that no counterparty default occurs. The LCCF is calculated from historical data: it is the percentage of drawdowns of the overall credit line in the respective period.

- Loss given default (LGD): the LGD is calculated for the secured and unsecured portions of the EAD. The calculation of the secured EAD portion includes estimated changes in the fair value of collateral; these estimates might be adjusted if pronounced macroeconomic fluctuations are anticipated. Initially, the LGD is calculated for twelve months. In order to calculate LGDs covering more than one year, both the EAD and the collateral value are extrapolated over future periods. IFRS 9 requires reporting entities to make estimates reflecting their expectations; to fulfil this requirement, the Helaba Group does not take into account any downturn components or collateral margins considered inappropriately high for economic purposes. Moreover, the consideration of collateral is also based on economic criteria. For instance, all recoverable collateral is taken into account irrespective of its eligibility for regulatory purposes.

- Remaining term:
  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 2022, an exceptional circumstance was identified because of the anticipated macroeconomic environment. For further information, please see the remarks in the section entitled Exceptional circumstance.

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 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 (14)), 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 € 52 m (31 December 2021: € 229 m). The corresponding modification gains or losses amounted to € 0 m (31 December 2021: no gains or losses). The portfolio contains modified assets with a gross carrying amount of € 3 m (31 December 2021: € 1 m) that were assigned to stages 2 or 40 at the date of modification, but transferred to stage 79 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

	31.12.2022	31.12.2021
Cumulative loss allowances	**849**	**718**
In respect of financial assets measured at amortised cost	847	714
Demand deposits and overnight money balances at central banks and banks	0	0
Bonds and other fixed-income securities	0	0
Loans and receivables	846	714
In respect of financial assets measured at fair value through other comprehensive income	3	3
Bonds and other fixed-income securities	2	2
Loans and receivables	1	1
Loan loss provisions	**80**	**71**
For loan commitments	26	27
For financial guarantees	54	44
Total	**929**	**789**

Exceptional circumstance

The current macroeconomic environment is one of considerable uncertainty due to factors such as the Ukraine war, the related energy crisis and the rise in inflation. In addition, geopolitical conflicts reduce global appetite for cooperation. 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. Stage 1 and 2 volumes are taken into account in relation to the exceptional circumstance. If the adjustment of the probability of default to incorporate forward-looking macroeconomic information causes the quantitative transfer limit to be exceeded, a lifetime ECL is recognised. No actual transfer from those stages takes place.

The anticipated macroeconomic trend was assessed as an exceptional circumstance for certain sub-portfolios and factored into loss allowances. The various scenarios are based on different assumptions about global economic performance. In the baseline scenario, the German economy slides into recession at the beginning of 2023 due to the negative economic effects of the war in Ukraine. After expanding by 2 % over 2022 as a whole, GDP stagnates in 2023 (on a seasonally-adjusted basis). As other countries are less affected by the energy crisis and receiving more support from European assistance programmes, economic growth in the euro zone is slightly positive in 2023. Inflation in Germany and the euro zone remains at a high 6 %. The effects of climate change still play a subordinate role in the forecast horizon at global economic level and only build over the long term. Impetus comes mainly from efforts to reduce greenhouse gases. These tend to increase price pressures, although the extent to which they do so varies considerably from region to region. This counteracts positive growth effects stemming from increasing investment in decarbonisation. Central banks have tightened monetary policy considerably and the cycle of interest rate hikes has not yet reached its end. To stem high inflation, the US benchmark rate is raised to almost 5 % in the first quarter of 2023. The ECB also responds to very high inflation and quickly lifts the main refinancing rate to 3.5 %. Due to high inflation and the change of monetary policy course, capital market rates are at increased levels compared with the past ten years. In combination with the end of the ECB's asset-buying programmes, the subdued economic outlook leads to higher risk premiums on corporate and bank bonds.

In the negative alternative scenario, the sharp rise in energy prices and disruption to supply chains, particularly for natural gas, trigger a deep, double-dip recession at the beginning of 2023 and in the winter of 2023 / 2024. In Europe especially, this brings a slump in economic activity. In each case, the economy then makes a sluggish recovery. The Ukraine war increases competition for scarce commodities needed for the energy transition. Geopolitical conflicts reduce global appetite for the cooperation that would help bring about a prompt reduction in greenhouse gas emissions. Due to the economic downturn and the sharp fall in expectations for inflation, the ECB cuts the main refinancing rate to 1.5 % in 2023. Defaults have an adverse impact on banks. Beyond short-term price shocks on the energy market and fresh bottlenecks – including in the winter of 2023 / 2024 – the economic downturn brings supply and demand better into balance. The oil price falls sharply. All these factors push down inflation.

In the positive alternative scenario, the loss of confidence as a result of the Ukraine war is overcome relatively quickly. The successful adjustments made by businesses enable them to reduce their dependence on Russian energy, as a result of which energy prices quickly return to normal. Pent-up demand drives economic activity. Shortages of materials and supply chain bottlenecks are overcome thanks to growth in capital investment. Successful global cooperation on climate issues reduces uncertainty in planning. There is no longer a risk premium on commodity prices, including energy prices. Efficiency gains in the economy and a reduction in protectionism also ease price pressures despite strong demand. In the positive scenario, the need for monetary policy action is short lived, much like in the base scenario. In this case though, keeping the benchmark rate at a restrictive level remains the appropriate course of action for longer. By the end of 2023, the ECB lifts the main refinancing rate to 3.5 %.

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

in %

	Positive		Base		Negative	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Gross domestic product	1.1	5.4	0.0	4.0	–2.3	–0.3
Unemployment rate	5.2	4.9	5.7	5.1	6.7	6.4
Rate of change consumer price index	6.4	4.0	6.0	2.7	7.0	1.4
Short term interest, 3 months	2.4	–0.2	3.2	–0.5	2.1	–0.7

Compared with 31 December 2021, macroeconomic parameters have deteriorated. The impact of the exceptional circumstance on loss allowances has increased from € 50 m as at 31 December 2021 to € 87 m. The war in Ukraine is having a substantial adverse effect on the already-sluggish recovery from the COVID-19 pandemic. The effect of the exceptional circumstance as at 31 December 2022 was calculated, as in the previous year, on the basis of the impact in the negative scenario so as to factor in the uncertainty in the macroeconomic environment. For comparison: The weighted scenario comprising baseline scenario (probability of 65 %), positive scenario (probability of 10 %) and negative scenario (probability of 25 %) results in loss allowances being € 12 m lower, and the positive scenario in loss allowances being € 22 m lower. The change in the scenarios' probability weighting compared with 31 December 2021 takes account of the anticipated probabilities of occurrence (31 December 2021: probability of occurrence of baseline scenario 75 %; probability of occurrence of negative scenario 10 %; probability of occurrence of positive scenario 15 %).

Portfolio-based loss allowances

As at 31 December 2022, there was a heightened risk of defaults on the basis of forward-looking information. The highly uncertain effects of the energy crisis and the continuing risks arising from the COVID-19 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 € 10,238 m, the proportion of financial assets and off-balance sheet commitments at stage 2 equated to 4.6 % of the total volume (31 December 2021: € 10,262 m or 4.7 %). The overall volume of transactions at stage 3 and classified as POCI was € 1,112 m, equating to 0.5 % of the total volume (31 December 2021: € 1,312 m or 0.6 %). Actual rating deteriorations and default events were therefore well below the rise in default risk anticipated by management, as a result of which the stage 2 portfolio-based loss allowance of € 296 m recognised as at 31 December 2021 was increased by € 100 m. For portfolio-based loss allowances, stage 1 and 2 volumes are taken into account and rating deteriorations of at least three and up to five stages are simulated and determined for each individual transaction. No actual transfer from those stages takes place.

Risks arising from the COVID-19 pandemic and disruption to global supply chains, a stoppage of gas deliveries and the Ukraine war were taken into account as at 31 December 2021 and 30 June 2022 (in the case of a stoppage of gas deliveries as at 30 June 2022). Generally speaking, these risks still existed as at 31 December 2022. While the risks arising from the COVID-19 pandemic have diminished, the stoppage of gas deliveries has given rise to an energy crisis that is impacting a variety of sectors. Hopes of a swift end to the Ukraine war have faded. As the risks arising from disruption to global supply chains can no longer be clearly distinguished from the aforementioned risks, they have been implicitly factored into portfolio-based loss allowances for the energy crisis and the COVID-19 pandemic. As at 31 December 2022, the risk situation and the uncertainty over the adequacy of the risk allowances had worsened compared with both the previous year and 30 June 2022, as the chains of effects from the aforementioned crises may spread far and wide and second-round effects may exacerbate the risk situation.

In 2022, a portfolio-based loss allowance of € 270 m was recognised for the first time to take account of the risk of an energy crisis. The sharp rise in energy prices poses a threat to the competitiveness of German businesses and reduces both end consumers' propensity to consume and companies' appetite for investment. To this end, affected sub-portfolios were identified and a rating deterioration assumed for those portfolios. The sub-portfolios affected comprise sectors directly or indirectly affected by rising energy prices. The sectors indirectly affected are those that are dependent on supplier products that are likewise affected by high energy costs and those that use raw materials the production of which entails high energy costs.

A portfolio-based loss allowance of € 10 m (31 December 2021: € 15 m) was recognised in respect of directly affected exposures in order to take account of the risk of possible sanctions against Russia as a result of the Ukraine war. This was lower than the loss allowance recognised as at 31 December 2021 due to the reduction in directly affected exposures held by the Bank.

The portfolio-based loss allowance includes an adjustment of € 92 m for critical sub-portfolios. This additional requirement was estimated based on critical sub-portfolios for which assumptions were made about rating deteriorations, collateral value markdowns and lifetime ECLs. As at 31 December 2021, critical sub-portfolios were defined with the focus on the COVID-19 pandemic. The method used to identify critical sub-portfolios has since been further developed so as to take adequate account of macroeconomic conditions and as at 31 December 2022 included sub-portfolios with a significant proportion of non-performing loans and loans under intensive management. Critical sub-portfolios were identified within the following portfolios: commercial real estate, corporate customers and transport and equipment. Account is therefore taken of current and foreseeable risks and their potential effects on probability of default and the recoverability of collateral that cannot yet be quantified at individual transaction level.

As well as taking into account critical portfolios, and for the purposes of continuity in covering COVID-19 risks, a portfolio-based loss allowance of € 24 m was included for COVID-19-critical exposures. Current measures under the German Protection against Infection Act (Infektionsschutzgesetz, IfSG) and to protect against the spread of the virus from particularly affected regions show that risks arising from a renewed increase in existing or mutated viruses have not yet been fully averted and still exist for COVID-19-critical exposures. COVID-19-critical exposures relate to individually identified borrowers whose financial position is being significantly impacted by the pandemic, or is likely to be so in the near future, and which have not yet been taken into account through a critical sub-portfolio.

The amount of the portfolio-based loss allowances is subject to significant estimation uncertainty. If the ratings deteriorate by one rating level less than expected, the portfolio-based loss allowance requirement falls by € 105 m; if they deteriorate by one rating level more than expected, however, the requirement rises by € 129 m.

As part of the credit process that has been implemented, very close monitoring is being carried out to identify potential effects from the energy crisis, Ukraine war and COVID-19 pandemic on credit risk in the Helaba Group. For further information on the monitoring of these risks, please refer to the risk report, which forms an integral part of the management report.

Supplementary disclosures on the COVID-19 pandemic

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 2022, the gross carrying amount of loans that were subject to an approved EBA-compliant moratorium amounted to € 266 m (31 December 2021: € 284 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 2022, Helaba had on its books loans of € 690 m with COVID-19-related public-sector guarantees (KfW development bank programmes, federal state guarantees) (31 December 2021: € 740 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 (49)).

In addition, as at 31 December 2022 there were exposures with a gross carrying amount of € 1,341 m (31 December 2021: € 1,608 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.

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 2022:

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	39,980	0	–	–	39,980	0	0	–	–	0
Bonds and other fixed-income securities	1,775	–	–	–	1,775	0	–	–	–	0
Loans and receivables	120,636	8,162	941	6	129,745	38	564	243	1	846
Total	**162,390**	**8,162**	**941**	**6**	**171,500**	**38**	**564**	**243**	**1**	**847**

The following table shows the figures 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**

Cumulative loss allowances of € 6 m (31 December 2021: € 4 m) were attributable to financial assets in stages 2 and 3 under the simplified approach with a gross carrying amount of € 249 m (31 December 2021: € 176 m). There is no separate presentation below for reasons of materiality. Cumulative loss allowances on demand deposits and overnight money balances with central banks and banks and on bonds and other fixed-income securities remained largely unchanged in both the reporting year and the comparative period.

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 1.1.2022	**36**	**437**	**240**	**1**	**714**
Total change in loss allowances due to transfers between stages	14	–18	4	–	–
Transfer to stage 1	17	–17	–0	–	–
Transfer to stage 2	–3	3	–0	–	–
Transfer to stage 3	–0	–4	4	–	–
Additions	74	261	132	1	467
Newly originated/acquired financial assets	30	14	2	–	45
Other additions	44	247	130	1	422
Interest effects in stage 3 from updates of gross carrying amount	–	–	8	0	8
Reversals	–89	–113	–103	–1	–306
Reversals from redemptions (derecognition)	–11	–7	–1	–0	–18
Other reversals	–78	–107	–102	–1	–287
Utilisations	–	–	–38	–	–38
Changes due to currency translation and other adjustments	3	–2	1	–	1
As at 31.12.2022	**38**	**564**	**243**	**1**	**846**

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

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 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 reconciliation of the gross carrying amounts only shows transfers that have already occurred as a result of rating deteriorations or default events. The stage 1 to stage 2 transfers simulated in relation to the portfolio-based loss allowance and the exceptional circumstance to factor in forward-looking information are not included in the reconciliation of the gross carrying amounts. These stage transfers are only included if they actually materialise for individual transactions.

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 1.1.2022	**33,682**	**0**	**–**	**–**	**33,682**
Newly originated/acquired financial assets	3,798,525	–	–	–	3,798,525
Change in current account balance	6,280	–0	–	–	6,280
Derecognitions including redemptions	–3,798,607	–	–	–	–3,798,607
Changes due to currency translation and other adjustments	100	–	–	–	100
As at 31.12.2022	**39,980**	**0**	**–**	**–**	**39,980**
Bonds and other fixed-income securities					
As at 1.1.2022	**389**	**0**	**–**	**–**	**389**
Newly originated/acquired financial assets	1,397	–	–	–	1,397
Derecognitions including redemptions	–24	–	–	–	–24
Changes due to currency translation and other adjustments	14	–0	–	–	14
As at 31.12.2022	**1,775**	**–**	**–**	**–**	**1,775**
Loans and receivables					
As at 1.1.2022	**120,804**	**8,411**	**1,119**	**6**	**130,339**
Changes in basis of consolidation	2	–	–	–	2
Newly originated/acquired financial assets	69,634	855	62	2	70,553
Change in current account balance	–2,998	–531	–1	–0	–3,530
Transfers between stages	–1,768	1,461	307	–	–
Transfer to stage 1	5,722	–5,714	–8	–	–
Transfer to stage 2	–7,314	7,480	–167	–	–
Transfer to stage 3	–177	–305	482	–	–
Derecognitions including redemptions	–61,901	–1,653	–336	–2	–63,892
Write-offs	–	–	–34	–	–34
Changes due to currency translation and other adjustments	–3,136	–381	–175	0	–3,693
As at 31.12.2022	**120,636**	**8,162**	**941**	**6**	**129,745**

Additions and disposals for demand deposits and overnight money balances with central banks and banks relate predominantly to overnight investments with Deutsche Bundesbank.

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 1.1.2021	**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 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	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
Demand deposits and overnight money balances at central banks and banks	**39,980**	**33,682**	**0**	**0**
Central banks	39,807	33,452	0	0
Central giro institutions	60	17	–	–
Sparkassen	12	24	0	0
Other banks	101	189	0	0
Bonds and other fixed-income securities	**1,775**	**389**	**0**	**0**
Central giro institutions	5	–	0	–
Other banks	1,751	389	0	0
Other financial corporations	14	0	0	–
Government	5	–	0	–
Loans and receivables	**129,745**	**130,339**	**846**	**714**
Central banks	54	56	–	–
Central giro institutions	356	322	0	0
Sparkassen	7,833	6,681	0	0
Other banks	4,596	8,628	2	1
Other financial corporations	12,197	10,453	6	8
Non-financial corporations	69,206	67,094	802	672
Government	27,016	28,795	0	1
Households	8,487	8,310	36	32
Total	**171,500**	**164,410**	**847**	**714**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Agriculture, forestry and fishing	0	1	0	0
Mining and quarrying	44	76	1	1
Manufacturing	6,082	5,370	38	39
Electricity, gas, steam and air-conditioning supply	7,179	6,624	31	21
Water supply, sewerage, waste management and remediation activities	2,732	2,944	0	0
Construction	786	810	2	3
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,225	1,478	37	7
Transportation and storage	4,938	5,163	50	84
Accommodation and food service activities	119	111	0	1
Information and communication	2,952	2,410	10	7
Real estate activities	34,129	33,232	617	482
Professional, scientific and technical activities	1,131	1,588	2	10
Other service activities	2,521	2,509	8	13
Public administration, defence, social insurance	1,474	1,632	0	0
Education	453	377	1	0
Human health and social work activities	1,266	1,436	2	2
Arts, entertainment and recreation	418	374	2	0
Other service activities	757	956	1	1
Non-financial corporations	**69,206**	**67,094**	**802**	**672**

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

	31.12.2022					31.12.2021				
	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	**39,980**	**0**	**–**	**–**	**39,980**	**33,682**	**0**	**–**	**–**	**33,682**
Internal classes 0 – 3	39,875	–	–	–	39,875	33,444	–	–	–	33,444
Internal classes 4 – 7	41	–	–	–	41	30	–	–	–	30
Internal classes 8 – 11	0	0	–	–	1	206	0	–	–	207
No allocation to an internal rating class	64	–	–	–	64	2	–	–	–	2
Cumulative loss allowances	**0**	**0**	**–**	**–**	**0**	**0**	**0**	**–**	**–**	**0**
Net carrying amount	**39,980**	**0**	**–**	**–**	**39,980**	**33,682**	**0**	**–**	**–**	**33,682**
Bonds and other fixed-income securities										
Gross carrying amount	**1,775**	**–**	**–**	**–**	**1,775**	**389**	**0**	**–**	**–**	**389**
Internal classes 0 – 3	345	–	–	–	345	–	–	–	–	–
Internal classes 4 – 7	1,369	–	–	–	1,369	389	–	–	–	389
Internal classes 8 – 11	61	–	–	–	61	–	–	–	–	–
No allocation to an internal rating class	–	–	–	–	–	–	0	–	–	0
Cumulative loss allowances	**0**	**–**	**–**	**–**	**0**	**0**	**–**	**–**	**–**	**0**
Net carrying amount	**1,774**	**–**	**–**	**–**	**1,774**	**389**	**0**	**–**	**–**	**389**
Loans and receivables										
Gross carrying amount	**120,636**	**8,162**	**941**	**6**	**129,745**	**120,804**	**8,411**	**1,119**	**6**	**130,339**
Internal classes 0 – 3	48,351	41	–	–	48,392	47,195	20	–	–	47,215
Internal classes 4 – 7	29,086	505	–	–	29,592	32,202	227	–	0	32,430
Internal classes 8 – 11	31,659	2,095	–	1	33,755	30,340	2,845	–	1	33,187
Internal classes 12 – 15	9,031	3,242	–	0	12,273	8,676	2,824	–	0	11,500
Internal classes 16 – 20	1,305	1,556	–	0	2,861	1,133	1,982	–	0	3,116
Internal class 21	485	700	–	–	1,185	461	479	–	–	940
Internal classes 22 – 24 (defaulted)	–	–	940	5	945	–	–	1,118	5	1,122
No allocation to an internal rating class	719	22	1	–	742	795	33	1	–	830
Cumulative loss allowances	**38**	**564**	**243**	**1**	**846**	**36**	**437**	**240**	**1**	**714**
Net carrying amount	**120,598**	**7,597**	**698**	**5**	**128,898**	**120,768**	**7,974**	**879**	**5**	**129,625**

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 2022:

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	14,518	253	–	–	14,771	2	0	–	–	2
Loans and receivables	778	4	–	–	782	1	0	–	–	1
Total	**15,296**	**257**	**–**	**–**	**15,553**	**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 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**

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 1.1.2022	**16,344**	**46**	**–**	**–**	**16,390**
Newly originated/acquired financial assets	6,057	–	–	–	6,057
Transfers between stages	–110	110	–	–	–
Transfer to stage 1	48	–48	–	–	–
Transfer to stage 2	–158	158	–	–	–
Derecognitions including redemptions	–6,417	–26	–	–	–6,443
Changes due to currency translation and other adjustments	–942	128	–	–	–814
As at 31.12.2022	**14,934**	**257**	**–**	**–**	**15,191**
Fair value changes recognised in OCI	–416	–4	–	–	–420
Fair value as at 31.12.2022	**14,518**	**253**	**–**	**–**	**14,771**
Loans and receivables					
As at 1.1.2022	**653**	**7**	**–**	**–**	**660**
Newly originated/acquired financial assets	266	–	–	–	266
Derecognitions including redemptions	–68	–3	–	–	–71
Changes due to currency translation and other adjustments	3	–0	–	–	3
As at 31.12.2022	**854**	**4**	**–**	**–**	**858**
Fair value changes recognised in OCI	–76	–0	–	–	–77
Fair value as at 31.12.2022	**778**	**4**	**–**	**–**	**782**

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 1.1.2021	**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**

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)	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	**14,771**	**16,506**	**2**	**2**
Central giro institutions	614	595	0	0
Other banks	10,354	10,960	1	2
Other financial corporations	244	193	0	0
Non-financial corporations	189	182	0	0
Government	3,370	4,576	0	0
Loans and receivables	**782**	**656**	**1**	**1**
Other financial corporations	45	28	0	0
Non-financial corporations	737	628	1	1
Total	**15,553**	**17,162**	**3**	**3**

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)	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Agriculture, forestry and fishing	11	12	0	0
Manufacturing	363	292	0	0
Electricity, gas, steam and air-conditioning supply	104	83	0	0
Wholesale and retail trade; repair of motor vehicles and motorcycles	47	33	0	0
Transportation and storage	51	64	0	0
Information and communication	25	28	0	0
Real estate activities	86	73	0	0
Professional, scientific and technical activities	50	44	0	0
Non-financial corporations	**737**	**628**	**1**	**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

	31.12.2022					31.12.2021				
	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	**14,934**	**257**	**–**	**–**	**15,191**	**16,344**	**46**	**–**	**–**	**16,390**
Internal classes 0 – 3	8,298	–	–	–	8,298	8,816	–	–	–	8,816
Internal classes 4 – 7	5,721	–	–	–	5,721	6,908	–	–	–	6,908
Internal classes 8 – 11	811	257	–	–	1,068	614	46	–	–	660
Internal classes 12 – 15	59	–	–	–	59	1	–	–	–	1
No allocation to an internal rating class	45	–	–	–	45	5	–	–	–	5
Cumulative loss allowances	**2**	**0**	**–**	**–**	**2**	**2**	**0**	**–**	**–**	**2**
Net carrying amount	**14,932**	**257**	**–**	**–**	**15,189**	**16,342**	**46**	**–**	**–**	**16,388**
Total fair value	**14,518**	**253**	**–**	**–**	**14,771**	**16,460**	**46**	**–**	**–**	**16,506**
Loans and receivables										
Gross carrying amount	**854**	**4**	**–**	**–**	**858**	**653**	**7**	**–**	**–**	**660**
Internal classes 0 – 3	58	–	–	–	58	10	–	–	–	10
Internal classes 4 – 7	260	–	–	–	260	219	–	–	–	219
Internal classes 8 – 11	523	–	–	–	523	415	–	–	–	415
Internal classes 12 – 15	14	4	–	–	18	9	–	–	–	9
Internal classes 16 – 20	–	–	–	–	–	–	7	–	–	7
Cumulative loss allowances	**1**	**0**	**–**	**–**	**1**	**1**	**0**	**–**	**–**	**1**
Net carrying amount	**854**	**4**	**–**	**–**	**858**	**652**	**7**	**–**	**–**	**659**
Total fair value	**778**	**4**	**–**	**–**	**782**	**649**	**7**	**–**	**–**	**656**

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 2022:

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	30,311	1,361	34	2	31,708	8	9	9	0	26
Financial guarantees	5,415	457	117	12	6,001	3	8	41	2	54
Total	**35,726**	**1,819**	**151**	**14**	**37,709**	**11**	**17**	**50**	**2**	**80**

The following table shows the figures as at 31 December 2021:

Off-balance sheet liabilities — in € m

	Nominal amount					Provisions				
	Stage 1[1)]	Stage 2[1)]	Stage 3	POCI	Total[1)]	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	5,238	602	103	10	5,953	4	15	26	–	44
Total	**32,875**	**1,798**	**176**	**11**	**34,861**	**12**	**27**	**32**	**0**	**71**

[1)] Prior-year figures restated: In the previous year, there were guarantees outside the scope of application of the IFRS 9 impairment requirements presented as financial guarantees. The restatement relates to stage 1 (€ –2,851 m) and stage 2 (€ –2 m). The provisions recognised for this did not result in any change to the prior-year figures. See also Note (1).

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 1.1.2022	**8**	**12**	**6**	**0**	**27**
Total change in provision due to transfers between stages	7	–7	0	–	–
Transfer to stage 1	8	–8	–0	–	–
Transfer to stage 2	–1	1	–0	–	–
Transfer to stage 3	–0	–0	0	–	–
Additions	20	31	23	0	75
New loan commitments originated	16	3	–	–	19
Other additions	4	28	23	0	55
Reversals	–28	–27	–21	–0	–76
Utilisations (drawdown under loan commitment)	–11	–10	–3	–0	–24
Other reversals	–17	–17	–18	–0	–52
Changes due to currency translation and other adjustments	–0	0	0	–	0
As at 31.12.2022	**8**	**9**	**9**	**0**	**26**
Financial guarantees					
As at 1.1.2022	**4**	**15**	**26**	**–**	**44**
Total change in provision due to transfers between stages	2	–4	1	–	–
Transfer to stage 1	3	–3	–	–	–
Transfer to stage 2	–0	0	–	–	–
Transfer to stage 3	–0	–1	1	–	–
Additions	5	8	22	2	36
New financial guarantees originated	2	1	–	–	3
Other additions	3	7	22	2	33
Reversals	–8	–11	–8	–0	–27
Changes due to currency translation and other adjustments	0	0	–0	–	0
As at 31.12.2022	**3**	**8**	**41**	**2**	**54**

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 1.1.2021	**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 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 1.1.2022	**27,637.51**	**1,196**	**73**	**1**	**28,908**
Changes in basis of consolidation	11	–	–	–	11
New loan commitments originated	20,957	425	1	1	21,385
Change in current account balance	–800	93	–3	0	–710
Transfers between stages	–563	556	7	–	–
Transfer to stage 1	1,039	–1,039	–0	–	–
Transfer to stage 2	–1,599	1,601	–1	–	–
Transfer to stage 3	–3	–6	9	–	–
Drawdowns under loan commitments	–17,706	–792	–96	–3	–18,596
Changes due to currency translation and other adjustments	775	–118	51	2	710
As at 31.12.2022	**30,311**	**1,361**	**34**	**2**	**31,708**
Financial guarantees					
As at 1.1.2022	**5,238**	**602**	**103**	**10**	**5,953**
New financial guarantees originated	1,750	98	6	2	1,855
Transfers between stages	40	–63	23	–	–
Transfer to stage 1	148	–148	–	–	–
Transfer to stage 2	–100	100	–	–	–
Transfer to stage 3	–7	–16	23	–	–
Changes due to currency translation and other adjustments	–1,612	–179	–15	–	–1,806
As at 31.12.2022	**5,415**	**457**	**117**	**12**	**6,001**

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

Off-balance sheet liabilities in € m

	Stage 1[1]	Stage 2[1]	Stage 3	POCI	Total[1]
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	–	–
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	**4,500**	**578**	**41**	**10**	**5,128**
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	−764	−202	−7	–	−973
As at 31.12.2021	**5,238**	**602**	**103**	**10**	**5,953**

[1] Prior-year figures restated: In the previous year, there were guarantees outside the scope of appli-cation of the IFRS 9 impairment requirements presented as financial guarantees. The restatement relates to the balance as at 1 January 2021 for stage 1 (€ −2,742 m) and stage 2 (€ −1 m) and to changes due to currency translation and other changes for stage 1 (€ −109 m). The balance as at 31 December 2021 and the Total column have been adjusted accordingly. See also Note (1).

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	
	31.12.2022	31.12.2021[1]	31.12.2022	31.12.2021
Loan commitments	**31,708**	**28,908**	**26**	**27**
Central giro institutions	104	122	0	0
Sparkassen	457	683	0	0
Other banks	285	339	0	0
Other financial corporations	4,540	3,405	1	1
Non-financial corporations	22,745	20,807	19	23
Government	2,140	1,963	0	0
Households	1,437	1,589	6	3
Financial guarantees	**6,001**	**5,953**	**54**	**44**
Central giro institutions	0	0	0	–
Sparkassen	97	81	0	0
Other banks	278	261	0	0
Other financial corporations	196	384	0	1
Non-financial corporations	5,324	5,116	53	43
Government	63	66	0	0
Households	43	45	0	0
Total	**37,709**	**34,861**	**80**	**71**

[1] Prior-year figures restated: Prior-year figures restated: In the previous year, there were guarantees outside the scope of application of the IFRS 9 impairment requirements presented as financial guarantees. The restatement relates to the nominal amount for other financial corporations (€ –2,436 m) and non-financial corporations (€ –417 m). The provisions recognised for this did not result in any change to the prior-year figures. See also Note (1).

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

	31.12.2022					31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1[1]	Stage 2[1]	Stage 3	POCI	Total[1]
Loan commitments										
Nominal amount	**30,311**	**1,361**	**34**	**2**	**31,708**	**27,638**	**1,196**	**73**	**1**	**28,908**
Internal classes 0 – 3	5,790	1	–	0	5,790	5,166	1	–	0	5,167
Internal classes 4 – 7	7,514	74	–	0	7,588	7,306	17	–	0	7,323
Internal classes 8 – 11	12,238	238	–	0	12,476	10,935	125	–	0	11,060
Internal classes 12 – 15	2,870	581	–	–	3,451	1,893	477	–	0	2,370
Internal classes 16 – 20	409	307	–	0	717	434	504	–	0	937
Internal class 21	27	92	–	–	119	1,074	58	–	–	1,132
Internal classes 22 – 24 (defaulted)	–	–	22	2	24	–	–	72	1	74
No allocation to an internal rating class	1,463	69	12	–	1,544	830	15	1	–	845
Provisions	**8**	**9**	**9**	**0**	**26**	**8**	**12**	**6**	**0**	**27**
Financial guarantees										
Nominal amount	**5,415**	**457**	**117**	**12**	**6,001**	**5,238**	**602**	**103**	**10**	**5,953**
Internal classes 0 – 3	370	0	–	–	370	382	0	–	–	382
Internal classes 4 – 7	1,965	28	–	–	1,993	1,803	–	–	–	1,803
Internal classes 8 – 11	2,114	46	–	–	2,160	2,270	107	–	–	2,377
Internal classes 12 – 15	657	195	–	–	852	483	284	–	–	767
Internal classes 16 – 20	33	114	–	–	147	35	191	–	–	227
Internal class 21	271	75	–	–	345	263	19	–	–	282
Internal classes 22 – 24 (defaulted)	–	–	117	12	129	–	–	103	10	113
No allocation to an internal rating class	4	–	–	–	4	2	–	–	–	2
Provisions	**3**	**8**	**41**	**2**	**54**	**4**	**15**	**26**	**–**	**44**

[1] Prior-year figures restated: In the previous year, there were guarantees outside the scope of application of the IFRS 9 impairment requirements presented as financial guarantees. The restatement relates to the nominal amount for stage 1 for internal classes 4 – 7 (€ – 2,560 m), 8 – 11 (€ – 262 m) and 12 – 15 (€ – 28 m) and for stage 2 for internal classes 16 – 20 (€ – 2 m). The provisions recognised for this did not result in any change to the prior-year figures. See also Note (1).

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Demand deposits and overnight money balances at central banks and banks	39,980	33,682	–	–	0	0	–	–
Bonds and other fixed-income securities	1,775	389	–	–	0	0	–	–
Loans and receivables	128,797	129,214	947	1,125	602	473	244	241
thereof: Forborne exposures	1,393	1,491	581	780	15	23	172	174
thereof: Defaulted	–	–	946	1,123	–	–	244	241
Total	**170,553**	**163,285**	**947**	**1,125**	**603**	**473**	**244**	**241**

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bonds and other fixed-income securities	14,771	16,506	–	–	2	2	–	–
Loans and receivables	782	656	–	–	1	1	–	–
Total	**15,553**	**17,162**	**–**	**–**	**3**	**3**	**–**	**–**

The following table shows the performing status as well as the occurrence of default events for off-balance sheet liabilities within the scope of application of the IFRS 9 impairment model. In accordance with the FINREP requirements of the EBA, the Helaba Group classifies off-balance sheet liabilities by forbearance status only for loan commitments:

Off-balance sheet liabilities in € m

	Nominal amount				Provisions			
	Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures	
	31.12.2022	31.12.2021[1]	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Loan commitments	31,673	28,834	35	74	17	20	10	7
thereof: Forborne exposures	200	247	8	24	1	2	1	1
thereof: Defaulted	–	–	35	74	–	–	10	7
Financial guarantees	5,872	5,840	129	113	11	18	42	26
thereof: Defaulted	–	–	129	113	–	–	42	26
Total	**37,545**	**34,674**	**165**	**187**	**28**	**39**	**52**	**32**

[1] Prior-year figures restated: In the previous year, there were guarantees outside the scope of application of the IFRS 9 impairment requirements presented as financial guarantees. The nominal amount for performing exposures was restated by € –2,853 m. The provisions recognised for this did not result in any change to the prior-year figures. See also Note (1).

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 is the amount by which the collateral reduces the default risk on the financial asset. The maximum amount cannot, therefore, exceed the carrying amount of the secured finan-cial asset. The maximum amount of loan commitments and financial guarantees is derived by re-ducing the collateral value to the nominal amount or the maximum guarantee amount. If a finan-cial 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 (22); 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 2022 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	**171,500**	**847**	**12,476**	**17,251**	**348**	**5,013**	**6,712**	**41,800**
Demand deposits and overnight money balances at central banks and banks	39,980	0	–	–	–	–	–	–
Bonds and other fixed-income securities	1,775	0	–	–	–	–	–	–
Loans and receivables	129,745	846	12,476	17,251	348	5,013	6,712	41,800
thereof: Stage 3 and POCI assets	947	244	44	176	3	85	141	450
Financial assets measured at fair value through other comprehensive income	**16,049**	**3**	**–**	**–**	**–**	**–**	**–**	**–**
Bonds and other fixed-income securities	15,191	2	–	–	–	–	–	–
Loans and receivables	858	1	–	–	–	–	–	–
Loan commitments	**31,708**	**26**	**529**	**157**	**8**	**291**	**716**	**1,700**
thereof: Stage 3 and POCI assets	35	10	0	0	0	0	1	1
Financial guarantees	**6,001**	**54**	**–**	**153**	**60**	**12**	**49**	**273**
thereof: Stage 3 and POCI assets	129	42	–	–	–	–	2	2
Total	**225,258**	**929**	**13,006**	**17,561**	**415**	**5,316**	**7,476**	**43,773**

The following table shows the figures as at 31 December 2021:

in € m

	Gross carrying amount/ nominal amount/ maximum guarantee amount[1)]	Cumulative loss allowances/provisions	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	**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	**5,953**	**44**	**8**	**142**	**138**	**2**	**61**	**350**
thereof: Stage 3 and POCI assets	113	26	–	–	–	–	7	7
Total	**216,321**	**789**	**12,310**	**20,840**	**701**	**3,965**	**8,274**	**46,090**

1) Prior-year figures restated: In the previous year, there were guarantees outside the scope of application of the IFRS 9 impairment requirements presented as financial guarantees. The nominal amount for financial guarantees was restated by € –2,853 m. There was no collateral provided for these guarantees. See also 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

	31.12.2022	31.12.2021
Gross carrying amount of financial assets measured at amortised cost	**10,104**	**25,543**
Loans and receivables	10,104	25,543
Nominal amount of loan commitments	**671**	**1,857**
Maximum guarantee amount of financial guarantees	**3**	**11**
Total	**10,778**	**27,411**

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 € 3 m (2021: € 12 m). Legal enforcement measures are carried out until the Helaba Group's legal claims against the debtor have been extinguished, for instance by way of final settlement or external debt waivers.

Credit risks and collateral in respect of financial instruments outside the scope of application of IFRS 9 impairment requirements

As at the reporting date, the maximum exposure to credit risk within the meaning of IFRS 7.36 (a) corresponded to the carrying amount of the financial assets as disclosed in the statement of financial position, plus the other obligations as disclosed in Note (47). These amounts do not factor in any deduction of collateral or other credit enhancements.

The following table shows the financial assets measured at fair value through profit or loss as well as other off-balance sheet commitments (fair values or nominal amounts) and the corresponding collateral including the maximum amounts to be taken into account as at 31 December 2022:

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	**207**	**–**	**–**	**–**	**–**	**–**	**–**
Trading assets	**3,250**	**–**	**75**	**5**	**0**	**0**	**81**
Bonds and other fixed-income securities	1,629	–	–	–	–	–	–
Loans and receivables	1,621	–	75	5	0	0	81
Other financial assets mandatorily measured at fair value through profit or loss	**1,018**	**–**	**–**	**–**	**33**	**–**	**33**
Bonds and other fixed-income securities	806	–	–	–	–	–	–
Loans and receivables	211	–	–	–	33	–	33
Financial assets designated voluntarily at fair value	**2,853**	**–**	**–**	**–**	**–**	**8**	**8**
Bonds and other fixed-income securities	104	–	–	–	–	–	–
Loans and receivables	2,749	–	–	–	–	8	8
Total financial assets	**7,328**	**–**	**75**	**5**	**33**	**8**	**121**
Other obligations	**5,830**	**1**	**2**	**6**	**1**	**1**	**10**

The following table shows the figures as at 31 December 2021:

in € m

	Fair value/ nominal amount[1)]	Maximum amount of collateral or financial guarantees to be taken into account					
		Residential real estate	Commercial real estate	Cash collateral and own debt instruments	Other debt instruments and other assets	Financial guarantees received	Total
Demand deposits and overnight money balances at central banks and banks	**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	**5,687**	**1**	**2**	**6**	**1**	**–**	**9**

1) Prior-year figures restated: In the previous year, there were guarantees presented as financial guarantees to which the IFRS 9 impairment requirements apply. The nominal amount for other obligations was restated by € –2,853 m. There was no collateral provided for these guarantees. See also Note (1).

Collateral for derivatives (cash collateral), master netting agreements and the maximum exposure to credit risk for derivatives, which equates to fair value, are presented in Note (42).

In the case of OTC derivative transactions, the Helaba Group applies a credit valuation adjust-ment (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 2022, the CVAs for both trading book and banking book derivatives with positive fair values amounted to € 116 m (31 December 2021: € 163 m).

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

(38) Provision of Collateral

Assets pledged as security

The collateral is provided on terms which are customary for the relevant repo, securities and financing transactions.

Securities are pledged as collateral in connection with repos and securities lending transactions (with cash collateral) and may be re-sold or pledged as collateral to others by the recipient even if the Helaba Group (as the original provider of the collateral) is not in default. The disposal or pledge of such collateral is subject to standard contractual conditions. Please refer to Note (39) for further information on the definition and structure of repos and securities lending transactions. As a result of these transactions, as in the previous year, no financial assets were furnished as collateral in which the recipient of the collateral had a contractual right to re-sell the assets or pledge them to other parties as collateral even if the Helaba Group were not in default.

In addition, the Bank holds loans and advances backed by property charges and municipal au-thority 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 De-cember 2022, cover assets amounted to € 49,325 m (31 December 2021: € 50,042 m) with mort-gage and public Pfandbriefe of € 36,533 m in circulation (31 December 2021: € 36,204 m). These also included registered securities, which are reported under liabilities due to banks and liabilities due to customers.

In the context of ECB open market operations, borrowed securities with a value of € 4,903 m (31 December 2021: € 8,678 m) were pledged as collateral for two drawdowns of funding in the ten-der procedure.

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 trans-fer of financial assets without derecognition, please refer to Note (39)):

in € m

	31.12.2022	31.12.2021
Financial assets	**17,956**	**20,498**
Financial assets measured at amortised cost	5,832	8,819
Bonds and other fixed-income securities	578	44
Loans and receivables	5,253	8,775
Trading assets	1,019	1,476
Bonds and other fixed-income securities	1,019	1,476
Loans and receivables	–	0
Financial assets measured at fair value through other comprehensive income	11,105	10,203
Bonds and other fixed-income securities	11,105	10,203
Non-financial assets	**2,118**	**2,059**
Investment property	2,118	1,907
Property and equipment	–	153
Total	**20,074**	**22,558**

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

in € m

	31.12.2022	31.12.2021
Collateral for funding transactions with central banks	12,340	11,369
Securities collateral for transactions via exchanges and clearing houses	1,688	1,401
Securities transferred in connection with securities repurchase transactions	3	–
Cash collateral for exchange-traded derivative transactions	13	35
Cash collateral for OTC derivative transactions incl. central counterparties	3,590	7,373
Securities provided as collateral for funding transactions with the European Investment Bank (EIB)	166	161
Collateral provided for other purposes	157	159
Total	**17,956**	**20,498**

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 € 45 m (31 December 2021: € 202 m). As in the prior year, this col-lateral was sold on or was the subject of onward pledging.

Please refer to Note (37) for disclosures on collateral received in connection with lending opera-tions. Please refer to Note (42) for disclosures on collateral and offsetting agreements.

In connection with Helaba's Pfandbrief business, there are arrangements in which loans and ad-vances 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 2022, Helaba's collateral pool included such legal transfers with a nominal value of € 2,574 m (31 December 2021: € 2,296 m).

(39) Transfer of Financial Instruments

Financial assets are derecognised when the contractual rights associated with an asset expire or are transferred such that substantially all the risks and rewards incidental to ownership are passed to another party or when the control or power over the asset is transferred to another party. If substantially all the risks and rewards incidental to ownership are not transferred or control or power over the asset is not passed to another party, the remaining economic involvement in the financial instrument ("continuing involvement") is recognised in accordance with IFRS 9. In addition, financial assets in the AC and FVOCI categories are derecognised if they have been substantially modified, i.e. if the contractual cash flows have been modified or the legal position affecting the cash flows has changed such that, de facto, there is a new transaction in place.

Financial liabilities are derecognised when the liabilities are settled. The same applies to financial liabilities measured at amortised cost in the case of substantial modifications leading to new liabilities.

Transfer without derecognition

In connection with "genuine" repo and securities lending transactions, Helaba Group transfers bonds and other fixed-income securities, but retains the main credit, interest rate and currency risks as well as the opportunities for capital appreciation associated with the ownership of these financial assets. Thus, the requirements for derecognition in accordance with IFRS 9 are not fulfilled, and the financial assets continue to be recognised in the consolidated statement of financial position and measured in accordance with the corresponding measurement category, provided the items are bonds and other fixed-income securities owned by the Helaba Group. In the context of securities repurchase and lending transactions, securities accepted from third parties as part of reverse repos or borrowed bonds and other fixed-income securities, which may not be recognised in the consolidated statement of financial position, may also be transferred.

The transferee or borrower, as the case may be, may sell on or pledge the transferred securities at any time. Nevertheless, the Helaba Group generally continues to receive the contractually agreed cash flows from these securities.

The Helaba Group enters into securities repurchase agreements in the form of standardised repo or reverse repo deals in which the Helaba Group is either the seller/borrower (repo) or buyer/lender (reverse repo). Such arrangements are a contractual agreement to transfer securities accompanied by a simultaneous agreement to repurchase the transferred (or equivalent) securities on a specified date in the future in return for the payment of an amount agreed in advance. The transactions are settled using standard framework contracts, and do not contain any limitations.

The financial assets reported as reverse repos in the loans and receivables class are in effect the Helaba Group's entitlement to repayment of the cash it paid out as the buyer in return for the transfer of securities. This class is also used to report cash collateral furnished by the Helaba Group, as borrower, in connection with securities lending transactions.

The liabilities from securities repurchase transactions result from the amount paid by the transferee for the transferred bonds and other fixed-income securities. This amount corresponds to the fair value of the transferred securities less a safety margin on the date on which the transaction is entered into. When the bonds and other fixed-income securities are transferred back at the end of the term of the securities repurchase agreement, this amount, plus agreed interest, must be repaid to the transferee. The corresponding liabilities in connection with securities lending transactions arise out of the obligation to repay the cash collateral received. The main counterparties in the Helaba Group's securities lending transactions comprise affiliated and non-affiliated Sparkassen. Cash collateral for lent bonds and other fixed-income securities is generally only required from counterparties outside the Sparkassen-Finanzgruppe. The liabilities from securities repurchase transactions and from cash collateral received in connection with securities lending are recognised under trading liabilities or under financial liabilities measured at amortised cost.

Because transferred bonds and other fixed-income securities are assigned to the FVTPL or FVTOCI measurement categories, the carrying amounts of the transferred items represent their fair values.

As at 31 December 2022, bonds and other fixed-income securities with a carrying amount of € 3 m (31 December 2021: € 0 m) had been transferred to the lender in securities repurchase transactions. The carrying amount of the corre-sponding liabilities likewise amounted to € 3 m as at 31 December 2022 (31 December 2021: € 0 m).

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 € 7 m (31 December 2021: € 28 m) have been recognised for such warranties.

(40) Fair Values

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

Fair values of financial instruments

Measurement methods

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

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

In the case of financial instruments for which no quoted prices are available in active markets on the reporting date, the fair value is determined using generally accepted valuation techniques. The financial instruments are measured on the basis of the cash flow structure, taking into account estimated future cash flows, discount rates and volatilities. 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

	31.12.2022				31.12.2021			
	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	**–**	**207**	**–**	**207**	**–**	**287**	**–**	**287**
Demand deposits and overnight money balances at banks	–	207	–	207	–	287	–	287
Trading assets	**1,369**	**10,624**	**679**	**12,672**	**2,197**	**12,764**	**348**	**15,308**
Positive fair values of derivatives	–	9,395	27	9,421	5	11,214	90	11,309
Bonds and other fixed-income securities	1,369	260	–	1,629	2,169	87	–	2,256
Loans and receivables	–	969	652	1,621	–	1,463	258	1,721
Equity shares and other variable-income securities	1	–	–	1	22	–	–	22
Other financial assets mandatorily measured at fair value through profit or loss	**769**	**1,229**	**525**	**2,523**	**859**	**4,234**	**610**	**5,702**
Positive fair values of derivatives	0	1,067	19	1,086	–	4,065	96	4,161
Bonds and other fixed-income securities	762	38	7	806	856	41	7	903
Loans and receivables	–	34	177	211	–	39	234	272
Equity shares and other variable-income securities	7	91	246	344	3	89	183	275
Shareholdings	–	–	75	75	–	–	71	71
Receivables from the purchase of endowment insurance policies	–	–	–	–	–	–	20	20
Financial assets designated voluntarily at fair value	**104**	**2,511**	**238**	**2,853**	**130**	**3,225**	**307**	**3,661**
Bonds and other fixed-income securities	104	–	–	104	130	–	–	130
Loans and receivables	–	2,511	238	2,749	–	3,225	307	3,532
Positive fair values of hedging derivatives under hedge accounting	**–**	**740**	**–**	**740**	**–**	**541**	**–**	**541**
Financial assets measured at fair value through other comprehensive income	**12,526**	**2,396**	**658**	**15,579**	**15,178**	**1,442**	**574**	**17,194**
Bonds and other fixed-income securities	12,526	2,153	92	14,771	15,178	1,280	48	16,506
Loans and receivables	–	242	539	782	–	162	494	656
Shareholdings	–	–	26	26	–	–	32	32
Financial assets	**14,768**	**17,706**	**2,099**	**34,573**	**18,363**	**22,492**	**1,839**	**42,695**

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

in € m

	31.12.2022				31.12.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2[1]	Level 3[1]	Total
Trading liabilities	**45**	**13,682**	**27**	**13,754**	**237**	**12,975**	**89**	**13,301**
Negative fair values of derivatives	0	9,241	27	9,267	10	8,473	89	8,572
Securitised liabilities	–	374	–	374	–	264	–	264
Deposits and loans	–	4,067	–	4,067	–	4,238	–	4,238
Liabilities arising from short-selling	45	–	–	45	227	–	–	227
Other financial liabilities	–	–	–	–	–	0	–	0
Negative fair values of non-trading derivatives	**–**	**3,181**	**239**	**3,420**	**1**	**4,811**	**38**	**4,850**
Financial liabilities designated voluntarily at fair value	**–**	**9,853**	**1,063**	**10,915**	**–**	**10,895**	**1,373**	**12,268**
Securitised liabilities	–	5,892	779	6,671	–	5,513	996	6,509
Deposits and loans	–	3,961	284	4,245	–	5,383	376	5,759
Negative fair values of hedging derivatives under hedge accounting	**–**	**706**	**–**	**706**	**–**	**1,951**	**–**	**1,951**
Financial liabilities	**45**	**27,422**	**1,329**	**28,796**	**238**	**30,632**	**1,500**	**32,369**

[1] Prior-year figures restated: In deposits and loans designated voluntarily at fair value, an amount of € 36 m was reported at Level 3 which, based on the inputs, should be allocated to Level 2. See also Note (1).

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

	31.12.2022				31.12.2021			
	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	**2**	**–**	**26**	**–**	**–**	**–**	**0**	**3**
Positive fair values of derivatives	–	–	–	–	–	–	–	3
Bonds and other fixed-income securities	2	–	26	–	–	–	0	–
Other financial assets mandatorily measured at fair value through profit or loss	**14**	**–**	**–**	**–**	**4**	**–**	**–**	**1**
Bonds and other fixed-income securities	14	–	–	–	4	–	–	–
Loans and receivables	–	–	–	–	–	–	–	1
Financial assets measured at fair value through other comprehensive income	**63**	**–**	**–**	**5**	**11**	**–**	**69**	**3**
Bonds and other fixed-income securities	63	–	–	–	11	–	69	–
Loans and receivables	–	–	–	5	–	–	–	3
Financial assets	**79**	**–**	**26**	**5**	**15**	**–**	**69**	**7**

in € m

	31.12.2022				31.12.2021			
	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.

The following table shows the changes in the financial assets measured at fair value at Level 3 in the reporting 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 1.1.2022	**185**	**55**	**1,293**	**183**	**103**	**20**
Gains or losses recognised in the consolidated income statement	–64	0	–188	4	6	–12
Loss allowances	–	0	–	–	–	–
Net trading income	–1	–	–97	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	–63	–0	–91	4	6	–12
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	–48	–	–6	–
Additions	1	200	1,551	82	2	–
Disposals/liquidations	–17	–158	–983	–24	–4	–9
Changes due to currency translation	–	–	0	0	0	–
Changes in accrued interest	–1	0	1	–	–	–
Amortisation of premiums/discounts	–12	1	–7	–	–	–
Transfers from Level 2	–	2	29	–	–	–
Transfers to Level 2	–47	–	–42	–	–	–
As at 31.12.2022	**46**	**99**	**1,607**	**246**	**102**	**–**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	–18	–0	–36	34	–4	0

The following table shows the changes in the financial assets measured at fair value 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 1.1.2021	**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 shows the changes in the financial liabilities measured at fair value at Level 3 in the reporting period:

in € m

	Negative fair values of derivatives	Securitised liabilities	Deposits and loans[1]
As at 1.1.2022	**127**	**996**	**376**
Gains or losses recognised in the consolidated income statement	200	−190	−71
Net trading income	−1	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	201	−190	−71
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	–	−17	−2
Additions	1	34	–
Disposals / liquidations	−22	−41	−10
Changes in accrued interest	8	0	0
Amortisation of premiums / discounts	−3	−2	−9
Transfers to Level 2	−46	−2	–
As at 31.12.2022	**266**	**779**	**284**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	−247	191	71

[1] Opening balance adjusted: As at 31 December 2021, the closing balance of deposits and loans designated voluntarily at fair value was overstated by € 36 m as, based on the inputs, an allocation to Level 2 is the correct one. See also Note (1).

The following table shows the changes in the financial liabilities measured at fair value at Level 3 in the prior-year period:

in € m

	Negative fair values of derivatives	Securitised liabilities	Deposits and loans[1]
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	–	14
Transfers to Level 2	−28	–	–
As at 31.12.2021	**127**	**996**	**376**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	−17	47	7

[1] Prior-year figures adjusted: In the previous year, an excess amount of transfers from Level 2 was reported. The transfers from Level 2 and the balance as at 31 December 2021 were in each case reduced by € 36 m. See also Note (1).

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

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

The following table provides an overview of the main inputs not observable in a market that were used in the relevant valuation techniques as at 31 December 2022:

in € m

	Assets at Level 3	Liabilities at Level 3	Valuation technique	Key inputs not observable in a market	Range
Derivatives	**46**	**266**			
Equity-/index-related derivatives	1	1	Option pricing model	Dividend estimate with remaining term > 3 years	0 € – 117 €
	28	25	Option pricing model	Equity shares correlation	–66.5 % – 85.0 %
Interest-rate derivatives	17	240	Option pricing model	Interest correlation	–5,3 % – 99.7 %
Equity shares and other variable-income securities	**246**				
Private equity funds	246		Fund valuation	Net asset values	n.a.
Bonds and other fixed-income securities	**99**		DCF approach	Credit spread	0.0 % – 4.0 %
Securitised liabilities		**779**			
Interest certificates		779	Option pricing model	Interest correlation	–5,3 % – 99.7 %
Loans and receivables	**1,607**				
Promissory note loans	1,243		DCF approach	Credit spread	0.0 % – 3.0 %
	283		Option pricing model	Credit spread	0.0 % – 0.4 %
	72		Option pricing model	Interest correlation	–5,3 % – 99.7 %
				Credit spread	0.0 % – 0.8 %
Mezzanine receivables	3		Fund valuation	Fair value	n.a.
Other	6		Various	n.a.	n.a.
Deposits and loans		**284**	Option pricing model	Interest correlation	–5,3 % – 99.7 %
Shareholdings	**102**				
Private equity funds	0		Fund valuation	Net asset values	n.a.
Other	47		Income capitalisation approach	Discount rate	8.4 % – 9.9 %
				Expected cash flows	n.a.
	54		Various	Fair value and other	n.a.
Total	**2,099**	**1,329**			

The following table shows the figures as at 31 December 2021:

in € m

	Assets at Level 3	Liabilities at Level 3[1)]	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		**376**	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		Net asset value method	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**	**1,500**			

1) Prior-year figures restated: In deposits and loans, an amount of € 36 m was reported at Level 3 which, based on the inputs, should be allocated to Level 2. See also Note (1).

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 or equity share correlation) offset each other.

In the case of equity derivatives with underlyings involving dividend distributions, future dividends are taken into account in the valuation. However, no dividend estimates are directly observable on the market for securities with a remaining term of more than three years. To determine the impact on fair values of dividend projections for items with a remaining term of more than three years, a premium or discount of 50 % was applied to the dividend estimates used. 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. 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 € 8 m (31 December 2021: € 3 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 uni-tholders / 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 in-put factors change by € 23 m (31 December 2021: € 16 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 2021: € 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 2021: € 8 m); if the discount rate were lowered by one percentage point, the fair values would rise by € 11 m (31 December 2021: € 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 2021: € 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 and carrying amounts of financial assets and liabilities measured at amortised cost as at 31 December 2022:

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	–	39,979	–	39,979	39,980	–2
Bonds and other fixed-income securities	144	1,526	–	1,670	1,774	–104
Loans and receivables	–	69,759	55,442	125,201	128,898	–3,697
Financial assets measured at amortised cost	**144**	**111,264**	**55,442**	**166,850**	**170,653**	**–3,803**
Securitised liabilities	3,187	35,655	–	38,842	41,064	–2,222
Deposits and loans	–	76,374	49,681	126,055	129,378	–3,323
Other financial liabilities	–	203	237	440	439	1
Financial liabilities measured at amortised cost	**3,187**	**112,232**	**49,918**	**165,338**	**170,881**	**–5,543**

The following table shows the figures as at 31 December 2021:

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 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 fair values determined for the ECB's TLTRO III programme are also allocated to Level 3.

Fair values of investment property

The fair values for property disclosed in Note (29) 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 rental income achievable over the long term, the micro location and the condition of the property are taken into account, meaning that climate-related factors are indirectly factored into the calculation.

The following details were determined and applied on the basis of the resulting clusters:

- annual rates of increase for rent;
- non-allocatable operating costs;
- effective vacancy rates;
- discount rates.

The following details were determined and applied on the basis of the properties:

- market rent as at the valuation date;
- maintenance, management and other expenses;
- trends in the rent per square metre of rentable area based on an extrapolation of market rents and current rents;
- trends in vacant property levels based on cluster-specific assumptions regarding target vacancy level;
- trends in expenses for maintenance, management, non-allocatable operating costs, other costs and any ground rent.

The cash flow is determined in two stages. The first stage comprises a detailed forecast period of ten years in which the cash inflows from the current target rent based on full occupancy are reduced by the effect of the current vacancy level in the first year and then the assumed structural vacancy levels in years two to ten. The resulting amount reduced by management costs, non-allocatable operating costs, maintenance and repair costs and ground rent produces the available cash flow (before taxes and debt servicing) which can then be discounted. In the eleventh year, the methodology assumes a hypothetical disposal of the property and the sale price is used as a residual value in the calculation. The total of the present values from the cash flows in the detailed forecast period and from the hypothetical resale of the property represent the fair value of the property concerned.

The discount rate comprises a risk-free interest rate together with mark-ups and discounts for existing property, location and market risks.

(41) Derivatives

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

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

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

The notional amounts and fair values of derivatives were as follows:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Equity-/index-related transactions	**1,965**	**3,616**	**129**	**192**	**126**	**189**
OTC products	1,934	3,364	129	187	126	179
Equity options	1,934	3,360	129	186	126	179
Purchases	969	1,754	129	186	–	0
Sales	965	1,606	–	–	126	179
Other transactions	1	4	0	2	–	–
Exchange-traded products	30	252	0	5	–	10
Equity/index futures	30	32	–	–	–	–
Equity/index options	1	220	0	5	–	10
Interest-rate-related transactions	**720,991**	**550,319**	**9,316**	**15,002**	**11,816**	**13,765**
OTC products	709,498	545,852	9,316	15,002	11,816	13,765
Forward rate agreements	19,600	1,500	–	–	–	–
Interest rate swaps	634,730	494,425	8,508	13,561	10,538	11,333
Interest rate options	55,168	49,921	809	1,440	1,278	2,432
Purchases	22,572	20,346	668	1,280	57	48
Sales	32,596	29,575	140	160	1,221	2,384
Other interest rate contracts	–	6	–	0	–	–
Exchange-traded products	11,492	4,467	–	–	0	–
Interest rate futures	11,428	4,158	–	–	0	–
Interest rate options	64	309	–	–	–	–
Currency-related transactions	**74,804**	**69,862**	**1,791**	**801**	**1,439**	**1,403**
OTC products	74,804	69,862	1,791	801	1,439	1,403
Currency spot and futures contracts	47,711	43,441	691	483	900	477
Cross-currency swaps	26,914	25,944	1,100	315	538	922
Currency options	178	477	1	4	1	4
Purchases	85	241	1	4	–	–
Sales	94	236	–	–	1	4
Credit derivatives	**4,499**	**4,556**	**9**	**14**	**11**	**14**
OTC products	4,499	4,556	9	14	11	14
Commodity-related transactions	**210**	**103**	**1**	**2**	**2**	**0**
OTC products	210	103	1	2	2	0
Commodity options	210	103	1	2	2	0
Total	**802,467**	**628,456**	**11,247**	**16,011**	**13,394**	**15,372**

Derivatives have been entered into with the following counterparties:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Central banks and banks in Germany	283,400	183,895	4,358	5,036	7,013	4,645
Central banks and banks in the EU (excluding Germany)	69,344	67,225	3,566	1,967	2,518	4,260
Central banks and banks in the rest of the world (excluding EU)	28,575	32,469	822	1,452	1,269	5,231
Governments, Germany	11,067	12,728	1,171	5,454	286	317
Other counterparties in Germany	31,566	28,342	677	1,123	1,130	350
Other counterparties in the EU (excluding Germany)	15,401	14,496	286	251	570	105
Other counterparties (rest of world, excluding EU)	351,592	284,582	367	722	608	453
Exchange-traded derivatives	11,523	4,719	0	5	0	10
Total	**802,467**	**628,456**	**11,247**	**16,011**	**13,394**	**15,372**

The following table shows the notional amounts of the derivatives broken down by term to maturity as at 31 December 2022:

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	268	374	1,321	2	1,965
Interest-rate-related transactions	41,606	82,507	253,217	343,660	720,991
Currency-related transactions	28,627	20,234	20,796	5,147	74,804
Credit derivatives	21	387	4,042	49	4,499
Commodity-related transactions	210	–	–	–	210
Total	**70,731**	**103,502**	**279,377**	**348,858**	**802,467**

The following table shows the figures 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**

(42) Offsetting Financial Instruments

The Helaba Group offsets financial assets and financial liabilities in accordance with IAS 32. It recognises netted amounts if, in respect of the financial assets and financial liabilities concerned, there is a legally enforceable right of set-off at all times in the normal course of business and it intends to settle the instruments on a net basis or to realise the financial asset and settle the financial liability simultaneously.

In accordance with the disclosure requirements in IFRS 7 relating to offsetting financial instruments, the tables below show a reconciliation from the gross to the net risk exposure for financial instruments. The disclosures relate both to financial instruments that have been offset and also to those that are subject to a master netting agreement.

Offsetting in derivatives transactions involves the positive and negative values of derivatives as well as the associated cash collateral, which is reported under loans and advances to customers or liabilities due to customers.

The Helaba Group has also entered into master netting agreements with counterparties in the derivatives and securities repurchase business. These agreements include conditional netting rights. If the conditions are met – for example if a counterparty defaults for reasons related to its credit rating – the transactions are settled on a net basis.

Cash collateral items do not include any other conditional offsetting options under property charges or in connection with other loan collateral not covered by master netting agreements.

Disclosures on the offsetting of financial instruments as at 31 December 2022:

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	38,945	–27,702	11,244	–4,174	–5,186	1,884
Securities repurchase transactions	46	–	46	–45	–	1
Current account receivables	38,042	–2,076	35,966	–	–	35,966
Total	**77,034**	**–29,778**	**47,256**	**–4,219**	**–5,186**	**37,851**
Financial liabilities						
Negative fair values of derivatives	38,982	–25,588	13,394	–4,174	–3,446	5,774
Securities repurchase transactions	3	–	3	–3	–	–
Current account payables	4,972	–4,190	783	–	–	783
Total	**43,957**	**–29,778**	**14,179**	**–4,177**	**–3,446**	**6,556**

Disclosures on the offsetting of financial instruments as at 31 December 2021:

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[1]	Cash collateral	Net amount after taking into account conditional netting rights[1]
Financial assets						
Positive fair values of derivatives	21,743	−5,732	16,011	−7,419	−3,389	5,203
Securities repurchase transactions[1]	210	–	210	−202	–	8
Current account receivables	32,687	−2,014	30,673	–	–	30,673
Total	**54,640**	**−7,746**	**46,894**	**−7,621**	**−3,389**	**35,885**
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**

[1] Prior-year figures restated: There was collateral provided for securities transactions of € 202 m in the form of financial instruments that was not presented in the previous year. The net amount after factoring in conditional netting rights and the total figure for financial assets were restated analogously. See also Note (1).

(43) Foreign Currency Volumes

The provisions in IAS 21 are applied in translating transactions denominated in foreign currency in the financial statements of the companies included in the consolidated financial statements and in translating the financial statements of foreign operations with a functional currency that is different from the reporting currency.

All monetary items denominated in foreign currency and equity instruments (equity shares and other variable-income securities, shareholdings) measured at fair value in foreign currency are translated at the closing rate (the spot rate on the reporting date). Non-monetary items measured at amortised cost (such as property and equipment) are translated using the exchange rate applicable on initial recognition. Currency translation differences, with the exception of differences resulting from equity instruments measured at fair value through other comprehensive income, are recognised in consolidated profit or loss.

In order to translate financial statements prepared in foreign currency for operations included in the consolidated financial statements (subsidiaries, branch offices), the temporal method is used initially to translate from the foreign currency into the functional currency where these currencies are different. Figures are then translated into the reporting currency (euros) using the modified closing-rate method. In this method, all monetary and non-monetary assets and liabilities are translated into the reporting currency using the ECB reference rate on the reporting date. Income and expenses for the reporting period are translated using the average rate for the period. All resulting currency translation differences are recognised in a separate equity item (currency translation reserve) until the foreign operation is derecognised or discontinued.

The foreign currency assets and liabilities shown under this item relate to non-derivative financial instruments. The foreign currency exposures are hedged by corresponding derivatives.

in € m

	Foreign currency assets		Foreign currency liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
USD	16,536	15,668	5,954	7,772
GBP	5,371	6,234	1,978	2,442
CHF	802	962	504	278
JPY	822	975	65	76
Other currencies	1,767	1,977	376	354
Total	**25,297**	**25,815**	**8,877**	**10,921**

(44) Breakdown of Maturities

For the breakdown of the remaining terms of financial liabilities, the undiscounted cash flows were allocated to the individual maturity buckets in accordance with the contractually agreed maturity dates. If there was no fixed contractual agreement for the date of repayment, the earliest possible time or termination date was used. This applies in particular to overnight money raised and demand deposits as well as savings deposits with an agreed period of notice.

The non-derivative financial liabilities presented under trading liabilities have been included in the maturities breakdown with their carrying amounts, and the loan commitments have been included at their nominal value. Trading derivatives were allocated with their carrying amounts to the shortest maturity bucket; the loan commitments were allocated to the earliest bucket in which the commitment could be drawn down. Liabilities from warranties and guarantee agreements in accordance with Note (47) can generally become payable at any time up to the maximum guaranteed amount.

The maturity structure of the financial liabilities as at 31 December 2022 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	**45,596**	**13,303**	**34,392**	**50,289**	**36,959**
Securitised liabilities	529	2,688	3,508	25,090	13,151
Deposits and loans	44,811	10,559	30,865	25,159	23,739
Other financial liabilities	256	55	20	40	68
Trading liabilities	**10,216**	**1,430**	**2,081**	**–**	**28**
Negative fair values of derivatives held for trading	9,267	–	–	–	–
Securitised liabilities	–	270	77	–	28
Deposits and loans	903	1,160	2,004	–	–
Liabilities arising from short-selling	45	–	–	–	–
Negative fair values of non-trading derivatives	**–**	**374**	**265**	**1,250**	**1,778**
Negative fair values of hedging derivatives under hedge accounting	**–**	**64**	**76**	**266**	**268**
Financial assets designated voluntarily at fair value	**–**	**513**	**2,232**	**6,603**	**4,362**
Securitised liabilities	–	488	2,009	4,622	1,141
Deposits and loans	–	25	223	1,981	3,220
Loan commitments	**28,729**	**560**	**1,432**	**987**	**–**
Financial guarantees	**5,977**	**1**	**0**	**4**	**20**
Total	**90,517**	**16,244**	**40,479**	**59,399**	**43,415**

The following table shows the figures as at 31 December 2021:

in € m

	Payable on demand[1]	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 derivatives held for trading	**–**	**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	**5,926**	**0**	**0**	**5**	**21**
Total	**86,038**	**15,731**	**23,980**	**69,974**	**45,410**

[1] Prior-year figures restated: In the previous year, there were guarantees presented as financial guarantees payable on demand. The amount has been reduced by € 2,853 m. See also Note (1).

(45) Subordinated Financial Instruments

Assets are reported as subordinated if, in the case of liquidation or insolvency of the debtor, they can be repaid only after the claims of the other creditors have been satisfied.

Subordinated financial liabilities comprise profit participation issues (with and without certificate), silent participations as well as subordinated loans and bonds, which must be classified as debt in accordance with the criteria specified in IAS 32.

As a general rule, subordinated financial liabilities are classified as financial liabilities measured at amortised cost. Micro fair value hedges or the fair value option are used for some subordinated liabilities in order to avoid accounting mismatches.

in € m

	31.12.2022	31.12.2021
Financial assets measured at amortised cost	**92**	**79**
Loans and receivables	92	79
Other financial assets mandatorily measured at fair value through profit or loss	**2**	**2**
Loans and receivables	2	2
Subordinated financial assets	**93**	**81**
Financial liabilities measured at amortised cost	**3,107**	**2,836**
Securitised liabilities	1,700	1,438
Securitised silent participations	–	527
Subordinated bonds	1,700	911
Deposits and loans	1,406	1,398
Unsecuritised silent participations	18	18
Subordinated loans	1,388	1,380
Financial liabilities designated voluntarily at fair value	**42**	**47**
Deposits and loans	42	47
Subordinated loans	42	47
Subordinated financial liabilities	**3,148**	**2,883**

(46) Issuing Activities

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

Additions from issues and redemptions also include the placement volume of short-term commercial paper that could be repaid by as early as the end of the reporting period. The changes in value recognised through profit or loss result from remeasurement gains or losses on financial liabilities held as at 31 December 2022 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 securitised funding:

in € m

	Measured at amortised cost		Mandatorily measured at fair value through profit or loss		Voluntarily designated at fair value		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Balance as at 1.1.	**44,363**	**49,869**	**264**	**512**	**6,509**	**6,094**	**51,136**	**56,475**
Changes in basis of consolidation	–	175	–	–	–	–	–	175
Additions from issues	79,419	95,656	636	735	1,827	1,675	81,883	98,066
Additions from reissue of previously repurchased instruments	7,074	1,162	–	–	74	39	7,148	1,201
Redemptions	–77,251	–97,520	–522	–997	–321	–1,015	–78,094	–99,533
Repurchases	–10,411	–4,693	–2	–4	–80	–94	–10,493	–4,791
Changes in accrued interest	43	–20	–	–	9	–1	52	–21
Changes in value recognised through profit or loss	–2,303	–520	–3	5	–1,217	–233	–3,522	–749
Credit-risk-related changes in fair value recognised in OCI	–	–	–	–	–137	37	–137	37
Changes due to currency translation and other adjustments	129	254	0	14	7	9	136	276
Balance as at 31.12.	**41,064**	**44,363**	**374**	**264**	**6,671**	**6,509**	**48,109**	**51,136**

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

The Helaba Group's contingent liabilities and other obligations are mainly potential future payment obligations of the Group attributable to credit lines that have been granted but have not yet been drawn down and to financial guarantees that have been provided. The figures shown reflect potential liabilities and assume that the credit lines extended are utilised in full and that the financial guarantees are called upon.

in € m

	31.12.2022	31.12.2021[1]
Loan commitments	**31,708**	**28,908**
Financial guarantees	**6,001**	**5,953**
Other obligations	**5,830**	**5,687**
Liabilities from guarantees and warranty agreements (excluding financial guarantees)	3,524	3,193
Placement and underwriting obligations	860	1,097
Obligations to make further retrospective payments	0	0
Contribution obligations	279	215
Contractual obligations for the acquisition of property and equipment, intangible assets and other assets	289	350
Contractual obligations in connection with investment property	598	528
Litigation risk obligations	1	1
Sundry obligations	279	302
Total	**43,539**	**40,548**

[1] Prior-year figures restated: In the previous year, there were liabilities from guarantees and warranty agreements (excluding financial guarantees) presented as financial guarantees. A restatement of € 2,853 m has been made. See also Note (1).

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.

At the reporting date, € 270 m of the contribution obligations was attributable to 40 commercial partnerships (31 December 2021: € 204 m, 37 commercial partnerships), while € 9 m was attribut-able to three corporations (31 December 2021: € 11 m, four corporations). As in the previous year, 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.

The Bank is a member of the protection scheme of the Sparkassen-Finanzgruppe through its membership of the reserve fund of the Landesbanken and Girozentralen in Germany. The purpose of this protection scheme 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 Sav-ings Banks Association (DSGV) adopted a resolution concerning the refinement of the Sparkassen-Finanzgruppe's protection scheme in 2021. In this context 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 enti-tled to reimbursement of his/her deposits up to an amount of € 100,000. The relevant EinSiG pro-visions 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 protec-tion scheme.

In addition, Helaba is a member of the reserve fund of the Sparkassen- und Giroverband Hessen-Thüringen (SGVHT). 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 make successive contributions to the fund until 0.5 % of the as-sessment base (eligible positions under 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 Hes-sen-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 in-solvent, Helaba has agreed to make the compensation payments to the relevant supplementary pension fund.

According to a control agreement with Sparkassen-Immobilien-Vermittlungs-GmbH, Helaba is required during the term of the agreement to make good any net loss for a year that would other-wise be incurred insofar as this net loss is not made good by the taking from other revenue re-serves of amounts that have been allocated to other revenue reserves during the term of the agreement.

Contingent liabilities of € 205 m (31 December 2021: € 205 m) may arise if capital contributions have to be repaid.

The sundry obligations include obligations of € 85 m (31 December 2021: € 68 m) to the Europe-an 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 undertak-ing 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 € 73 m (31 December 2021: € 53 m).

(48) Letters of Comfort

Entity	Registered offices
Grundstücksgesellschaft Gateway Gardens GmbH	Frankfurt am Main

(49) Fiduciary Transactions

in € m

	31.12.2022	31.12.2021
Loans and advances to banks	918	822
Loans and advances to customers	610	619
Equity shares and other variable-income securities	88	91
Shareholdings	70	70
Sundry assets	15	15
Trust assets	**1,701**	**1,617**
Deposits and loans from banks	548	550
Deposits and loans from customers	928	842
Other financial liabilities	225	225
Trust liabilities	**1,701**	**1,617**

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 €298 m (31 December 2021: €295 m) for-warded to Sparkassen and customers to mitigate the effects of the COVID-19 pandemic (KfW-Schnellkredit 2020).

Other Disclosures

(50) Leases

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

Leases in which the Helaba Group is the lessee

The Helaba Group generally accounts for all leases in which it is the lessee by recognising in the statement of financial position right-of-use assets (i.e. assets representing the right to use the leased assets in question) and liabilities for the associated payment obligations at present value. The initial measurement of the lease liabilities includes the following lease payments:

- fixed lease payments
- variable lease payments that depend on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease

Lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. Otherwise, Helaba's incremental borrowing rate is used for discounting purposes. The incremental borrowing rate comprises a risk-free interest rate component for obtaining liquidity in the relevant maturity band and a risk premium related to the Helaba Group's credit quality. A distinction is made between secured lease assets (real estate) and unsecured financing (other clusters). Adjustments for foreign currencies and different currency zones are taken into account, where appropriate. The lease liabilities are reported under financial liabilities measured at amortised cost. During the term of the lease, the lease liability is reduced in accordance with the principles of financial mathematics. The interest expense component is reported in net interest income.

Right-of-use assets are measured at cost, comprising the following on initial measurement:

- initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs incurred
- estimated costs to be incurred in reinstating the asset at the end of the lease as required by the terms and conditions of the lease

Right-of-use assets are reported under the relevant category of property and equipment. If a right-of-use asset satisfies the criteria for investment property, it is reported in this asset category. Right-of-use assets are subsequently measured at amortised cost. Generally, depreciation is recognised in respect of right-of-use assets on a straight-line basis over the term of the lease concerned. In those instances in which a purchase option has been factored into the measurement of the right-of-use asset, or the underlying asset will be transferred to Helaba at the end of the lease term, the right-of-use asset is depreciated on a straight-line basis over the normal useful life of the underlying asset concerned. If there is evidence of impairment, the right-of-use asset must also be tested for impairment in accordance with the rules specified in IAS 36. If there are changes to the lease payments after the commencement date, the right-of-use asset must be adjusted by the amount resulting from the remeasurement of the lease liability.

If the underlying asset in a lease is of low value (generally € 5,000 or less when new) and/or the lease is short term (maximum term of twelve months and no purchase option available), Helaba makes use of the available practical expedients and recognises the payments as an expense in the consolidated income statement on a straight-line basis. In addition, the requirements are not applied to leases for intangible assets. In the case of contracts that include both lease and non-lease components, Helaba makes use of the option not to separate these components.

A range of leases include extension and termination options. When determining a lease term, Helaba takes into account all relevant facts and circumstances that create an economic incentive for Helaba (the lessee) to exercise the option to extend the lease or not to exercise the option to terminate the lease. Changes to a lease term because such options are exercised or not exercised are only included when determining a lease term if it is reasonably certain that Helaba (the lessee) will exercise or not exercise the option concerned.

The IFRS 16 financial reporting standard requires estimates and judgements to be made with regard to certain matters. In particular, an assessment must be made as to whether options will be exercised with an impact on the term of the lease.

The following table shows the separately presented right-of-use assets that are recognised under non-current assets in connection with leases:

in € m

	Investment property		Owner-occupied land and buildings		Operating and office equipment		Machinery and technical equipment		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Cost										
Balance as at 1.1.	**60**	**60**	**198**	**210**	**9**	**9**	**0**	**0**	**268**	**279**
Additions from original acquisition/construction	0	0	40	10	2	3	–	0	42	13
Disposals	–9	–0	–3	–20	–1	–3	–	–0	–13	–24
Changes due to currency translation and other adjustments	–	–	1	–1	0	0	0	0	1	–1
Balance as at 31.12.	**51**	**60**	**236**	**198**	**11**	**9**	**0**	**0**	**298**	**268**
Accumulated depreciation										
Balance as at 1.1.	**–11**	**–7**	**–77**	**–69**	**–5**	**–6**	**–0**	**–0**	**–93**	**–82**
Depreciation	–4	–4	–28	–28	–3	–3	–0	–0	–35	–35
Disposals	–	0	2	17	1	3	0	–	3	20
Changes due to currency translation and other adjustments	–	–	0	3	0	0	–0	0	1	4
Balance as at 31.12.	**–15**	**–11**	**–101**	**–77**	**–7**	**–5**	**–0**	**–0**	**–124**	**–93**
Accumulated impairment losses										
Balance as at 1.1.	**–**	**–**	**0**	**0**	**–**	**–**	**–**	**–**	**0**	**0**
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.	**36**	**49**	**134**	**122**	**4**	**4**	**0**	**0**	**174**	**175**

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 2022, the Helaba Group held 125 agreements with remaining terms between 17 and 78 years (31 December 2021: 125 agreements with remaining 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 € 177 m (31 December 2021: € 176 m).

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

in € m

	31.12.2022	31.12.2021
Up to three months	10	5
More than three months and up to one year	14	20
More than one year and up to five years	70	82
More than five years	102	90
Total	**195**	**197**

Further lease disclosures for the Helaba Group as lessee:

in € m

	31.12.2022	31.12.2021
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	–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)	–1	–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)	1	6
Total amount of cash outflows for leases in the period	43	46
Potential future lease payments not included in lease liabilities	46	54
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.

Disclosures on finance leases

The Helaba Group did not report any amounts from finance leases in either the reporting period or in the prior-year period.

Disclosures on operating leases

The following minimum lease payments are expected in the course of the next few years from non-cancellable operating leases:

in € m

	31.12.2022	31.12.2021
Up to one year	110	106
More than one year and up to two years	34	33
More than two years and up to three years	27	23
More than three years and up to four years	19	19
More than four years and up to five years	16	17
More than five years	68	74
Total	**275**	**273**

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

in € m

	31.12.2022	31.12.2021
Lease income for the period included in net income from investment property relating to fixed and in-substance lease payments[1)]	282	266
Lease income for the period included in other net operating income relating to fixed and in-substance lease payments	42	28
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

[1)] Prior-year figures adjusted: In the previous year, total fixed and in-substance lease payments were reported within lease income for the period included in other net operating income relating to fixed and in-substance lease payments. The portion of that total amount attributable to investment property is now reported in the new line item lease income for the period included in net income from investment property relating to fixed and in-substance lease payments in the amount of € 266 m. The prior-year figure also included allocatable operating and maintenance expenses of € 109 m and has been restated accordingly. See also Note (1).

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

(51) Report on Business Relationships with Structured Entities

The banking business and other operating activities of the Group companies give rise to various business relationships with structured entities within the meaning of IFRS 12. A structured entity is an entity that has been designed so that the exercise of voting or similar rights under company law is not the dominant factor in deciding who controls the entity as defined by IFRS 10.

The sponsorship of a structured entity as described in IFRS 12.27 may arise as part of the banking functions provided for customers. This affects situations in which the Helaba Group has initiated a special purpose entity or service entity, has been involved in and supported the establishment and initiation of the entity, and in which the Group's current business relationship with this unconsolidated structured entity is still so close that a third party would justifiably assume that the entity was affiliated with the Group.

Disclosures on unconsolidated structured entities

The following table shows the loans and advances as at 31 December 2022 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	**3,070**	**383**	**3,602**	**7,055**
Loans and receivables	3,070	383	3,602	7,055
Trading assets	**–**	**4**	**0**	**4**
Positive fair values of derivatives held for trading	–	4	–	4
Loans and receivables	–	–	0	0
Other financial assets mandatorily measured at fair value through profit or loss	**7**	**278**	**8**	**293**
Bonds and other fixed-income securities	7	–	–	7
Equity shares and other variable-income securities	–	278	8	286
Sundry assets	**–**	**8**	**–**	**8**
Assets	**3,076**	**673**	**3,610**	**7,360**
Loan commitments	700	19	684	1,403
Financial guarantees	28	–	–	28
Sundry obligations	–	118	–	118
Off-balance sheet liabilities	**728**	**138**	**684**	**1,550**
Size of structured entities	**4,074**	**205,248**	**144,096**	**353,418**

The following table shows the figures as at 31 December 2021:

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 asset management entities predominantly relate to the investment assets managed by Helaba Invest Kapitalanlagegesellschaft mbH, the breakdown of which was as follows:

in € m

	31.12.2022	31.12.2021
Retail funds 39 (31 December 2021: 40)	5,024	6,273
Institutional funds 388 (31 December 2021: 397)	153,024	175,803
Total	**158,048**	**182,076**

In particular, the securitisation entities business comprises service functions for securitisation entities in the OPUSALPHA Group. The lines of liquidity provided for the entities in the OPUSALPHA Group, including flat-rate premiums of 2 %, amounted to € 3,338 m (31 December 2021: € 2,929 m), of which € 2,715 m had been drawn down as at 31 December 2022 (31 December 2021: € 2,714 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 2022 after taking into account issues of € 498 m (31 December 2021: € 0 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.

The recognised loans and advances and loan commitments 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 2022 included investment funds in which Helaba or a subsidiary held a majority or all of the shares/units. A funding entity for purchasing entities in the OPUSALPHA securitisation structure (OPUSALPHA Funding LTD) was required to be consolidated in accordance with IFRS 10. 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 full 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.

(52) Significant Restrictions on Assets or on the Transfer of Funds

In addition to the information in the disclosures on legal restrictions affecting control over financial instruments (see Notes (38) and (39)), there were restrictions for the following entities as at the reporting date on current dividend distributions because of contractual arrangements or rules in the articles of association:

- Bürgschaftsbank Thüringen GmbH, Erfurt
- Bürgschaftsbank Hessen GmbH, Wiesbaden
- Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel
- Hessen Kapital I GmbH, Frankfurt am Main
- Hessen Kapital II GmbH, Frankfurt am Main
- MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Frankfurt am Main
- Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt

At Frankfurter Sparkasse, a statutory requirement in the German Act Establishing Frankfurter Sparkasse as a Public-Law Institution (Gesetz zur Errichtung der Frankfurter Sparkasse als Anstalt des öffentlichen Rechts, Fraspa-Gesetz) specifies an obligation to appropriate 33 % of the net income reported in the annual financial statements of Frankfurter Sparkasse to reserves.

In the case of nine consolidated subsidiaries, there is a block on dividends amounting to a total of € 16 m (31 December 2021: € 23 m, nine consolidated subsidiaries) 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 € 1,223 m (31 December 2021: € 1,296 m). This total figure included an amount of € 1,199 m (31 December 2021: € 1,048 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 2022, WIBank reported total assets of € 27,501 m (31 December 2021: € 26,460 m) and LBS total assets of € 6,193 m (31 December 2021: € 6,195 m).

Regulatory requirements relating to the recognition of own funds specified certain contractual details for issues of subordinated liabilities. Under these requirements, the Helaba Group is prohibited from netting against those liabilities, its right of termination is limited if certain conditions are met and the consent of the regulator must be obtained. The contractual rules for some issues require a replenishment following any loss before any actual repayment is made. Currently, there are no such replenishment obligations.

(53) Related Party Disclosures

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

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

As at 31 December 2022, 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	**2**	**–**	**–**	**–**	**2**
Financial assets measured at amortised cost	**8**	**148**	**6,734**	**14**	**6,904**
Loans and receivables	8	148	6,734	14	6,904
Trading assets	**–**	**–**	**201**	**–**	**201**
Positive fair values of derivatives held for trading	–	–	196	–	196
Bonds and other fixed-income securities	–	–	5	–	5
Other financial assets mandatorily measured at fair value through profit or loss	**8**	**12**	**1**	**–**	**21**
Shareholdings	8	12	1	–	21
Financial assets designated voluntarily at fair value	**–**	**–**	**577**	**–**	**577**
Loans and receivables	–	–	577	–	577
Financial assets measured at fair value through other comprehensive income	**0**	**–**	**250**	**–**	**250**
Bonds and other fixed-income securities	–	–	221	–	221
Loans and receivables	–	–	29	–	29
Shareholdings	0	–	–	–	0
Shares in equity-accounted entities	**–**	**11**	**–**	**–**	**11**
Sundry assets	**–**	**0**	**115**	**–**	**115**
Total assets	**18**	**170**	**7,877**	**14**	**8,080**

The following table shows the figures as at 31 December 2021:

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 liabilities and off-balance sheet commitments to related parties as at 31 December 2022 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	**152**	**18**	**3,118**	**8**	**3,296**
Deposits and loans	152	18	3,118	8	3,296
Other financial liabilities	0	–	0	–	0
Trading liabilities	**–**	**0**	**121**	**–**	**121**
Negative fair values of derivatives held for trading	–	0	121	–	121
Financial liabilities designated voluntarily at fair value	**–**	**–**	**54**	**–**	**54**
Deposits and loans	–	–	54	–	54
Provisions	**0**	**0**	**10**	**13**	**23**
Total liabilities	**152**	**18**	**3,303**	**21**	**3,493**
Loan commitments	2	96	997	0	1,096
Financial guarantees	–	0	10	–	10
Total off-balance sheet commitments	**2**	**96**	**1,007**	**0**	**1,106**

The following table shows the figures as at 31 December 2021:

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**

Loans to and receivables from other related parties did not include any loans to members of the Executive Board (as in the previous year) or loans to members of the Supervisory Board (31 December 2021: 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 € 74 m was generated from related parties (2021: € 90 m). Standard banking services produced net fee and commission income of € 64 m (2021: € 55 m). In addition, derivative transactions are entered into with related parties, mainly to hedge interest rate risk. Interest income of € 50 m (2021: € 49 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

	31.12.2022	31.12.2021
Benefits due in short term	3.0	3.5
Post-employment benefits (defined contribution plans)	–	–
Other benefits due in the long term	1.8	1.8
Benefits payable on termination of employment	–	–
Total	**4.8**	**5.3**

Additions of € 1.7 m were also made to the pension provisions for members of the Executive Board (2021: € 1.7 m). This amount represented the current service cost.

A total of € 0.9 m (2021: € 0.8 m) was paid to the Supervisory Board and € 0.1 m (2021: € 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 € 1.8 m (2021: € 1.9 m) in salary payments as company employees. An amount of € 4 m was paid to former members of the Executive Board and their surviving dependants (2021: € 4 m). Provisions of € 52 m have been recognised for pension obligations in accordance with IAS 19 for this group of persons (2021: € 73 m).

(54) Members of the Supervisory Board

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 –

Dr. Karl-Peter Schackmann-Fallis
Executive Member of the Board
Deutscher Sparkassen- und
Giroverband e. V.
Berlin
– Fifth Vice-Chairman –
– until 30 September 2022 –

Karolin Schriever
Executive Member of the Board
Deutscher Sparkassen- und
Giroverband e. V.
Berlin
– since 4 October 2022 –
– Fifth Vice-Chairwoman –
since 2 December 2022

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

Hans-Georg Dorst
Chairman of the Board of Managing
Directors
Sparkasse Mittelthüringen
Erfurt

Karin-Brigitte Göbel
Chairwoman of the Board of Managing
Directors
Stadtsparkasse Düsseldorf
Düsseldorf
– since 7 October 2022 –

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

Dr. Birgit Roos
Meerbusch
– until 17 June 2022 –

Günter Rudolph
Member of the State Parliament
of Hesse
Wiesbaden
– since 1 July 2022 –

Anita Schneider
Chief Administrative Officer
County District of Gießen
Gießen

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

Employee representatives

Thorsten Derlitzki
Vice-President
Frankfurt am Main
– Fourth Vice-Chairman –

Frank Beck
Vice-President
Frankfurt am Main

Katja Elsner
Vice-President
Frankfurt am Main
– since 30 September 2022 –

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
– until 30 September 2022 –

Birgit Sahliger-Rasper
Bank employee
Frankfurt am Main

Thomas Sittner
Bank employee
Frankfurt am Main

(55) Members of the Executive Board

Thomas Groß – CEO –	Helaba Chief Executive Officer and Chief Financial Officer (CEO and CFO) 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	Helaba Chief Risk Officer (CRO) and Dezernent (Board member) with responsibility for Risk Control, Credit Risk Management, Restructuring/Workout and 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	Helaba Chief Information Officer and Chief Operating Officer (CIO and COO) 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

(56) 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

(57) Report on Events After the Reporting Date

There were no significant events after 31 December 2022.

(58) List of Shareholdings of Landesbank Hessen-Thüringen Girozentrale in Accordance with Section 315a in Conjunction with Section 313 (2) HGB

Fully consolidated subsidiaries

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Holding in % as per Section 16 (4) AktG: Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
1	1822direkt Gesellschaft der Frankfurter Sparkasse mbH, Frankfurt am Main	100.00	0.00		7.1	0	€	1)
2	Airport Office One GmbH & Co. KG, Schönefeld	100.00	0.00		−0.0	−5	€	2)
3	ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	100.00	100.00		−23.8	−793	€	2)
4	CORDELIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	0	€	3)
5	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89	0.00		36.7	2,205	€	
6	Dritte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.8	1,092	€	2)
7	Dritte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.3	−287	€	2)
8	EGERIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	0	€	3)
9	Erste OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	124	€	2)
10	Family Office der Frankfurter Bankgesellschaft AG, Frankfurt am Main	100.00	0.00		1.1	305	€	
11	FHP Friedenauer Höhe Fünfte GmbH & Co. KG, Berlin	100.00	0.00		−0.5	−39	€	2)
12	FHP Friedenauer Höhe Projekt GmbH, Berlin	100.00	0.00		0.1	5	€	
13	FHP Friedenauer Höhe Zweite GmbH & Co. KG, Berlin	100.00	0.00		−0.5	−39	€	2)
14	FHP Projektentwicklung GmbH & Co. KG, Berlin	100.00	0.00		−0.0	−12	€	2)
15	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00	0.00		20.5	4,211	€	
16	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00	100.00		136.3	10,234	CHF	
17	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		938.7	18,000	€	
18	Galerie Lippe GmbH & Co. KG, Frankfurt am Main	94.90	0.00		−35.7	−6,509	€	2)
19	GGM Gesellschaft für Gebäude-Management mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1), 4)

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
20	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1), 4)
21	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH, Frankfurt am Main	100.00	0.00		0.9	23	€	
22	Grundstücksverwaltungsgesellschaft KAISERLEI GmbH & Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100.00	0.00		0.8	122	€	2)
23	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	100.00	0.00		23.4	0	€	1)
24	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00	5.10		85.8	6,638	€	
25	GWH Bauprojekte GmbH, Frankfurt am Main	100.00	0.00		13.6	0	€	1)
26	GWH Digital GmbH, Frankfurt am Main	100.00	0.00		0.2	–28	€	
27	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		950	0	€	1)
28	GWH Komplementär I. GmbH, Frankfurt am Main	100.00	0.00		0.0	15	€	
29	GWH Projekt Braunschweig I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–20	€	
30	GWH Projekt Dortmund I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–15	€	
31	GWH Projekt Dresden I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–40	€	
32	GWH Projekt Dresden II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–47	€	
33	GWH Projekt Dresden III GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–51	€	
34	GWH Projekt Eppstein GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
35	GWH Projekt Gunderslache GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0	–101	€	
36	GWH Projekt Lyoner Gärten GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
37	GWH Projekt Wolfsburg I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	–11	€	
38	GWH WertInvest GmbH, Frankfurt am Main	100.00	0.00		1.6	572	€	
39	GWH Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	100.00	0.00		449.0	83,573	€	
40	HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG, Pullach	48.27	0.00		4.9	–4	€	
41	HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG, Pullach	63.10	0.00		5.3	385	€	

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	
42	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.9	−57	€	2)
43	Helaba Asset Services Unlimited Company, Dublin, Ireland	100.00	100.00		41.8	−699	€	
44	Helaba Digital GmbH & Co. KG, Frankfurt am Main	100.00	100.00		6.1	−1,036	€	2)
45	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	100.00		18.0	0	€	1)
46	HeWiPPP II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−1.1	−1,561	€	2)
47	Honua'ula Partners LLC, Wilmington, USA	100.00	0.00		−242.7	−9,242	USD	
48	HP Holdco LLC, Wilmington, USA	100.00	100.00		−0.3	−172	USD	
49	HTB Grundstücksverwaltungsgesellschaft mit beschränkter Haftung, Frankfurt am Main	100.00	100.00		0.1	−0	€	
50	IMAP M&A Consultants AG, Mannheim	75.10	0.00		4.7	3,468	€	
51	Kalypso Projekt GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	57	€	2)
52	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	100.00	0.00		14.3	1,532	€	
53	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	94.90	0.00		29.9	1,684	€	
54	MKB PARTNERS, LLC, Wilmington, USA	100.00	0.00		7.8	−1	USD	
55	Montindu S.A./N.V., Brussels, Belgium	100.00	99.97		15.5	326	€	
56	Neunte P 1 Projektgesellschaft mbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	58	€	2)
57	OFB Beteiligungen GmbH, Frankfurt am Main	100.00	0.00		3.3	97	€	
58	OFB Biotech Campus GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−24	€	2)
59	OFB Bleidenstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−3.6	−1,002	€	2)
60	OFB gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	100.00	0.00		2.6	−201	€	2)
61	OFB Limes Haus II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.7	2,124	€	2)
62	OFB Löwenhöhe GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.7	920	€	2)
63	OFB MK 14.3 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.5	−180	€	2)
64	OFB Projektentwicklung GmbH, Frankfurt am Main	100.00	100.00		1.1	0	€	1), 4)
65	OFB Sechste PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.2	216	€	2)

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	
66	OFB Seven Gardens 2. BA GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−2	€	2)
67	OPUSALPHA FUNDING LIMITED, Dublin, Ireland	0.00	0.00		0.0	0	€	3)
68	Projekt Erfurt B38 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−43	€	2)
69	Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−31	€	2)
70	Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG, Frankfurt am Main	100.00	0.00		10.6	10,524	€	2)
71	PVG GmbH, Frankfurt am Main	100.00	100.00		1.0	562	€	1), 4)
72	Ramiba Verwaltung GmbH, Pullach	0.00	0.00		−0.1	−32	€	3)
73	SQO Stadt Quartier Offenburg GmbH & Co. KG, Frankfurt am Main	100.00	0.00		30.1	−2,747	€	2)
74	Systeno GmbH, Frankfurt am Main	100.00	0.00		9.8	1,989	€	
75	unIQus Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		7.6	58	€	2)
76	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
77	Verso Grundstücksentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.4	396	€	2)
78	Verso Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.6	188	€	2)
79	Vierte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	1	€	2)
80	Vierte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.6	−470	€	2)
81	Zweite OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		1.6	601	€	2)
82	Zweite OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−174	€	2)

		Holding in %				
No.	Name and location of the entity	Total	Thereof directly	Fund volume in € m	Original currency	
83	HI-C-FSP-Fonds, Frankfurt am Main	100.00	0.00	101.0	€	3)
84	HI-FBI-Fonds, Frankfurt am Main	100.00	0.00	148.8	€	3)
85	HI-FSP-Fonds, Frankfurt am Main	100.00	0.00	154.9	€	3)
86	HI-FSP-Infrastruktur-Fonds, Frankfurt am Main	100.00	0.00	45.8	€	3)
87	HI-H-FSP-Fonds, Frankfurt am Main	100.00	0.00	479.6	€	3)
88	HI-HT-KOMP.-Fonds, Frankfurt am Main	100.00	0.00	39.8	€	3), 5)
89	GWH WohnWertInvest Deutschland III, Hamburg	100.00	0.00	8.5	€	3)

The following joint ventures and associates have also been accounted for using the equity method:

Joint ventures accounted for using the equity method

		Holding in % as per Section 16 (4) AktG						
No.	Name and location of the entity	Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
90	CP Campus Projekte GmbH, Frankfurt am Main	50.00	0.00		0.4	–100	€	
91	Einkaufszentrum Wittenberg GmbH, Leipzig	50.00	0.00		–1.1	258	€	
92	Eschborn Gate GmbH, Frankfurt am Main	50.00	0.00		4.0	–882	€	
93	FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	50.00	0.00		–0.4	9	€	
94	FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	50.00	0.00		–0.4	–89	€	
95	FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	50.00	0.00		–1.4	–4	€	
96	FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	50.00	0.00		–3.0	–2,486	€	
97	G & O Alpha Hotelentwicklung GmbH, Frankfurt am Main	50.00	0.00		0.0	–87	€	
98	G & O Alpha Projektentwicklungs-GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	27	€	
99	G & O Gateway Gardens Dritte GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.1	60	€	
100	G & O Gateway Gardens Erste GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	32	€	
101	G & O MK 12 GmbH & Co. KG, Frankfurt am Main	50.00	0.00		–0.4	–382	€	
102	G & O MK 17.7 Nord GmbH & Co. KG, Frankfurt am Main	50.00	0.00		–1.3	–685	€	

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	
103	G & O MK 17.7 Süd GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	−66	€	
104	gatelands Immobilien GmbH & Co. KG, Schönefeld	75.00	0.00		0.5	10	€	
105	GIZS GmbH & Co. KG, Frankfurt am Main	33.33	33.33		13.6	−2,376	€	
106	GOB Dritte E & A Grundbesitz GmbH, Frankfurt am Main	50.00	0.00		−0.4	−56	€	
107	GOB Projektentwicklung Fünfte GmbH & Co. KG, Frankfurt am Main	8.84	0.00		−0.3	−81	€	
108	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33	0.00		5.4	2,237	€	
109	Horus AWG GmbH, Frankfurt am Main	50.00	0.00		−0.2	−16	€	
110	OFB & Procom Objekt Neu-Ulm GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	−3	€	
111	Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt am Main	30.00	0.00		10.0	−7	€	
112	sono west Projektentwicklung GmbH & Co. KG, Frankfurt am Main	70.00	0.00		0.1	47	€	
113	Stresemannquartier GmbH & Co. KG, Berlin	50.00	0.00		0.1	−9	€	
114	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	
115	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	54.51	0.00		1.5	–923	€	
116	Projekt Am Sonnenberg Wiesbaden GmbH, Essen	49.00	0.00		–0.1	–575	€	
117	WoWi Media GmbH & Co. KG, Hamburg	23.72	0.00	19.24	2.8	11,461	€	

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	
118	ASTARTE Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	–2	€	
119	BGT GmbH, Frankfurt am Main	100.00	100.00		0.0	0	€	1)
120	BIL Leasing GmbH & Co. Objekt Verwaltungsgebäude Halle KG i.L., Munich	100.00	0.00		0.0	–0	€	
121	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Wiesbaden	100.00	100.00		1.8	644	€	
122	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		0.2	–2	€	
123	FHG-Projekt Aktiengesellschaft i. G., Frankfurt am Main	100.00	100.00		k.A.	k.A.		
124	GLD Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	1	€	
125	Helaba Digital Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	0	€	
126	Helaba Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.2	0	€	
127	Helaba Representação Ltda., São Paulo, Brazil	100.00	99.00		0.1	0	BRL	
128	Kornmarkt Arkaden Verwaltung GmbH, Frankfurt am Main	100.00	0.00		0.0	–1	€	
129	Main Capital Funding II Limited Partnership, St. Helier, Jersey	0.00	0.00		12.9	–26	€	3)
130	Main Capital Funding Limited Partnership, St. Helier, Jersey	0.00	0.00		4.8	23	€	3)
131	Main Funding GmbH, Frankfurt am Main	0.00	0.00		0.3	–10	€	3)

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	
132	Main Funding II GmbH, Frankfurt am Main	0.00	0.00		0.1	−9	€	3)
133	OFB gatelands Verwaltung GmbH, Schönefeld	100.00	0.00		0.0	4	€	
134	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		6.4	201	€	
135	Sparkassen-Immobilien-Vermittlungs-GmbH, Frankfurt am Main	100.00	100.00		3.0	1,216	€	1)
136	SRT Erste Kingston UG (haftungsbeschränkt), Frankfurt am Main	0.00	0.00		k.A.	k.A.		3)
137	TE Beta GmbH i.L., Frankfurt am Main	100.00	100.00		0.4	−4	€	
138	TE Gamma GmbH, Frankfurt am Main	100.00	100.00		0.1	8	€	
139	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.0	−565	€	
140	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH) i.L., Frankfurt am Main	66.67	66.67		0.5	−24	€	
141	Unterstützungseinrichtung der Landesbank Hessen-Thüringen GmbH i.L., Frankfurt am Main	100.00	100.00		0.0	−0	€	

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	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
142	FHP Friedenauer Höhe Verwaltungs GmbH, Berlin	50.00	0.00		0.0	4	€
143	G & O Alpha Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	5	€
144	G & O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.1	22	€
145	gatelands Verwaltungs GmbH, Schönefeld	75.00	0.00		0.1	6	€
146	GIZS Verwaltungs-GmbH, Frankfurt am Main	33.33	33.33		0.0	9	€
147	GOB Projektentwicklungsgesellschaft E & A mbH, Frankfurt am Main	50.00	0.00		0.0	3	€
148	GreenTech Accelerator Gernsheim GmbH, Gernsheim	20.00	20.00		k.A.	k.A.	
149	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Frankfurt am Main	50.00	50.00		0.9	475	€
150	Hessen Kapital I GmbH, Wiesbaden	100.00	100.00		42.9	601	€
151	Hessen Kapital II GmbH, Wiesbaden	100.00	100.00		12.0	1,377	€
152	Komuno GmbH, Frankfurt am Main	62.53	0.00		0.1	−1,509	€
153	Multi Park Verwaltungs GmbH, Neu-Isenburg	50.00	0.00		0.0	−0	€
154	Procom & OFB Projektentwicklung GmbH, Hamburg	50.00	0.00		0.0	−0	€
155	Projekt Feuerbachstraße Verwaltung GmbH, Frankfurt am Main	70.00	0.00		0.0	1	€
156	Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Frankfurt am Main	30.00	0.00		0.0	0	€
157	Rotunde - Besitz- und Betriebsgesellschaft der S-Finanzgruppe mbH & Co. KG, Erfurt	34.00	34.00	25.00	4.4	7	€
158	Rotunde Verwaltungsgesellschaft mbH, Erfurt	34.00	34.00	25.00	0.0	−2	€

Associates not accounted for using the equity method

		Holding in % as per Section 16 (4) AktG						
No.	**Name and location of the entity**	**Total**	**Thereof directly**	**Voting rights if different from holding total in %**	**Equity in € m**	**Net profit in € thousands**	**Original currency**	
159	Bürgschaftsbank Hessen GmbH, Wiesbaden	21.03	21.03		23.7	943	€	
160	Bürgschaftsbank Thüringen GmbH, Erfurt	31.50	31.50		27.5	240	€	
161	FinTech Community Frankfurt GmbH, Frankfurt am Main	25.00	25.00		0.2	–32	€	
162	GbR VÖB-ImmobilienAnalyse, Bonn	0.00	0.00	20.00	k.A.	k.A.		
163	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	37.11	37.11		102.6	10,219	€	
164	MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Wiesbaden	32.52	32.52		11.6	756	€	
165	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.56	38.56		28.6	1,185	€	
166	Sparkassen-Marktservice Beteiligungs GmbH & Co. KG, Frankfurt am Main	50.00	40.00		4.1	97	€	
167	Sparkassen-Marktservice Verwaltungs GmbH, Frankfurt am Main	50.00	40.00		0.0	–0	€	
168	TF H III Technologiefonds Hessen Gesellschaft mit beschränkter Haftung, Wiesbaden	25.00	25.00		6.5	–553	€	
169	vc trade GmbH, Frankfurt am Main	10.00	0.00		0.1	–350	€	

List of Other Shareholdings

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
170	ABE CLEARING S.A.S à capital variable, Paris, France	2.08	2.08		42.6	6,108	€
171	ABG FRANKFURT HOLDING Wohnungsbau- und Beteiligungsgesellschaft mbH, Frankfurt am Main	0.00	0.00		1,064.1	83,546	€
172	Advent International GPE IX-A SCSp, Luxembourg, Luxembourg	0.43	0.43		3,138.6	2,033,269	€
173	Advent International GPE V-B Limited Partnership, George Town, Cayman Islands	2.01	2.01	0.30	16.5	679	€
174	Advent International GPE VI Limited Partnership, George Town, Cayman Islands	0.24	0.24		526.0	106,736	€
175	Advent International GPE X-A SCSp, Luxembourg, Luxembourg	0.38	0.38		k.A.	k.A.	
176	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	1.14	1.14		273.6	14,936	€
177	Antenne Thüringen GmbH & Co. KG, Weimar	3.50	3.50		3.5	1,315	€
178	Atruvia AG, Karlsruhe	0.02	0.00		449.0	9,936	€
179	AVW Assekuranzvermittlung der Wohnungswirtschaft GmbH & Co. KG, Bosau	11.76	0.00		23.0	22,707	€
180	Bauverein für Höchst a. M. und Umgebung eG, Frankfurt am Main	0.03	0.00		35.5	1,067	€
181	BC European Capital VIII-8, St. Peter Port, Guernsey	1.83	1.83	0.17	129.1	–884	€
182	BC Partners XI LE - 2 SCSp, Luxembourg, Luxembourg	3.87	3.87		81.4	6,193	€
183	BCEC X Luxembourg 1 SCSp, Luxembourg, Luxembourg	7.37	7.37		445.6	86,512	€
184	BOF III CV Investors LP, Wilmington, USA	4.16	4.16		6.5	–9	€
185	Campus Kronberg GmbH & Co. KG, Hamburg	6.00	0.00		54.5	2,106	€
186	Capnamic Ventures Fund II GmbH & Co. KG, Cologne	4.27	4.27	4.35	70.7	3,234	€
187	Capnamic Ventures Fund III GmbH & Co. KG, Cologne	2.63	2.63		16.9	–501	€
188	CapVest Equity Partners II, L.P., Hamilton, Bermuda	3.48	3.48		0.6	91	€
189	CapVest Equity Partners IV (Feeder) SCSp, Findel, Luxembourg	2.35	2.35		269.5	84,515	€
190	CapVest Equity Partners V (Feeder) SCSp, Senningerberg, Luxembourg	1.53	1.53		k.A.	k.A.	

		Holding in % as per Section 16 (4) AktG						
No.	**Name and location of the entity**	**Total**	**Thereof directly**	**Voting rights if different from holding total in %**	**Equity in € m**	**Net profit in € thousands**	**Original currency**	
191	Carlyle Europe Partners V - EU SCSp, Luxembourg, Luxembourg	0.31	0.31		2,713.9	874,997	€	
192	CARMA FUND I Capital GmbH & Co. KG, Munich	5.93	5.93		k.A.	k.A.		
193	Clareant Mezzanine Fund II (No. 1) Limited Partnership, St. Helier, Jersey	4.07	4.07		10.1	−2,299	€	
194	Clareant Mezzanine No. 1 Fund Limited Partnership, St. Helier, Jersey	3.40	3.40		9.2	−1,917	€	
195	DBAG Fund V GmbH & Co. KG, Frankfurt am Main	7.59	7.59	15.11	8.0	−2,295	€	
196	DBAG Fund VIII A (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		82.4	−33,169	€	
197	DBAG Fund VIII B (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		26.9	−7,276	€	
198	Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg	1.71	0.00		673.1	38,035	€	
199	Deutsche WertpapierService Bank AG, Frankfurt am Main	3.74	3.74		296.0	37,216	€	
200	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	5.41	5.41		219.5	12,557	€	6)
201	"Dia" Productions GmbH & Co. KG, Pullach	0.27	0.00		1.4	k.A.	€	
202	Digital Growth Fund II GmbH & Co. KG, Munich	1.34	1.34		82.2	−4,338	€	
203	DIV Grundbesitzanlage Nr. 30 Frankfurt-Deutschherrnufer GmbH & Co. KG i.L., Frankfurt am Main	0.06	0.06		1.8	−10	€	
204	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	6.00	0.00		17.9	2,136	€	
205	Eighth Cinven Fund (No. 2) Limited Partnership, London, United Kingdom	0.17	0.17		k.A.	k.A.		
206	EQT Expansion Capital II (No. 1) Limited Partnership, St. Peter Port, Guernsey	4.57	4.57		29.3	−12,162	€	
207	EQT IX (No.1) EUR SCSp, Luxembourg, Luxembourg	0.17	0.17		8,350.8	1,703,294	€	
208	EQT V (No. 1) Limited Partnership, St. Peter Port, Guernsey	0.28	0.28		226.4	102,462	€	
209	EQT X (No.1) EUR SCSp, Luxembourg, Luxembourg	0.88	0.88		k.A.	k.A.		
210	Erste Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	4	€	
211	Erste ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		−2.7	−2,113	€	
212	Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Neuhardenberg	1.76	0.00	0.00	3,317.1	56,262	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
213	ESG Book GmbH, Frankfurt am Main	1.91	0.00		4.8	−5,993	€
214	FIDUCIA Mailing Services eG, Karlsruhe	0.13	0.06		0.1	0	€
215	Forum Direktfinanz GmbH & Co. KG, Münster	14.29	14.29		3.4	1,430	€
216	Fourth Cinven Fund (No. 1) Limited Partnership, St. Peter Port, Guernsey	1.42	1.42		69.7	1,145,743	€
217	GBOF VI Feeder 2 SCSP, Luxembourg, Luxembourg	2.20	2.20		247.9	17,847	€
218	GbR Datenkonsortium OpRisk, Bonn	0.00	0.00	9.09	k.A.	k.A.	
219	GeckoGroup AG in Insolvenz, Wetzlar	5.02	0.00		k.A.	k.A.	
220	GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	8.93	8.93		−0.3	364	€
221	GLB GmbH & Co. OHG, Frankfurt am Main	11.20	11.20		2.8	−61	€
222	GLB-Verwaltungs-GmbH, Frankfurt am Main	11.20	11.20		0.0	60	€
223	Gründerfonds Ruhr GmbH & Co. KG, Essen	8.70	8.70		11.4	−652	€
224	HaemoSys GmbH, Jena	38.33	0.00		−4.8	−524	€
225	Hafenbogen GmbH & Co. KG, Frankfurt am Main	5.10	5.10		25.7	−323	€
226	HANNOVER LEASING GmbH & Co. KG, Pullach	5.10	5.10		56.2	11,425	€
227	Hello Darmstadt Projektentwicklung GmbH & Co. KG, Darmstadt	5.10	0.00		0.8	439	€
228	Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH, Frankfurt am Main	15.49	0.00		4.4	599	€
229	HQ Equita Beteiligungen V GmbH & Co. KG, Bad Homburg	3.24	3.24		173.4	3,412	€
230	Hutton Collins Capital Partners III L.P., London, United Kingdom	1.45	1.45		57.8	8,763	€
231	ICG Europe Fund VII Feeder SCSp, Luxembourg, Luxembourg	0.64	0.64		3,470.0	663,285	€
232	ICG Europe Fund VIII Feeder SCSp, Senningerberg, Luxembourg	0.34	0.34		791.6	82,689	€
233	Immomio GmbH, Hamburg	15.88	0.00		5.8	−751	€
234	Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Frankfurt am Main	16.90	4.21		24.2	8,494	€
235	Investcorp Private Equity 2007 Fund, L.P., George Town, Cayman Islands	2.01	2.01		5.3	−271	USD
236	KKR European Fund V (EUR) SCSp, Luxembourg, Luxembourg	0.70	0.70		1,835.6	393,111	USD
237	KKR European Fund VI (EUR) SCSp, Luxembourg, Luxembourg	1.00	1.00		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
238	Kornmarkt Arkaden Dritte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		5.0	−29	€
239	Kornmarkt Arkaden Erste GmbH & Co. KG, Frankfurt am Main	5.10	0.00		28.5	1,059	€
240	Kornmarkt Arkaden Vierte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		7.4	23	€
241	Kornmarkt Arkaden Zweite GmbH & Co. KG, Frankfurt am Main	5.10	0.00		22.8	126	€
242	LBS IT Informations-Technologie GmbH & Co KG, Berlin	7.30	7.30		0.0	33	€
243	LEA Mittelstandspartner II GmbH & Co. KG, Karlsruhe	2.09	2.09		53.4	−843	€
244	LEA Venturepartner GmbH & Co. KG, Karlsruhe	4.17	4.17		31.3	−4,066	€
245	Magical Productions GmbH & Co. KG, Pullach	2.11	0.00		2.4	836	€
246	Magnum Capital III SCA SICAV-RAIF, Luxembourg, Luxembourg	2.22	2.22		59.0	−11,818	€
247	MML Partnership Capital VII SCSp, Senningerberg, Luxembourg	1.51	1.51		326.7	118,891	€
248	NAsP III/V GmbH, Marburg	14.92	0.00		0.8	−90	€
249	Nassauische Heimstätte Wohnungs- und Entwicklungsgesellschaft mbH, Frankfurt am Main	0.84	0.00		1,086.3	42,829	€
250	neue leben Pensionskasse Aktiengesellschaft, Hamburg	3.20	0.00		29.9	900	€
251	Nordic Capital XI Alpha SCSp, Senningerberg, Luxembourg	0.73	0.73		k.A.	k.A.	
252	Objekt Limes Haus GmbH & Co. KG, Hamburg	5.10	0.00		14.2	−2,225	€
253	PALMYRA Verwaltungsgesellschaft mbH & Co. Vermietungs KG S.e.n.c., Luxembourg, Luxembourg	5.20	0.00		9.9	−1,353	€
254	Pan-European Infrastructure Fund LP, St. Helier, Jersey	0.73	0.73		2.1	−417	€
255	PATRIZIA Hessen Zehn GmbH & Co. KG, Hamburg	5.20	0.00		15.7	784	€
256	PineBridge PEP IV Co-Investment L.P., Wilmington, USA	9.51	0.00		5.2	1,061	USD
257	PineBridge PEP IV Non-U.S. L.P., Wilmington, USA	17.00	0.00		1.0	−81	USD
258	PineBridge PEP IV Secondary L.P., Wilmington, USA	16.10	0.00		4.0	−525	USD
259	PineBridge PEP IV U.S. Buyout L.P., Wilmington, USA	17.21	0.00		3.6	−976	USD

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
260	PineBridge PEP IV U.S. Venture L.P., Wilmington, USA	17.51	0.00		9.4	–1,285	USD
261	Private Equity Thüringen GmbH & Co. KG i.L., Erfurt	14.11	14.11		1.6	479	€
262	Projekt Hirschgarten MK8 GmbH & Co. KG, Stuttgart	5.10	0.00		–5.3	–992	€
263	Projektentwicklungs-GmbH & Co. Landratsamt KG, Wolfhagen	6.00	0.00		6.8	728	€
264	RSU GmbH & Co. KG, Munich	9.60	9.60		10.7	985	€
265	S CountryDesk GmbH, Cologne	5.88	2.94		0.8	139	€
266	SCHUFA Holding AG, Wiesbaden	0.31	0.00		146.9	48,427	€
267	Seventh Cinven Fund (No. 1) Limited Partnership, St Peter Port, Guernsey	0.16	0.16		4,768.5	928,684	€
268	S-International Saar Pfalz GmbH & Co. KG, Saarbrücken	12.72	12.72		k.A.	k.A.	
269	SIX Group AG, Zurich, Switzerland	0.00	0.00		5,293.3	74,642	CHF
270	SIZ GmbH, Bonn	5.32	5.32		6.3	14	€
271	S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication SCRL, La Hulpe, Belgium	0.00	0.00	0.22	616.2	52,234	€
272	THE TRITON FUND II L.P. i.L., St. Helier, Jersey	0.77	0.77		96.5	29,448	€
273	Treuhandgesellschaft für die Südwestdeutsche Wohnungswirtschaft mbH, Frankfurt am Main	3.25	0.00		2.1	140	€
274	Triton Fund III L.P., St. Helier, Jersey	0.71	0.71		1,343.9	450,472	€
275	Triton Fund V SCSp, Luxembourg, Luxembourg	2.44	2.44		652.2	172,490	€
276	True Sale International GmbH, Frankfurt am Main	8.33	8.33		4.5	–88	€
277	Volks- Bau- und Sparverein Frankfurt am Main eG, Frankfurt am Main	0.01	0.00		65.2	2,032	€
278	yabeo Impact AG, Pullach	8.54	8.54		8.3	–376	€
279	Zweite Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	3	€
280	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) The entity is classified as a subsidiary, but not based on the majority of voting rights held.
4) Section 264 (3) HGB has been applied with regard to the entity's annual financial statements.
5) Financial year end: 31 January; fund 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, 28 February 2023

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	**2,306**	**564**	**–133**	**5,604**
Belgium	1	1	–0	–
Germany	2,306	566	–133	5,575
France	1	2	–0	19
Ireland	–2	–5	0	2
Sweden	–0	0	–0	8
Switzerland	**49**	**10**	**–1**	**116**
USA	**182**	**120**	**–51**	**83**
United Kingdom	**40**	**47**	**31**	**58**
Other	**12**	**12**	**–4**	**–**
Total	**2,589**	**752**	**–158**	**5,861**

[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 Eppstein GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany

Entity	Nature of activity	Head office / location	Country
GWH Projekt Gunderslache GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
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
GWH WohnWertInvest Deutschland III	Securities investment fund	Hamburg	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
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 branch	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	Financial institution	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

Entity	Nature of activity	Head office / location	Country
Projekt Erfurt B38 GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG	Other undertaking	Frankfurt am Main	Germany
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
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 2022, 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 2022 to 31 December 2022, 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 2022 to 31 December 2022. 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 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022, 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 2022 to 31 December 2022. 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. Consideration of exceptional macroeconomic circumstances and 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 management used judgement. 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.

In order to take the exceptional macroeconomic circumstances into account, management performed a special situation analysis based on its own economic forecasts and made a forward-looking adjustment to the risk parameters.

Additionally, the economic impact of the ongoing war between Russia and Ukraine and the energy crisis after Russia suspended gas deliveries as well as the continued effects of the global COVID-19 pandemic on the probabilities of default and collateral values was estimated as part of an additional judgemental portfolio-based loss allowance. The resulting adjustment of the stage 1 and 2 loss allowances is based on assumptions which are subject to judgement and is made at the level of the identified relevant sectors, identified critical subportfolios and identified borrowers for which ratings are expected to deteriorate due to foreseeable risks.

In light of the increased uncertainty and the judgement associated with the assumptions, the consideration of exceptional macroeconomic circumstances and the calculation of an additional judgemental portfolio-based loss allowance as part of the loan loss allowance was a key audit matter.

Auditor’s response

As part of our audit procedures on the special situation analysis and calculation of an additional judgemental portfolio-based loss allowance, we assessed the design and operating effectiveness of the internal control system with regard to the calculation of the stage 1 and 2 loss allowances and the integration in the Bank’s governance structures. 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 the loan exposures which were particularly affected by the economic impact of the war between Russia and Ukraine and 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.

As part of our audit of the special situation analysis, we tested the consistency of the significant estimated macroeconomic parameters used by the Bank with the macroeconomic forecasts of leading economic research institutes and financial services providers. We also performed substantive audit procedures to satisfy ourselves that the procedure for performing the special situation analysis was properly applied to the credit portfolio. This related to the correct inclusion of the inputs, their arithmetical accuracy (weighting) and the arithmetically accurate inclusion of the results of the special situation analysis in the adjustment of the loss allowance.

We tested the consistency of the assumptions underlying the adjustments to the risk parameters in order to account for the economic impact of the ongoing war between Russia and Ukraine, the energy crisis after Russia suspended gas deliveries as well as the continued impact of the global COVID-19 pandemic on the probabilities of default and collateral values by analysing the risk management measures taken by the Bank based on risk reporting and limit management as well as external analyses. 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 consideration of exceptional macroeconomic circumstances and the calculation of an additional judgemental portfolio-based loss allowance 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 (37) of the notes to the consolidated financial statements on credit risks attributable to financial instruments, Note (5) on loss allowances and the "Risk-bearing capacity/ICAAP" section of the group management report.

2. Valuation and accounting of financial assets and liabilities designated voluntarily at fair value (fair value option)

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

As part of managing economic hedges, management voluntarily applies the fair value option to financial assets and liabilities pursuant to IFRS 9 in order to prevent an accounting mismatch in the income statement. The fair values for these financial assets and liabilities are determined based on the valuation inputs that are observable on the market.

In particular for financial assets and liabilities that are not listed in an active market, management uses internal guidelines and valuation methods to determine fair value. The fair value determination is thus based on assumptions which are subject to judgement and is subject to estimation uncertainties. Even minor changes in the assumptions and valuation inputs can lead to significantly different valuation results.

For financial liabilities, the earnings contribution due to the change in own credit risk is also calculated. This earnings contribution is recognised in equity.

Due to the level of earnings effects on the income statement and for the financial liabilities on equity, as well as in light of capital market developments, the valuation and accounting of the financial assets and liabilities designated voluntarily at fair value (fair value option) was a key audit matter.

Auditor's response

We analysed the processes in the areas of capital markets, treasury, risk control and accounting and tested the appropriateness and operating effectiveness of internal controls, especially in relation to the designation of financial assets and liabilities under the fair value option and the valuation inputs and valuation models.

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.

We determined that the valuation methods and assumptions used by the Bank to determine the fair value of financial assets and liabilities designated under the fair value option are consistent with generally accepted valuation methods.

Using a sample of individual cases selected on a risk basis, we recalculated the fair value of financial assets and liabilities designated under the fair value option and analysed whether they are within the range of plausible results. Additionally, for financial liabilities, we analysed the calculation for the separation of the earnings effect due to the changes in own credit risk.

We then assessed whether the disclosure in the balance sheet and the valuation results associated with these financial assets and liabilities in the income statement and equity were complete and performed in accordance with the relevant accounting standards.

As part of the audit, we consulted internal specialists who have particular expertise in the valuation of financial instruments.

Our audit procedures did not lead to any reservations relating to the valuation and accounting of financial assets designated at fair value.

Reference to related disclosures

With regard to the recognition and measurement principles applied for the valuation and accounting of financial assets and liabilities designated under the fair value option, please refer to the disclosure in Note (3) of the notes to the consolidated financial statements, Notes (12) and (25) for information on financial instruments designated voluntarily at fair value, Note (35) for information on equity and Note (40) for information on fair values and the fair value hierarchies.

3. Calculation and accounting of the valuation adjustments (CVA / DVA) for derivative financial instruments

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

Management takes the credit risk adjustment (CVA) and debit value adjustment (DVA) amounts into account in the fair value measurement of derivative financial instruments.

Valuation models based on assumptions and valuation inputs and thus subject to estimation uncertainties are used to calculate CVA and DVA. Even minor changes in the assumptions and valuation inputs can lead to significantly different valuation results.

The valuation adjustments are made at transaction level with the aim of ensuring valuation at fair value pursuant to IFRS 13 for these financial instruments. The valuation adjustments are aggregated and presented in the respective balance sheet items and the changes in the income statement.

Due to the level of valuation adjustments and in light of the capital market volatility as well as the impact on the income statement, the calculation and accounting of the valuation adjustments (CVA / DVA) for derivative financial instruments was a key audit matter.

Auditor’s response

We analysed the processes in the areas of capital markets, treasury, risk controlling and accounting and tested the appropriateness and operating effectiveness of internal controls, especially in relation to the valuation inputs, models and valuation adjustments.

As part of our substantive audit procedures, we analysed the extent to which the development of CVA and DVA is consistent with the development of available market inputs based on an independently determined expected range.

We determined that the valuation methods and assumptions used by the Bank to determine the CVA and DVA for derivative financial instruments are consistent with generally accepted valuation methods.

Using a sample of individual cases selected on a risk basis, we recalculated the fair values for different product types of derivative financial instruments. In this context, we assessed the extent to which the CVA and DVA are within the expected range of results, taking collateral into account. We then assessed that the calculated valuation adjustments were completely and correctly recorded in the accounting and the required internal process steps and controls were performed.

As part of the audit, we consulted internal specialists who have particular expertise in the valuation of financial instruments.

Our audit procedures did not lead to any reservations relating to the calculation and accounting of valuation adjustments (CVA / DVA) for derivative financial instruments.

Reference to related disclosures

With regard to the recognition and measurement principles applied for the calculation and accounting of valuation adjustments (CVA / DVA), please refer to the disclosure in Note (3) of the notes to the consolidated financial statements as well as the information on valuation adjustments in Notes (27), (40) and (41).

Other information

The Supervisory Board is responsible for the "Report of the Supervisory Board" and 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of not detecting a material misstatement 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-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance 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 2022 to 31 December 2022 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) (06.2022). 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 30 March 2022 and were engaged by the Executive Board on 30 June 2022. We have been the group auditor of Landesbank Hessen-Thüringen Girozentrale 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 Unternehmensregister [German Company Register] – 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, 1 March 2023

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 2022 to 31 December 2022 ("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 information" 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 information" 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 information” 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 judgement 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 2022 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 information” 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 summarised 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, 1 March 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hultsch	Welz
Wirtschaftsprüfer	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 –	**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	**Martin Bayer** Chairman of the Board of Managing Directors Kreissparkasse Saalfeld-Rudolstadt Saalfeld
Günther Rudolph Member of the State Parliament of Hesse Wiesbaden – since 1 July 2022 –	**Frank Matiaske** Chief Administrative Officer County District of Odenwald Erbach – since 1 January 2022 –
Günter Högner Chairman of the Board of Managing Directors Nassauische Sparkasse Wiesbaden	**Stefan Hastrich** Chairman of the Board of Managing Directors Kreissparkasse Weilburg Weilburg
Oliver Klink Chairman of the Board of Managing Directors Taunussparkasse Bad Homburg v. d. H.	**Annette Theil-Deininger** Chairwoman of the Board of Managing Directors Rhön-Rennsteig-Sparkasse Meiningen
Anita Schneider Chief Administrative Officer County District of Giessen Giessen	**Winfried Becker** Chief Administrative Officer County District of Schwalm-Eder Homberg (Efze)

Members

Wolfgang Schuster
Chief Administrative Officer
County District of Lahn-Dill
Wetzlar

Dr. Heiko Wingenfeld
Mayor
City of Fulda
Fulda

Deputy Members

Alexander Hetjes
Mayor
City of Bad Homburg v. d. H.
Bad Homburg v. d. H.

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

Karin-Brigitte Göbel
Chairwoman of the Board of Managing Directors
Stadtsparkasse Düsseldorf
Düsseldorf
– since 7 October 2022 –

Dr. Birgit Roos
Meerbusch
– until 17 June 2022 –

Deputy Members

Norbert Laufs
Chairman of the Board of Managing Directors
Sparkasse Aachen
Aachen
– since 7 October 2022

Karin-Brigitte Göbel
Chairwoman of the Board of Managing Directors
Stadtsparkasse Düsseldorf
Düsseldorf
– until 6 October 2022

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 –

Deputy Members

Dr. h. c. Sven-Georg Adenauer
Chief Administrative Officer
County District of Gütersloh
Gütersloh

Appointed by Fides Beta GmbH

Members

Karolin Schriever
Executive Member of the Board
Deutscher Sparkassen- und Giroverband e. V.
Berlin
– since 4 October 2022 –
– since 2 December 2022: Fifth Vice-Chairwoman –

Dr. Karl-Peter Schackmann-Fallis
Executive Member of the Board
Deutscher Sparkassen- und Giroverband e. V.
Berlin
– Fifth Vice-Chairman –
– until 30 September 2022 –

Deputy Members

Dr. Matthias Bergner
Managing Director
Fides Beta GmbH
Berlin
– since 4 October 2022 –

Appointed by Fides Alpha GmbH

Members

Dr. Hagen Pfeiffer
Managing Director
HP Management Advisory GmbH
Eschborn

Deputy Members

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 –until 30 September 2022 –
Frank Beck Vice-President Landesbank Hessen-Thüringen Frankfurt am Main	**Sven Ansorg** Bank employee Landesbank Hessen-Thüringen Erfurt
Katja Elsner Vice-President Landesbank Hessen-Thüringen Frankfurt am Main – since 30 September 2022 –	**Ursula Schmitt** Bank employee Landesbank Hessen-Thüringen Wirtschafts- und Infrastrukturbank Hessen Offenbach
Thorsten Kiwitz President Landesbank Hessen-Thüringen Frankfurt am Main	**Jens Druyen** Bank employee Landesbank Hessen-Thüringen Düsseldorf
Christiane Kutil-Bleibaum Vice-President Landesbank Hessen-Thüringen Erfurt	**Petra Barz** Bank employee Landesbank Hessen-Thüringen Frankfurt am Main
Annette Langner Vice-President Landesbank Hessen-Thüringen Frankfurt am Main	**Nicole Gerhold** Bank employee Landesbank Hessen-Thüringen Kassel
Susanne Noll Bank employee Landesbank Hessen-Thüringen Frankfurt am Main	**Hans-Jörg Heidtkamp** Senior Vice-President Landesbank Hessen-Thüringen Düsseldorf

Members	Deputy Members*
Jürgen Pilgenröther Bank employee Landesbank Hessen-Thüringen Frankfurt am Main – until 30 September 2022 –	**Thomas Buchmayer** Bank employee Landesbank Hessen-Thüringen Offenbach – until 29 September 2022 –
Birgit Sahliger-Rasper Bank employee Landesbank Hessen-Thüringen Frankfurt am Main	**Ute Opfer** Bank employee Landesbank Hessen-Thüringen Kassel
Thomas Sittner Bank employee Landesbank Hessen-Thüringen Frankfurt am Main	**TBA**

* 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 –
– until 30 September 2022 –

Karolin Schriever
Executive Member of the Board
Deutscher Sparkassen- und Giroverband e.V.
Berlin
– Vice-Chairwoman –
– since 1 October 2022 –

Heike Taubert
Minister
Ministry of Finance of the State of Thuringia
Erfurt
– Vice-Chairwoman –

Christian Blechschmidt
Chairman of the Board of Managing Directors
Sparkasse Unstrut-Hainich
Mühlhausen

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

Volker Bouffier
Minister-President (ret.)
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

Ulrich Krebs
Chief Administrative Officer
County District of Hochtaunus
Bad Homburg v. d. H.

Thomas Müller
Chief Administrative Officer
County District of Hildburghausen
Hildburghausen

Stefan Reuß
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main / Erfurt

Klaus Peter Schellhaas
Chief Administrative Officer
County District of Darmstadt-Dieburg
Darmstadt
– since 1 January 2022 –

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 –

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

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

Olaf Kieser
Chief Executive Officer
EAM GmbH & Co. KG
Kassel
– since 1 June 2022 –

Birgit Lichtenstein
Finance Director
RheinEnergie AG
Cologne
– since 1 September 2022 –

Brigitte Lindscheid
Darmstadt Regional Council
Darmstadt

Matthias Löb
Director
Landschaftsverband Westfalen-Lippe
Münster
– until 30 June 2022 –

Dr. Georg Lunemann
Director
Landschaftsverband Westfalen-Lippe
Münster
– since 1 September 2022 –

Steffen Müller
Managing Director
Nordhessischer Verkehrsverbund
Kassel
– since 1 June 2022 –

Jürgen Noch
Managing Director
Westfalen Weser Energie GmbH & Co. KG
Paderborn

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

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
– until 31 July 2022 –

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

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 regularly, promptly and comprehensively 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, risk and capital situation of Landesbank Hessen-Thüringen Girozentrale and the Helaba Group in five 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. 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 also reported regularly on the ramifications of the war in Ukraine and related risk-reduction actions on the part of Helaba.

The Executive Board held detailed discussions with the Supervisory Board on the business strategy for 2023, on the review of assumptions and analysis of target attainment for 2022, on the risk strategy and risk appetite statement (RAS) for 2023, on operational planning and on rolling multi-year planning including equity planning. The Supervisory Board also discussed and duly noted the tax strategy for 2023, the IT strategy for 2023 and target attainment in respect of the IT strategy for 2022.

The Supervisory Board addressed matters concerning the Executive Board and the Supervisory Board on an ad hoc basis following their prior discussion by the Nomination Committee and/or the Personnel and Remuneration Oversight Committee. The Supervisory Board addressed the ECB sanctioning proceedings in connection with a suspected breach of regulatory reporting obligations in 2020 in a number of meetings. 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 and Executive 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 2021 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
- Status report on capital contributions from the State of Hesse
- The ECB's SREP decision

- Regulatory audits and resulting action plans
- The internal governance framework
- ECB climate stress test
- The updating of Helaba's recovery plan

The Supervisory Board also considered the following key topics:

- "Murex 3.x release upgrade" project
- Restructuring of the Frankfurter Bankgesellschaft Group

Following consultation with the Supervisory Board in the meeting of 25 March 2022, the Bank's Board of Public Owners adopted amendments to the Charter to implement the German Act to Strengthen Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität, FISG) in its meeting of 30 March 2022. These amendments came into force on 20 June 2022 following publication in the Official Gazette for the states of Hesse and Thuringia.

Helaba organised three training events for all members of the corporate bodies during the year under review. External speakers were brought in for elements of these events, which also served as continuing professional development as required in connection with the expertise requirements for the exercise of a mandate in management and supervisory entities pursuant to section 25d (4) of the German Banking Act (Kreditwesengesetz – KWG). The training sessions covered a variety of topics including sustainability and sustainable finance, IT compliance, and the latest regulatory developments. Individual training was additionally provided for new and existing members of the Supervisory Board.

Committees of the Supervisory Board

The committees of the Supervisory Board (Risk and Credit Committee, Audit Committee, Personnel and Remuneration Oversight Committee, Nomination Committee, Investment Committee, Building Committee and WIBank Committee) assisted the Supervisory Board in its work and drew up proposals for decisions. The Supervisory Board established a temporary IT Committee on 1 October 2022 to support the Atlas programme for the modernisation of the IT landscape. 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. The Supervisory Board Risk and Credit Committee considered compliance reporting, Helaba's overall risk reporting and the modelling of the risk models on a quarterly basis during the year under review. It also addressed the model and risk inventory and discussed in advance the risk strategy for 2023. The Risk and Credit Committee also gave regular consideration to the ramifications of the war in Ukraine, in particular for the quality of the Bank's lending portfolio, to related risk-reduction actions on the part of the Bank 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 2022. It received updates on the SREP decision, the latest regulatory issues, the status of the Bank's Internal Control System and enhancements thereto, and the status of the resolution of observations made in the course of supervisory reviews. It also took note of Group Audit's annual report. The Audit Committee was in addition notified of external audits conducted in the financial year under review and of the implementation of the German Act to Strengthen Financial Market Integrity (FISG).

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 deliberated on the new Guidelines on the Assessment of the Suitability of Members of the Management Body to implement the ESMA/EBA directives and on the process for identifying and assessing the suitability of key function holders at Helaba Bank. It also discussed proposals on the appointment of ordinary and deputy members of the Supervisory Board and submitted recommended resolutions to the Supervisory Board.

The four 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 system pursuant to section 25d (12) KWG. The Committee also took note of Helaba's risk analysis, the identification of the risk-bearing entities at Helaba and in the Helaba Group for 2023, and the remuneration oversight report of the Remuneration Officers. The Committee additionally held detailed discussions on Helaba's remuneration report and the evaluation of the effects of the remuneration systems on risk, capital and liquidity management and was informed about personnel management tools and diversity key figures. It was also informed about the appropriate design of the employee and Executive Board remuneration system at Helaba for 2022 and the involvement in 2022 of the internal units exercising control. The Personnel and Remuneration Oversight Committee consulted on the principles of the remuneration structure and on matters relating to Executive Board remuneration and carried out preparatory work for decisions to be made by the Supervisory Board.

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 in one meeting about the business performance of the Bank's strategic equity investments and the risk report on equity investments.

The Building Committee held four meetings in the year under review, discussing in detail the status of the Bank's ongoing real estate projects, in particular the Central Business Tower (CBT) development in Frankfurt am Main. The Building Committee was also informed about developments in the real estate market and about the Bank's real estate portfolio.

The newly established IT Committee discussed the Atlas IT modernisation programme in two meetings. The Committee received regular detailed updates on the status of the programme and carried out preparatory work for decisions to be made by the Supervisory Board.

Audit and adoption of the annual accounts for 2022

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the annual accounts for 2022 together with the accompanying management report and issued an unqualified certificate of audit. The Supervisory Board meeting of 27 March 2023 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 2022.

The Supervisory Board wishes to thank Helaba's Executive Board and employees for their efforts in the year under review.

Frankfurt am Main, 27 March 2023

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 four meetings in the year under review. It was notified accordingly of major events, operational planning for the year and rolling multi-year planning, including equity planning. It also regularly considered Helaba's reporting on developments in the business, earnings, risk and capital situation.

The Executive Board also reported regularly to the Board of Public Owners on the ramifications of the war in Ukraine and related risk-reduction actions on the part of Helaba. The Board of Public Owners discussed and duly noted the business strategy for 2023, the review of assumptions and analysis of target attainment for 2022, the risk strategy and risk appetite statement (RAS) for 2023, the tax strategy for 2023, the IT strategy for 2023, and target attainment in respect of the IT strategy for 2022.

The Executive Board reported on the following key topics at the meetings of the Board of Public Owners:

- The ECB sanctioning proceedings in connection with a suspected breach of regulatory reporting obligations in 2020
- Atlas – Helaba's IT modernisation programme
- Status report on capital contributions from the State of Hesse
- The ECB's SREP decision
- Regulatory audits and resulting action plans
- The internal governance framework
- The updating of Helaba's recovery plan

The Board of Public Owners also considered the following key topics:

- The closure of the Moscow representative office
- Organisational changes of the Frankfurter Bankgesellschaft Group

Following consultation with the Supervisory Board in the meeting of 25 March 2022, the Bank's Board of Public Owners adopted amendments to the Charter to implement the German Act to Strengthen Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität, FISG) in its meeting of 30 March 2022. These amendments came into force on 20 June 2022 following publication in the Official Gazette for the states of Hesse and Thuringia.

The Board of Public Owners in its decision of 31 March 2023 approved the Bank's annual accounts, with a reported distributable profit of € 90,000,000.00, and management report and discharged the Executive Board and the Supervisory Board from responsibility in respect of financial year 2022. The Board of Public Owners also approved the consolidated financial statements and group management report of Landesbank Hessen-Thüringen Girozentrale for the financial year 2022.

The Board of Public Owners wishes to thank Helaba's Executive Board and employees for their efforts in the year under review.

Frankfurt am Main, 31 March 2023

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

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	Erfurt	Bonifaciusstrasse 19 99084 Erfurt Germany	T +49 3 61/2 17-6 02
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	Wiesbaden	Gustav-Stresemann-Ring 9 65189 Wiesbaden Germany	T +49 6 11/7 74-0
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	New York	420, Fifth Avenue New York, N. Y. 10018 USA	T +1 2 12/7 03-52 00
	Paris	4–8 rue Daru 75008 Paris France	T +33 1/40 67-77 22
	Stockholm	Kungsgatan 3, 2nd Floor 111 43 Stockholm Sweden	T +46/86 11 01 16
Representative Offices	**Madrid** (for Spain and Portugal)	General Castaños, 4 Bajo Dcha. 28004 Madrid Spain	T +34 91/39 11-0 04
	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

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	Singapore	One Temasek Avenue #05 – 04 Millenia Tower Singapore 039192	T +65/62 38 04 00
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	Munich	Lenbachplatz 2a 80333 Munich Germany	T +49 89/5 99 88 49-0
Selected Subsidiaries	**Frankfurter Sparkasse**	Neue Mainzer Strasse 47 – 53 60311 Frankfurt am Main Germany	T +49 69/26 41-0
	1822direkt Gesellschaft der Frankfurter Sparkasse mbH	Borsigallee 19 60388 Frankfurt am Main Germany	info@1822direkt.de T +49 69/9 41 70-0
	Frankfurter Bankgesellschaft (Deutschland) AG	Junghofstrasse 26 60311 Frankfurt am Main Germany	T +49 69/1 56 86-0
	Frankfurter Bankgesellschaft (Schweiz) AG	Börsenstrasse 16 8001 Zürich Switzerland	T +41 44/2 65 44 44
	Helaba Invest Kapitalanlagegesellschaft mbH	Junghofstrasse 24 60311 Frankfurt am Main Germany	T +49 69/2 99 70-0
	GWH Wohnungsgesellschaft mbH Hessen	Westerbachstrasse 33 60489 Frankfurt am Main Germany	T +49 69/9 75 51-0
	OFB Projektentwicklung GmbH	Speicherstrasse 55 60327 Frankfurt am Main Germany	T +49 69/9 17 32-01
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