Helaba

Annual Financial Report 2022

Annual Financial Statements of Helaba

Values with impact.

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Management Report

Basic Information About Helaba

The Helaba business model

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 balance sheet 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 operating result 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, amortisation and write-downs to total profit/loss before taxes net of general and administrative expenses including depreciation, amortisation and write-downs 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, the Bank 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 the Bank'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. 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. The mild winter reduced the threat of a gas shortage in Germany. 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 "Net Assets, Financial Position and Results of Operations" 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 (excluding the WIBank development business, which does not form part of the competitive market) significantly exceeded the prior-year level at € 20.5 bn (2021: € 14.7 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) increased slightly to € 107.8 bn. Added to these were loans and advances to Sparkassen (financial assets measured at amortised cost) in the amount of € 8.0 bn (31 December 2021: € 7.1 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 Helaba was 59.3 % for the year ended 31 December 2022 (31 December 2021: 66.4 %). Return on equity rose to 7.5 % (31 December 2021: 3.5 %).

As at 31 December 2022 Helaba's CET1 capital ratio was 11.4 % (31 December 2021: 11.6 %) and its total capital ratio was 16.0 % (31 December 2021: 16.4 %). 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.

Helaba's leverage ratio as at 31 December 2022 was 3.7 % (31 December 2021: 4.7 %), which is above the required minimum ratio.

The liquidity coverage ratio (LCR) for Helaba was 223.5 % as at 31 December 2022 (31 December 2021: 181.8 %). As at 31 December 2022, the NSFR for Helaba was noticeably higher than the target figure at 119 % (31 December 2021: 114 %).

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.

Net Assets, Financial Position and Results of Operations

Key performance data for 2022

	2022	2021		Changes
	in € m	in € m	in € m	in %
Business volume	232,087	218,213	13,874	6.4
Total assets	195,612	184,054	11,558	6.3
Operating result before loss allowances	737	489	248	50.7
Net additions to loss allowances and net remeasurement gains/losses	–249	–251	2	0.7
Net income for the year	278	221	57	25.8

The reporting currency of the management report 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.

Helaba does not include the cost of servicing the additional Tier 1 capital instruments in its presentation of the results of operations. For this reason, net interest income and therefore also the operating result and net income for the year reported under the results of operations are € 14 m (2021: € 14 m) higher than in the income statement prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB). In addition, income from equity investments and dividends is not shown separately under results of operations, but instead included in net interest income.

Results of operations

	2022	2021		Changes
	in € m	in € m	in € m	in %
Net interest income	1,303	1,298	4	0.3
Net fee and commission income	255	219	35	16.1
Net income of the trading portfolio	328	82	247	>100,0
Other net operating income	–75	–144	69	48.2
Net operating income	**1,811**	**1,455**	**356**	**24.5**
General and administrative expenses	–1,074	–966	–108	–11.2
Operating result before loss allowances	**737**	**489**	**248**	**50.7**
Net additions to loss allowances and net remeasurement gains/losses	–249	–251	2	0.7
Operating result before taxes	**488**	**239**	**250**	**>100,0**
Tax expense	–211	–18	–193	>-100,0
Net income for the year	**278**	**221**	**57**	**25.8**

Helaba's operating income increased again in 2022, exceeding the prior-year figure by € 356 m. The very sharp increase in net income of the trading portfolio and other net operating income coupled with strong growth in net fee and commission income boosted the operating result before loss allowances to € 737 m (2021: € 489 m) despite noticeably higher general and administrative expenses.

The expense under net additions to loss allowances / net remeasurement gains / losses was all but unchanged year on year, enabling Helaba to increase its operating result before taxes by € 250 m to € 488 m. After taking into account a tax expense of € 211 m (2021: € 18 m), net income for the year amounted to € 278 m (2021: € 221 m).

Net interest income, a key component of Helaba's income, rose from € 1,298 m to € 1,303 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 € 56 m (2021: € 136 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.

Net fee and commission income rose by € 35 m year on year to € 255 m and was derived largely from fee and commission income from payment transactions (€ 81 m; 2021: € 76 m), lending and guarantee business (€ 86 m; 2021: € 81 m) and the management of public-sector subsidy and development programmes (€ 63 m; 2021: € 56 m).

All realised and unrealised contributions to income from trading transactions are reported under net income of the trading portfolio. Once again, the income of € 328 m (2021: € 82 m) resulted mainly from interest rate-related business, which is the focus of the customer-driven capital market activities. The very marked increase here reflects the significant changes seen in market conditions, especially interest rates. 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.

Other net operating income amounted to a net expense of € 75 m (2021: net expense of € 144 m). This very significant improvement is explained in part by lower expenses from interest on pension and other provisions and in part by the fact that the prior-year figure was adversely affected by additions to provisions.

General and administrative expenses increased by € 108 m to € 1,074 m. These expenses comprised personnel expenses of € 407 m (2021: € 378 m), non-personnel operating expenses of € 623 m (2021: € 564 m) and depreciation charges and write-downs on property and equipment plus amortisation charges on intangible assets totalling € 43 m (2021: € 24 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. Helaba employed an average of 3,412 people in the year under review (2021: 3,381). Other administrative expenses were impacted by a very sharp increase in the European bank levy of € 20 m to € 90 m and a very strong rise in expenses for the association overhead allocation and the reserve funds of € 35 m to € 81 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 main due to increased investment in information technology (IT).

The net operating income of € 1,811 m (2021: € 1,455 m) and general and administrative expenses (including write-downs) of € 1,074 m (2021: € 966 m) combined to give an operating result before loss allowances of € 737 m (2021: € 489 m), which equates to a year-on-year increase of € 248 m. The cost-income ratio (CIR), which is the ratio of general and administrative expenses to net operating income, was 59.3 % as at 31 December 2022 (31 December 2021: 66.4 %).

The following table shows the breakdown of net additions to loss allowances and net remeasurement gains/losses:

	2022	2021	Changes	
	in € m	in € m	in € m	in %
Net additions to loss allowances and net remeasurement gains/losses	**–249**	**–251**	**2**	**0.7**
Result of lending operations	–256	–257	1	0.4
Result of investment operations	45	4	41	>100,0
Result of securities allocated to the liquidity reserve, fixed assets and banking book derivatives	–37	3	–40	>-100,0

Balance sheet

Assets

	31.12.2022	31.12.2021	Changes	
	in € m	in € m	in € m	in %
Loans and advances to banks including cash reserve	50,664	44,087	6,577	14.9
Loans and advances to customers	107,819	103,755	4,064	3.9
Bonds and equities	13,729	12,478	1,251	10.0
Trading portfolio (assets)	17,007	18,110	–1,103	–6.1
Equity investments and shares in affiliated companies	1,838	1,795	43	2.4
Other assets	4,555	3,829	726	19.0
Total assets	**195,612**	**184,054**	**11,558**	**6.3**

Equity and liabilities

	31.12.2022	31.12.2021	Changes	
	in € m	in € m	in € m	in %
Liabilities due to banks	62,574	61,075	1,499	2.5
Liabilities due to customers	46,081	43,695	2,387	5.5
Securitised liabilities	59,857	56,782	3,075	5.4
Trading portfolio (liabilities)	11,361	7,156	4,205	58.8
Own funds	10,794	10,289	505	4.9
Other liabilities	4,944	5,056	–113	–2.2
Total equity and liabilities	**195,612**	**184,054**	**11,558**	**6.3**
Business volume	232,087	218,213	13,874	6.4

Helaba's total assets rose from € 184.1 bn to € 195.6 bn in financial year 2022. The rise in total assets was largely attributable to the increase in loans and advances to banks including cash reserve, and in loans and advances to customers.

On the assets side of the balance sheet, loans and advances to customers continued to dominate, accounting for a large proportion of total assets (55.1 %). This item increased by € 4.1 bn to € 107.8 bn, mainly because of higher liquidity requirements among our customers.

The most significant change in assets resulted from the rise of € 6.6 bn in loans and advances to banks including cash reserve to € 50.7 bn. This rise is due in part to an increase in customer deposits. The general rise in interest rates also led to an increase in the balance of cash collateral received and provided. Loans and advances to banks including cash reserve included an amount of € 22.5 bn (31 December 2021: € 22.5 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 volume of bonds and equities allocated to the investment and liquidity portfolio rose by € 1.3 bn to € 13.7 bn. The main investments were bonds and other fixed-income securities totalling € 13.6 bn (31 December 2021: € 12.4 bn). Equity shares and other variable-income securities amounted to € 0.2 bn (31 December 2021: € 0.1 bn).

Trading assets fell by € 1.1 bn year on year to € 17.0 bn. The reason for this decrease lay with the positive fair values of derivatives, which declined by € 3.2 bn to € 3.1 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. Moving in the opposite direction were own bonds and notes, the return on which resulted in an increase of € 3.0 bn to € 10.8 bn.

The most significant change in liabilities resulted from the increase of € 4.2 bn in the trading portfolio to € 11.4 bn. The rise is due in large part to the negative fair values of derivatives increasing by € 4.4 bn to € 6.8 bn. Trading liabilities amounted to € 4.1 bn (31 December 2021: € 4.2 bn).

Liabilities due to banks rose by € 1.5 bn to € 62.6 bn. Of this figure, € 15.0 bn (31 December 2021: € 14.1 bn) was accounted for by liabilities to Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg.

Liabilities due to customers also rose by € 2.4 bn to € 46.1 bn. In this context, some of the loans granted in response to the greater customer financing requirements were deposited in overnight and term deposit accounts held with Helaba. Liabilities due to customers included home savings deposits of € 5.3 bn (31 December 2021: € 5.2 bn).

Securitised liabilities increased by € 3.1 bn to € 59.9 bn. The portfolio of bonds issued amounted to € 59.2 bn (31 December 2021: € 53.4 bn). Within securitised liabilities, the issuance programmes comprising short-term money market instruments amounted to € 0.8 bn (31 December 2021: € 3.4 bn).

The business volume, which includes off-balance sheet business in addition to total assets, rose by € 13.9 bn to € 232.1 bn.

Own funds

Helaba's own funds reported on the balance sheet (equity excluding net retained profits, including the fund for general banking risks, profit participation rights, subordinated liabilities, and additional Tier 1 instruments) totalled € 10.7 bn as at 31 December 2022 (31 December 2021: € 10.3 bn).

Helaba's regulatory own funds as at 31 December 2022 – i.e. before the annual financial statements were adopted and thus before appropriations to revenue reserves were taken into consideration and including an allowance surplus of € 263 m resulting from the comparison of expected losses against loss allowances at the end of 2021 – amounted to € 9.3 bn. This included Tier 1 capital of € 6.9 bn. The capital contributions classified as CET1 capital amounted to € 1.9 bn; contributions of € 354 m were classified as additional Tier 1 capital. Helaba's own funds requirements under the CRR amounted to € 4.6 bn as at 31 December 2022. This resulted in a total capital ratio of 16.0 % for Helaba; the Tier 1 capital ratio was 12.0 % and the CET1 capital ratio 11.4 %. The own funds requirements specified by the CRR for the exposures for which capital charges are required were met at all times in 2022.

As in previous years, Helaba further strengthened its equity by making appropriations to revenue reserves.

Results of operations by business area

In the reporting year, the volume of new medium- and long-term business in the Real Estate Finance division increased very substantially, by 52 % year on year, to € 9.2 bn. Margins on new business declined markedly. The average volume of business was around € 1.1 bn higher in 2022, with income up slightly year on year due to factors including a larger portfolio on the balance sheet and higher fee and commission contributions.

The volume of medium- and long-term new business in the Asset Finance division rose strongly to € 3.9 bn, although margins shrank. The strength of new business activity relative to the previous year had a noticeable impact on earnings performance.

In the Corporate Banking division, the volume of new medium-/long-term business amounted to € 4.4 bn, which was 31 % higher than the prior-year level. New business picked up significantly in the short-term bracket too, although margins on new business slipped back slightly overall. The total volume of business thus rose sharply year on year with the result that earnings (including fee and commission income) increased slightly year on year despite the declining average margin.

Net trading income generated in capital markets business was up very significantly year on year as a result of spread-induced and interest-rate-related reversals of write-downs, while the volume of customer business increased at the same time.

Income at the Treasury division was significantly below the previous year's level. This was due primarily to lower income in interest rate management as a result of bonuses from participation in the ECB's targeted longer-term refinancing operations (TLTRO III) being lower than in the previous year.

New business in the municipal lending business area was up very significantly year on year at € 1.4 bn. Income from this business was stable in 2022.

The Savings Banks and SME division comprises Sparkasse lending business including intermediated loans business for the Sparkassen, all cash management products, documentary business and lending business for SME customers. The volume of intermediated loans business was virtually unchanged in 2022 and stood at € 5.6 bn. Income from payment transaction products increased very significantly year on year and the number of transactions climbed to 9.2 bn in 2022 (2021: 8.3 bn).

Buoyed by positive market conditions, gross new business at LBS increased by almost 50 %. LBS achieved its earnings target in full.

Helaba performs public development functions for the State of Hesse through Wirtschafts- und Infrastrukturbank Hessen (WIBank). New business increased very sharply in 2022 primarily due to municipal finance and hospital support subsidies.

Comparison with prior-year forecasts

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

	2021 forecast for 2022	2022 actual
Net interest income	Slight decline	Virtually unchanged
Net fee and commission income	Moderate increase	Large increase
Net income of the trading portfolio	Very significant increase	Very significant increase
Other net operating income	Significant increase	Very significant increase
General and administrative expenses	Marked increase	Marked increase
Loss allowances	Decrease	Virtually unchanged
Profit or loss before tax	Significant year-on-year increase	Very significant year-on-year increase
Cost-income ratio	< 70 %	59.3 %
Volume of new medium- and long-term business	€ 19.6 bn	€ 22.3 bn

The main variances from Helaba'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.

The rise in net fee and commission income in customer business was even larger than the moderate increase forecast.

Net trading income was very much higher than the previous year, in line with the forecast.

Other net operating income was very much higher than the previous year, in line with the forecast. The main drivers here were changes in provisions.

Personnel expenses and non-personnel operating expenses progressed as planned, but higher expenses were incurred for the bank levy and as a result of an additional charge for the DSGV Reserve Fund and overall general and administrative expenses rose more than expected as a result.

The operating result before taxes was up very substantially year on year, largely as a result of the very significant increase in net income from the trading portfolio. The cost-income ratio (CIR) consequently improved to 59.3 % despite the burden of higher general and administrative expenses.

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 net assets (including capital resources), results of operations 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 balance sheet 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 the net assets (including capital resources), results of operations or 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.

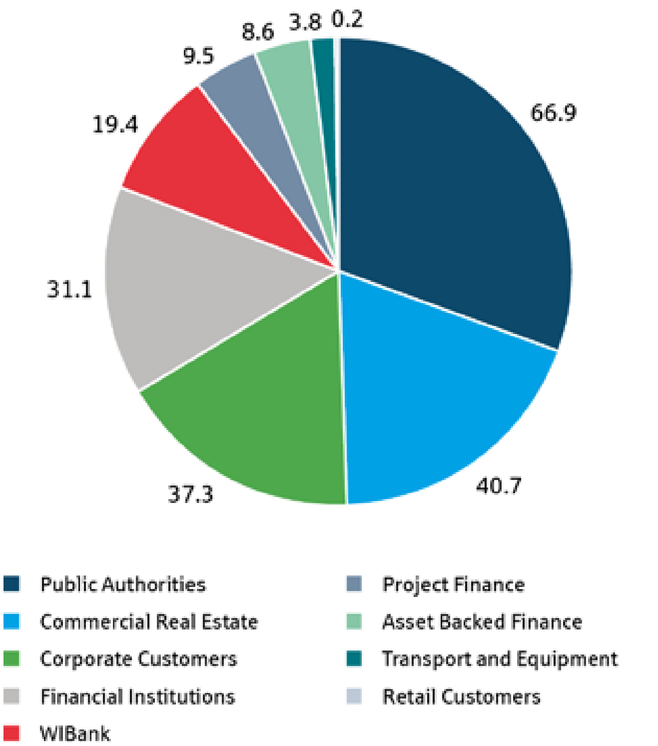
The approved total limits are allocated to individual borrowers, product categories and the operating divisions concerned in accordance with the application for approval. The utilisation of the individual limits is monitored on a daily basis and appropriate measures are initiated immediately if any limit 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) at Helaba of € 217.5 bn as at 31 December 2022 (31 December 2021: € 207.7 bn) broken down by portfolios. The total volume of lending is the risk exposure value calculated in accordance with the legal provisions applicable to large exposures before applying the exemptions in relation to calculating utilisation of the large exposure limit and before applying credit mitigation techniques.

Total volume of lending by portfolios
(Helaba Bank)
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 — in € bn

	31.12.2022	31.12.2021
Germany	148.5	143.0
Rest of Europe	47.5	45.0
North America	20.4	18.8
Oceania	0.4	0.4
Other	0.7	0.6

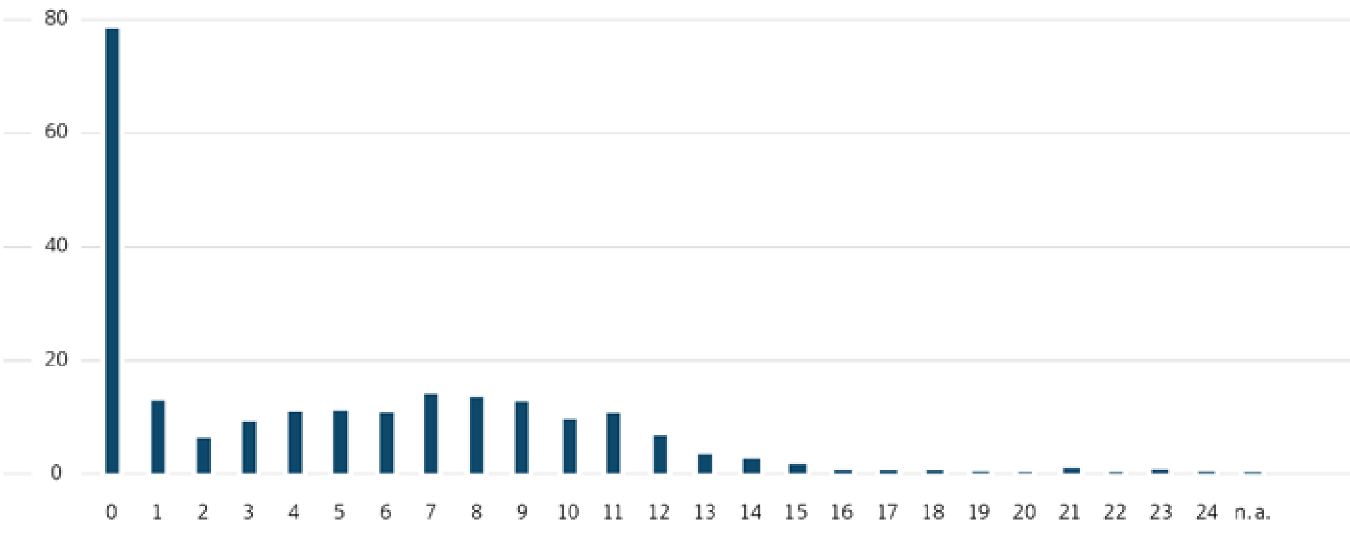
The table shows that Germany and other European countries continue to account for most of the total lending volume.

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 Helaba of € 217.5 bn (31 December 2021: € 207.7 bn) broken down by default rating category.

Total volume of lending by default rating category (Helaba Bank)
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 Helaba to borrowers based outside Germany amounted to € 64.5 bn (31 December 2021: € 60.0 bn), most of which was accounted for by borrowers in Europe (67.7 %) and North America (30.8 %). As at 31 December 2022, 56.2 % (31 December 2021: 75.2 %) of these risks were assigned to country rating classes 0 and 1 and a further 43.6 % (31 December 2021: 24.6 %) 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 of 2022 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)

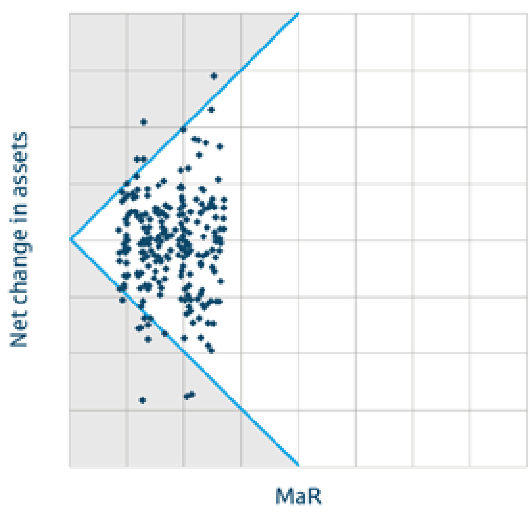
The annual average MaR for the trading book for Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG remains unchanged at € 0 m in each case.

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 .

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 increased to 182 % (31 December 2021: 188 %) when Frankfurter Sparkasse was 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 340a (1a) 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).

As Helaba's equity investments also have a material effect on non-financial aspects of its business and the Bank adopts a Group-wide approach to sustainability management, the following passages refer to the Group as a whole, with Frankfurter Sparkasse and GWH Immobilien Holding receiving particular attention. Unless otherwise stated, the figures presented always refer to Helaba Bank. Helaba also prepares a non-financial statement and this is contained in the group management report.

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 Helaba".

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 € 1.6 m in 2022 in employee skills development (2021: € 1.2 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.

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	45.5 %	45.6 %	45.3 %
Proportion of female managers	22.6 %	22.5 %	21.7 %
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	53.2 %	53.0 %	52.0 %
Proportion aged 30 – 50	41.7 %	43.0 %	44.5 %
Proportion aged < 30	5.1 %	4.0 %	3.5 %
Proportion of employees with disabilities	4.4 %	4.6 %	5.2 %

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 98 % of employees have a permanent employment contract (2021: around 99 %). 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 51 % of employees is set under the collective agreement for public-sector banks (2021: around 52 %). Remuneration for the remaining 49 % or so is not subject to a collective salary agreement (2021: around 48 %). 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 2.5 % (departure initiated by the employee; 2021: 2.2 %), an average period of service of 13.8 years (2021: 14.2 years) and a low absenteeism rate of 6.1 % (absence caused by illness as evidenced by a doctor's certificate; 2021: 4.5 %) are testimony to a high degree of satisfaction and significant employee commitment.

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.

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.

In the development business, 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 Helaba

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 (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.

The increase in interest rates will be beneficial for net interest income in lending business. Net interest income is forecast to be slightly lower overall as the positive effects from participation in the ECB tendering process (TLTRO III) disappear.

Helaba 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.

Net fee and commission income in operating business will increase at a moderate rate once again in 2023,

while net trading income is expected to fall significantly year on year. The effects of the recovery of valuations will be very much weaker than in 2022.

Budgeted other net operating income mainly comprises operating income and expenses relating to buildings, the addition to provisions and the interest cost from unwinding the discount on pension provisions. This figure is predicted to be lower in 2023 compared with the previous year.

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 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.

Overall, Helaba forecasts that the operating result before taxes for 2023 will be below the prior-year figure. The cost-income ratio is expected to remain within the target range (< 70 %).

The wide-ranging implications of the Ukraine war remain the main risk factor in 2023 in terms of Helaba'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 business lines

Income in the Real Estate Finance division is expected to increase noticeably, with Helaba continuing to enjoy a strong position in the market. The average lending portfolio will grow as a consequence of the large volume of new loans concluded in 2022. The volume of new medium- and long-term real estate lending business in 2023 is expected to be lower than the prior-year level.

The Asset Finance division anticipates income slightly below the prior-year figure in 2023, with the volume of business remaining stable during the course of the year. This prediction is based on stagnating interest margins and a sharp year-on-year reduction in the volume of medium- and long-term new business.

The volume of business at the Corporate Banking division is to be scaled back noticeably again in 2023, although income for the year should end up largely unchanged from the previous year thanks in part to a further increase in fee and commission income. The volume of medium- and long-term new business envisaged for 2023 is down very significantly on the previous year but the margin will be considerably better.

Capital Markets income is predicted to be down noticeably year on year, with Treasury income very much lower than in the previous year.

The Public Sector division focuses on serving municipal authority customers and municipal corporations. It is anticipated that income from the municipal lending business in Germany will undergo stable development in 2023.

The forecast for the Savings Banks and SME division is for a marked reduction in business volume in 2023, which will also impact on earnings performance in lending business. A further significant reduction in medium- and long-term new business is anticipated.

For cash management products, earnings are expected to return to normal in 2023 following the significant increase in income during the current year.

LBS expects gross new business to pick up further, demand for real estate finance to decline slightly, and contributions to income to increase markedly in financial year 2023.

Earnings generated by the WIBank public development business in 2023 will probably be very significantly higher than the prior-year level.

Overall assessment

Helaba recorded a highly satisfactory operating result before taxes of € 488 m (2021: € 239 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 sharply. 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 transformation programme 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 € 300 m to € 500 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

Annual Financial Statements of Landesbank Hessen-Thüringen Girozentrale

Balance Sheet of Landesbank Hessen-Thüringen Girozentrale

as at 31 December 2022

Assets in € m

	Note no.				31.12.2022	31.12.2021
Cash reserve						
a) Cash in hand				11		7
b) Balances with central banks				328		31,727
thereof: With Deutsche Bundesbank		311				(30,633)
					339	**31,733**
Loans and advances to banks	(2)					
b) Municipal loans				9,268		7,969
c) Other loans and advances				41,057		4,385
					50,325	**12,354**
thereof:						
Payable on demand		40,940				(3,711)
Loans and advances to customers	(3)					
a) Mortgage loans				22,268		23,085
b) Municipal loans				32,756		32,516
c) Other loans and advances				51,721		47,142
d) Bausparkasse building loans						
da) From allocations (home savings loans)			116			106
db) For interim and bridge-over financing			948			902
dc) Other			11			4
				1,074		1,012
thereof: Secured by mortgage charges		738				(693)
					107,819	**103,755**
Bonds and other fixed-income securities	(4)					
a) Money market instruments						
aa) Public-sector issuers			333			–
thereof:						
Eligible as collateral with Deutsche Bundesbank		333				–
ab) Other issuers			583			239
thereof:						
Eligible as collateral with Deutsche Bundesbank		199				–
				916		239
b) Bonds and notes						
ba) Public-sector issuers			2,119			3,075
thereof:						
Eligible as collateral with Deutsche Bundesbank		1,877				(2,854)
bb) Other issuers			10,537			9,035
thereof:						
Eligible as collateral with Deutsche Bundesbank		9,729				(7,175)
				12,656		12,111
					13,571	**12,350**
Carried forward:					**172,054**	**160,192**

Equity and liabilities — in € m

	Note no.				31.12.2022	31.12.2021
Liabilities due to banks	(15), (18)					
a) Registered mortgage Pfandbriefe issued				46		46
b) Registered public Pfandbriefe issued				1,747		1,660
c) Other liabilities				60,678		59,299
thereof: Payable on demand		9,776				(10,014)
d) Home savings deposits				103		70
					62,574	**61,075**
Liabilities due to customers	(19)					
a) Registered mortgage Pfandbriefe issued				132		150
b) Registered public Pfandbriefe issued				8,774		10,093
c) Deposits from home savings business and savings deposits						
ca) Home savings deposits			5,211			5,166
thereof:						
On terminated contracts		51				(46)
On allocated contracts		89				(91)
				5,211		5,166
d) Other liabilities				31,965		28,285
					46,081	**43,695**
thereof: Payable on demand		13,514				(15,909)
Securitised liabilities	(20)					
a) Bonds issued						
aa) Mortgage Pfandbriefe			11,503			7,784
ab) Public Pfandbriefe			14,493			16,738
ac) Other debt instruments			33,098			28,858
				59,094		53,380
b) Other securitised liabilities				763		3,402
					59,857	**56,782**
thereof: Money market instruments		763				(3,402)
Trading portfolio	(21), (35), (36)				**11,361**	**7,156**
Carried forward:					**179,874**	**168,709**

Assets in € m

	Note no.				31.12.2022	31.12.2021
Carried forward:					**172,054**	**160,192**
Equity shares and other variable-income securities	(5)				**157**	**127**
Trading portfolio	(6), (35), (36)				**17,007**	**18,110**
Equity investments	(7), (17)				**27**	**31**
thereof:						
In banks		14				(14)
In financial services institutions		0				(0)
Shares in affiliated companies	(8), (17)				**1,811**	**1,764**
thereof:						
In banks		921				(875)
In financial services institutions		18				(18)
Trust assets	(9)				**1,641**	**1,566**
thereof: Trustee loans		1,469				(1,390)
Intangible assets	(10), (17)					
a) Internally generated industrial rights and similar rights and assets				3		–
b) Purchased concessions, industrial property rights and similar rights and assets, and licences in such rights and assets				156		130
					158	**130**
Property and equipment	(11), (17)				**724**	**456**
Other assets	(12)				**1,299**	**968**
Prepaid expenses	(13)					
a) From issuing and lending operations				479		435
b) Other				253		273
					732	**708**
Total assets					**195,612**	**184,054**

Equity and liabilities in € m

	Note no.				31.12.2022	31.12.2021
Carried forward:					179,874	168,709
Trust liabilities	(22)				**1,641**	**1,566**
thereof: Trustee loans		1,469				(1,390)
Other liabilities	(23)				**714**	**1,029**
Deferred income	(24)					
a) From issuing and lending operations				241		354
b) Other				632		599
					873	**953**
Provisions	(25)					
a) Provisions for pensions and similar obligations				979		836
b) Provisions for taxes				200		95
c) Other provisions				447		487
					1,625	**1,418**
Home savings protection fund					**11**	**11**
Subordinated liabilities	(26)				**3,167**	**2,336**
Additional Tier 1 capital instruments	(27)				**374**	**374**
Fund for general banking risks	(29)				**599**	**599**
thereof: Special reserve under section 340e (4) of the HGB		123				(123)
Equity	(29)					
a) Subscribed capital						
aa) Share capital			589			589
ab) Capital contribution			1,920			1,920
ac) Silent partner contributions			18			518
				2,527		3,027
b) Capital reserves				1,546		1,546
c) Retained earnings						
cc) Reserves in accordance with the Charter			294			294
cd) Other reserves			2,275			2,101
				2,569		2,396
d) Net retained profits				90		90
					6,732	**7,059**
Total equity and liabilities					**195,612**	**184,054**
Contingent liabilities	(30)					
b) Liabilities from guarantees and indemnity agreements					**9,690**	**9,341**
Other obligations	(31)					
b) Placement and underwriting obligations				860		1,097
c) Irrevocable loan commitments				25,925		23,721
					26,785	**24,818**

Income Statement of Landesbank Hessen-Thüringen Girozentrale

for the period 1 January to 31 December 2022

in € m

	Note no.				2022	2021
Interest income from	(38), (39)					
a) Lending and money market transactions			4,391			4,461
thereof: Bausparkasse interest income:						
aa) From home savings loans		3				(4)
ab) From interim and bridge-over loans		18				(18)
ac) From other loans		0				(0)
b) Fixed-income securities and registered government debt			136			97
				4,528		4,557
thereof: Interest income from financial liabilities		228				(395)
Interest expenses				3,365		3,370
thereof: On home savings deposits		47				(58)
thereof: Interest expenses from financial assets		153				(239)
					1,163	**1,188**
Current income from	(38)					
a) Equity shares and other variable-income securities				6		2
b) Equity investments				3		1
c) Shares in affiliated companies				15		5
					25	**8**
Income from profit pooling, profit transfer or partial profit transfer agreements					**100**	**88**
Fee and commission income	(38), (40)			359		310
thereof: Bausparkasse fee and commission income:						
a) On contracts signed and arranged		33				(23)
b) From loans granted after allocation of home savings contract		–				(0)
c) From the commitment and administration of interim and bridge-over loans		0				(0)
Fee and commission expenses				104		91
thereof: On Bausparkasse contracts signed and arranged		37				(28)
					255	**219**
Net income of the trading portfolio	(38)				**328**	**82**
Other operating income	(38), (41)				**104**	**114**
Carried forward:					**1,975**	**1,698**

in € m

	Note no.				2022	2021
Carried forward:					**1,975**	**1,698**
General and administrative expenses						
a) Personnel expenses						
aa) Wages and salaries			339			317
ab) Social security, post-employment and other benefit expenses			68			61
				407		378
thereof: Post-employment benefit expenses		8				(9)
b) Other administrative expenses				624		563
					1,031	**942**
Amortisation and write-downs of intangible assets and depreciation and write-downs of property and equipment					**43**	**24**
Other operating expenses	(41)				**179**	**258**
Write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions					**293**	**255**
Income from the reversal of write-downs of and allowances on equity investments, shares in affiliated companies and securities classified as fixed assets					**45**	**4**
Cost of loss absorption					**0**	**0**
Result from ordinary activities					**474**	**224**
Taxes on income	(43)			209		17
Other taxes not included in item Other operating expenses				1		1
					211	**18**
Net income for the year					**263**	**207**
Allocations to revenue reserves					**173**	**117**
Net retained profits					**90**	**90**

Notes to the Annual Financial Statements of Landesbank Hessen-Thüringen Girozentrale

as at 31 December 2022

The annual financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main, a legal entity under public law 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, are prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with the German Regulation on the Accounting of Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV) and the German Pfandbrief Act (Pfandbriefgesetz, PfandBG).

The structure of the balance sheet and income statement reflects the requirements of the RechKredV. The two statements have been extended to include the line items prescribed for Pfandbriefbanken and Bausparkassen. The disclosures on Bausparkasse operations required to be included in the notes are contained in the annual financial statements of Landesbausparkasse Hessen-Thüringen (LBS), which are published separately.

Helaba also prepares consolidated financial statements in accordance with the International Financial Reporting Standards as published by the International Accounting Standards Board and adopted by the European Union. These consolidated financial statements are published in the German Federal Gazette.

The reporting currency of the annual 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.

(1) Accounting Policies

Assets and liabilities are measured in accordance with the provisions of sections 252 et seqq. of the HGB, with due consideration given to the special provisions for credit institutions (sections 340 et seqq. of the HGB).

As a rule, the same accounting policies have been applied in the annual financial statements for the period ended 31 December 2022 as were applied in the prior-year annual financial statements. Any deviations from such accounting policies are described in the following section.

Receivables and liabilities

Receivables are reported at their nominal amount and liabilities at their settlement amount. Outside the trading portfolio and outside the securities allocated to the liquidity reserve, differences presented as interest between the nominal amount and payment amount or cost are shown as prepaid expenses or deferred income and reversed to the relevant periods over the term of the asset or liability. Bonds and similar liabilities issued at a discount as well as securities and receivables acquired on a discounted basis are shown at their present values.

Specific allowances or provisions have been recognised to take account of all identifiable credit risks. For the purpose of presenting latent credit risks in the financial accounting and reporting in accordance with the HGB, the Bank continues to pursue an accounting approach appropriate to the risk. In accordance with HGB, Helaba uses the expected credit loss approach – the approach specified in the International Financial Reporting Standards for determining loss allowances – to recognise global allowances. This means that 12-month expected credit losses are normally recognised, but lifetime expected credit losses are recognised if there is a significant increase in default risk. Global allowances include a further provisioning component to cover additional risks in individual lending sub-portfolios not yet identified by statistical analysis, similar to the approach specified in the International Financial Reporting Standards and used for the Helaba Group.

The recognition of specific allowances is based on the difference between (a) the recoverable amount from expected future redemptions, interest payments and income from collateral realisations, and (b) the carrying amount of the receivable. Interest payments on impaired loans and advances are recognised as interest income by writing-up the carrying amount to the respective present value.

In addition to the fund for general banking risks shown in the balance sheet in accordance with section 340g of the HGB, contingency reserves in accordance with section 340f of the HGB have been recognised for general banking risks.

Securities

The items included under bonds and other fixed-income securities, equity shares and other variable-income securities, are measured using the strict lower of cost or market principle, with the exception of "valuation units" in accordance with section 254 of the HGB and fixed assets. Accordingly, they have to be reported at fair value if this is lower than their (amortised) cost. In active markets, fair value corresponds to the exchange or market price on the reporting date. The analysis of the securities portfolio at the balance sheet date established an active market for all securities. Any reversals of write-downs required by law were made.

They also include shares in domestic closed-end investment limited partnerships and similar foreign structures in accordance with section 17 of the RechKredV in conjunction with the definition of an investment fund as set out in section 1 of the German Investment Code (Kapitalanlagegesetzbuch, KAGB).

Equity investments and shares in affiliated companies

Equity investments and shares in affiliated companies are shown at cost. If impairment is expected to be permanent, they are written down to their lower fair value. If the reasons for an impairment write-down recognised in previous years no longer apply, the write-down is reversed and the asset is recognised at fair value, but without exceeding amortised cost.

Trading portfolio

Trading portfolios are shown in the balance sheet under the items trading assets and trading liabilities. The criteria established internally for including financial instruments in the trading portfolio did not change in the year under review. Trades are measured on the basis of individual transactions. In accordance with section 340e (3) of the HGB, financial instruments held for trading are measured at fair value less a risk discount for trading assets and plus a risk premium for trading liabilities. The amount, timing and reliability of future cash flows, as the basis for determining fair value, are primarily influenced by the level of interest rates, developments on the equity and bond markets, and by changes in credit spreads. In line with the requirements of the banking supervisory authority, risk premiums and discounts are determined for all trading portfolios in accordance with the provisions of the German Banking Act (Kreditwesengesetz, KWG), following the regulatory provisions regarding the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement, MaRisk) and the provisions of Article 365 of the Capital Requirements Regulation (CRR). In doing so, the risk premium or discount is calculated in the form of a money-at-risk (MaR) amount with a confidence level of 99 %, a holding period of ten days and an observation period of one year. The risk premiums and discounts are calculated for each risk category.

A counterparty-specific credit valuation adjustment (CVA) takes account of third-party credit risks arising from the settlement of OTC derivatives. A debit valuation adjustment (DVA) is recognised to take account of own credit risk. The CVA and DVA are calculated at each balance sheet date by measuring the potential default risk, taking account of collateral pledged or received and the effect of netting agreements.

Changes in value, realised gains and losses, commissions and current income from financial instruments held for trading as well as interest expense for funding trading activities are reported under net income of the trading portfolio or net expense of the trading portfolio. In accordance with section 340e (4) of the HGB, an amount equivalent to at least 10 % of net trading income is allocated to the separate account in the special reserve for general banking risks as at the reporting date. Such additions are made until the account reaches 50 % of the average annual net trading income generated over the last five years before the date of the calculation, or until an amount is reversed in order to absorb net trading expense. Additions are charged to net trading income. The Bank did not make any additions to this reserve in the year under review.

The Bank has offset trading assets and liabilities in the form of derivatives that were entered into with each counterparty under a master agreement with a Credit Support Annex and for which collateral is calculated daily. The carrying amounts of the derivatives and the collateral per counterparty were taken into account in doing so. Derivatives and collateral entered into with a central counterparty are also included in offsetting. The Bank also offsets the carrying amounts of exchange-traded derivatives and the corresponding variation margins in line with IDW RS BFA 5.

During the year under review, Helaba did not reclassify any financial instruments held for trading within the meaning of section 35 (1) no. 6b of the RechKredV.

Fixed assets and intangible assets

Fixed assets and intangible assets with finite useful lives are carried at depreciated or amortised cost less any impairment write-downs to fair values. Depreciation and amortisation are charged over the useful life of the asset. Low-value assets are fully depreciated or amortised in the year of acquisition. Goodwill is regarded as an asset with a finite useful life. If the finite useful life cannot be estimated reliably, the Bank applies an amortisation period of ten years for goodwill in accordance with section 253 (3) sentence 4 HGB.

Helaba made use in of the option provided in section 248 (2) sentence 1 of the HGB to capitalise internally generated software for the 2022 reporting period. The useful life of internally generated software is set at seven years. The capitalised development costs are amortised and – if necessary – written down over this period. A restriction of dividends in the amount of the capitalised development costs applies under section 268 (8) of the HGB.

Provisions

Provisions for taxes and other provisions have to be recognised in accordance with the principles of prudent business judgement at the settlement amount of the uncertain liabilities or the expected losses from executory contracts, with due consideration given to expected price and cost increases. Medium- and long-term provisions (with a remaining maturity of > 1 year) are discounted using the rates published by the Bundesbank in accordance with section 253 (2) of the HGB. In determining the change resulting from adding interest cost, it is assumed that any change in the discount rate will only occur at the end of the period. The effect of adding interest cost is reported under other operating expenses.

Pension obligations are determined annually by external actuarial experts. They are measured using the projected unit credit method, based on biometric assumptions (2018G mortality tables of Professor Dr. Heubeck), salary and pension increases expected in the future as well as the average market rate published by the Bundesbank for an assumed remaining maturity of 15 years. According to section 253 (2) sentence 1 of the HGB, pension obligations are measured using the average market interest rate for the last ten years. The resulting difference of € 91 m according to section 253 (6) of the HGB is subject to a distribution restriction.

The measurement parameters applied are shown in the table below:

in %

	31.12.2022	31.12.2021
Discount rate	1.78	1.87
Salary trend	2.00	2.00
Pension trend	1.00 — 2.00	1.00 — 2.00
Employee turnover rate	3.00	3.00

Some pension obligations are covered by assets (securities) that are exempt from attachment by any other creditors. These assets can only be used to settle liabilities from retirement benefit obligations (plan assets). They are measured at their fair value in accordance with section 253 (1) sentence 4 of the HGB. The extent of the obligation is determined by fixing the limit of the guaranteed benefit commitment at the fair value of the corresponding securities at the reporting date. The assets and the corresponding pension obligations are offset against each other.

The pension expense to be recognised in the income statement includes mainly retirement benefit expense and interest expense. The provision expense represents the increase in pension obligations attributable to the service provided by employees in the financial year; it is disclosed under general and administrative expenses. The interest expense is defined as the increase in the present value of the pension obligations that results from the settlement date approaching and the discounting period thus becoming shorter. The interest expense is netted against the return on plan assets. Both the interest expense and the return on plan assets are included in the other operating result.

Fair value measurement

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).

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. If an observable market price does not exist for a financial instrument, it is measured using recognised and commonly used valuation techniques, with all input data (e.g. yield curves, volatilities, spreads) being based on observable market data and taken from external sources. Such techniques mainly comprise discounted cash flow-based forward pricing and swap pricing models or option pricing models (e.g. Black-Scholes and variants thereof). 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 those cases in which not all inputs are directly observable on the market, fair values are calculated using realistic assumptions based on market conditions. This valuation technique is used in particular for complex structured (derivative) spread 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, arranger prices are used. Unlisted equity investments are measured on the basis of unobservable inputs, particularly the surpluses derived from corporate planning.

Implications of the reform of interbank offered rates (IBOR)

The Bank is continuing to implement a project to manage the requirements under a changeover initiated by regulators in which the Bank must switch away from the current benchmark interest rates, namely the Euro OverNight Index Average (EONIA), Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR). The implementation of the reforms will require extensive modifications to contracts and IT systems.

The changeovers replacing EONIA with the €STR (Euro Short-Term Rate) and important LIBOR rates with "risk free rates" became mandatory on 31 December 2021. The LIBOR-related changes involved changeovers from the GBP, CHF and JPY LIBOR to SONIA (Sterling Overnight Index Average), SARON (Swiss Average Rate Overnight) and TONAR (Tokyo Overnight Average Rate) respectively and the discontinuation of the EUR LIBOR and short-term USD LIBOR. 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. Use was made in certain cases of fallback provisions already incorporated into lending agreements on a precautionary basis or the ISDA protocols (ISDA IBOR Fallbacks Protocol and ISDA IBOR Fallbacks Supplement) in derivatives business.

The contractual changeover from USD LIBOR for contracts concluded up to and including 2021 becomes mandatory on 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. Helaba has been quick to start using the new SOFR reference interest rates (SOFR = Secured Overnight Financing Rate) in customer contracts.

It is not yet possible to predict when a changeover from the EURIBOR to a potential successor interest rate might take effect.

As at 31 December 2022, the Bank still has assets with a total carrying amount of € 18.6 bn, liabilities with a carrying amount of € 2.9 bn and portfolios of derivatives with a notional amount (non-netted) of € 494.7 bn that are affected by the IBOR reform regarding EONIA, EURIBOR, GBP, CHF and USD LIBOR reference interest rates. These portfolios largely relate to the reformed EURIBOR and the outstanding changeover from the USD LIBOR as reference interest rates.

Currency translation

Foreign currency assets and liabilities included in the annual financial statements and currency spot transactions not settled at the balance sheet date are translated at the middle spot exchange rate in accordance with the principles set out in section 256a of the HGB and section 340h of the HGB. In the case of foreign currency futures in the trading portfolio, swap spreads are accrued and the residual spreads recognised in net trading income. In the case of non-trading foreign currency swaps, residual spreads are recognised in interest income or expenses.

The Bank applies the principle of special cover in accordance with section 340h of the HGB. For every currency, the Bank enters into foreign currency transactions in order to avoid uncovered FX exposures. All foreign currency results are recognised through profit or loss in net trading income.

Derivatives

Derivatives (interest rate, equity, currency, credit and commodity futures and options as well as swap agreements) are allocated to the trading portfolio or the non-trading portfolio at the trade date. Under commercial law accounting, derivative financial instruments are recognised on the basis of the relevant pronouncements and accounting guidance of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) and in accordance with generally accepted accounting principles. In the case of structured financial instruments whose derivative arrangements have a different risk profile to the underlying, these derivatives are bifurcated, allocated to the trading portfolio and measured separately.

Derivatives not held for trading and derivatives held in valuation units (hedges) are used to manage general interest rate risk in the banking book. When measuring the banking book, an overall assessment of all interest-bearing on-balance sheet assets and liabilities, including interest rate derivatives, is performed for general interest rate risks in accordance with the principles of IDW RS BFA 3. To determine market risk, receivables, interest-bearing securities, liabilities and derivatives allocated to the banking book are not measured individually in accordance with the imparity principle, but treated as part of a refinancing group. In the year under review, it was not necessary to recognise a provision for expected losses from the refinancing group – using a periodic (income statement-based) analysis.

Current income and expenses from non-trading swap transactions is accrued on a pro-rata basis and reported under other assets or other liabilities.

Valuation units

In its banking book, Helaba has created valuation units in accordance with section 340a in conjunction with section 254 of the HGB, comprising securities held in the liquidity reserve and the corresponding interest rate swaps entered into for hedging purposes. The valuation units consist of asset-swap combinations in the form of micro valuation units (micro hedges). The hedges relate exclusively to interest rate risks. The net hedge presentation method is used to present changes in value that offset each other between the hedged item and the hedging instrument. The hedged items are always hedged at 100 % of the nominal volume for the entire remaining maturity. The fact that key factors affecting value match ensures the prospective effectiveness of the valuation units. Prospective effectiveness is determined using regression analysis. The offsetting changes in value and cash flows cancelled each other out to a large extent at the balance sheet date and are expected to continue to do so in future. The changes in value arising from the hedged risks will cancel each other out almost entirely by the envisaged end of the valuation units (the time at which the hedged item and the hedging instrument mature). For net losses on the ineffective portion of the hedging relationship, the Bank recognises a provision for expected losses. Disclosures relating to valuation units are reported in Note (37).

Deferred taxes

Deferred taxes are not recognised because the existing asset surplus is not recognised in the balance sheet, as a result of using the option provided for in section 274 of the HGB. Deferred tax assets are based on differences between the carrying amount of loans and advances to customers, bonds and other fixed-income securities, equity investments, deferred income, provisions for pensions and similar obligations, and other provisions in the financial statements and their tax base. The company-specific tax rates were used to measure the deferred taxes. In Germany, the Bank has a combined income tax rate of 31.65 % with an average municipality trade tax multiplier of 452 %. Deferred tax items in foreign permanent establishments are measured using the tax rates applicable in those jurisdictions

Cross-compensation

Expenses from write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets are offset against income from such assets in accordance with section 340c of the HGB. They are reported in the income statement under income from reversals of write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets.

Expenses from write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions are offset against income from such assets in accordance with section 340f of the HGB. They are reported in the income statement under write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions.

(2) Loans and Advances to Banks

in € m

	31.12.2022	31.12.2021
This item includes:		
Loans and advances to affiliated Sparkassen	6,627	6,783
Loans and advances to affiliated companies	582	711
Loans and advances to other long-term investees and investors	5	16
Subordinated loans and advances	7	8
thereof: To affiliated companies	–	–
thereof: To other long-term investees and investors	–	–
Payable on demand	40,940	3,711
Remaining maturities:		
Up to three months	1,921	1,066
More than three months and up to one year	593	712
More than one year and up to five years	1,589	1,658
More than five years	5,282	5,206

(3) Loans and Advances to Customers

in € m

	31.12.2022	31.12.2021
This item includes:		
Loans and advances to affiliated companies	528	467
Loans and advances to other long-term investees and investors	340	189
Subordinated loans and advances	12	9
thereof: To affiliated companies	–	–
thereof: To other long-term investees and investors	–	–
Remaining maturities:		
Up to three months	6,113	6,130
More than three months and up to one year	13,825	10,666
More than one year and up to five years	43,135	42,781
More than five years	42,331	42,254
With an indefinite term	2,415	1,923

(4) Bonds and Other Fixed-Income Securities

in € m

	31.12.2022	31.12.2021
Securitised receivables:		
From affiliated companies	–	–
From other long-term investees and investors	–	–
The marketable securities comprise:		
Listed securities	12,864	11,918
Unlisted securities	703	382
Remaining maturities:		
Amounts due in the following year	4,386	4,365
Subordinated assets	–	–
Deposited as collateral in open market transactions	7,012	5,818
Carrying amount of unimpaired investment securities	1,455	345
Fair value of unimpaired investment securities	1,327	342
Temporary impairment of investment securities	128	2

There are currently no reasons for an impairment write-down for investment securities.

(5) Equity Shares and Other Variable-Income Securities

in € m

	31.12.2022	31.12.2021
The marketable securities comprise:		
Listed securities	–	–
Unlisted securities	–	–

Write-downs were not recognised for shares in investment limited partnerships classified as fixed assets whose carrying amount exceeds the fair value of € 14 m (31 December 2021: € 19 m) by € 2 m (31 December 2021: € 1 m), as they were not permanently impaired.

In accordance with section 17 of the RechKredV in conjunction with the definition of an investment fund as set out in section 1 of the KAGB, this item also includes shares in domestic closed-end investment limited partnerships and similar foreign structures, in the amount of € 157 m (31 December 2021: € 127 m).

(6) Trading Portfolio (Assets)

in € m

	31.12.2022	31.12.2021
Derivative financial instruments	3,058	6,249
Loans and advances	1,508	1,801
Bonds and other fixed-income securities	12,441	10,038
Equity shares and other variable-income securities	1	22
Total	**17,007**	**18,110**
thereof: Subordinated assets	–	–

The decline in the trading portfolio (assets) is mainly a result of lower positive fair values of derivatives. This effect is only partially offset by the rise in bonds and other fixed-income securities. It also reflects the offsetting of trading derivatives (liabilities) and related collateral, which resulted in an amount of € 25,861 m (31 December 2021: € 8,318 m) being set off.

(7) Equity Investments

in € m

	31.12.2022	31.12.2021
The marketable equity investments comprise:		
Listed securities	–	–
Unlisted securities	14	14

(8) Shares in Affiliated Companies

in € m

	31.12.2022	31.12.2021
The marketable shares in affiliated companies comprise:		
Listed securities	–	–
Unlisted securities	150	104

(9) Trust Assets

in € m

	31.12.2022	31.12.2021
This item includes:		
Loans and advances to banks	887	806
Loans and advances to customers	582	584
Equity investments	64	64
Shares in affiliated companies	5	5
Equity shares and other variable-income securities	88	91
Other assets	15	15

(10) Intangible Assets

in € m

	31.12.2022	31.12.2021
Purchased standardised software	156	130
Internally generated software under development	3	–

Total research and development costs for the financial year amounted to € 59 m (2021: € 43 m), of which € 3 m was accounted for by internally generated intangible fixed assets (2021: no internally generated intangible fixed assets) in the form of internally generated software. The software is currently in the development phase, which is expected to end in 2026. A restriction of dividends in the amount of the capitalised development costs has been recognised.

(11) Property and Equipment

in € m

	31.12.2022	31.12.2021
This item includes:		
Land and buildings used for own operations	371	147
Operating and office equipment	29	32

(12) Other Assets

in € m

	31.12.2022	31.12.2021
Significant items are:		
Interest receivables under swap agreements	544	494
Currency translation differences	368	–
Income tax assets	98	167

(13) Prepaid Expenses

in € m

	31.12.2022	31.12.2021
From issuing and lending operations, this item includes:		
Premiums on loans and advances	296	323
Discounts on liabilities and bonds issued	182	113
The other prepaid expenses include:		
Upfront payments	187	218
Other	66	55

(14) Repurchase Agreements

in € m

	31.12.2022	31.12.2021
Trading assets sold under repo agreements	–	–
Assets in the liquidity reserve sold under repo agreements	3	–

(15) Assets Pledged as Collateral

in € m

	31.12.2022	31.12.2021
Assets of the following amounts were transferred for the following liabilities:		
Liabilities due to banks	3,722	3,398
Trading liabilities	3,851	7,672
Assets transferred for contingent liabilities	**–**	**–**

As in the previous year, the Bank borrowed no securities as at 31 December 2022 that had been transferred on to credit institutions in connection with repurchase agreements.

(16) Assets Denominated in Foreign Currency

in € m

	31.12.2022	31.12.2021
Assets denominated in foreign currency	25,726	26,091

(17) Statement of Changes in Fixed Assets

in € m

	Intangible assets	Intangible assets	Long-term securities	Equity investments	Shares in affiliated companies	Fixed assets total
Cost						
As at 1.1.2022	**312**	**617**	**523**	**60**	**1,826**	**3,337**
Additions	56	284	1,310	1	2	1,654
Exchange rate changes	1	1	3	0	0	4
Reclassifications	–	–	–	–0	0	–
Disposals	0	4	49	0	1	55
Other adjustments	–0	0	–	–	–	–0
As at 31.12.2022	**369**	**898**	**1,787**	**61**	**1,826**	**4,940**
Depreciation, amortisation and writedowns and reversals of write-downs						
As at 1.1.2022	**181**	**161**	**7**	**29**	**61**	**439**
Reversals of write-downs	–	–	0	–	46	46
Depreciation and amortisation	27	14	–	–	–	42
Write-downs	1	–	1	5	1	8
Exchange rate changes	1	1	0	–	–	1
Reclassifications	–	–	–	–	–	–
Disposals	0	2	–	–0	–	2
Other adjustments	0	–	–0	–	–1	–1
As at 31.12.2022	**210**	**174**	**7**	**34**	**15**	**441**
Carrying amounts						
As at 1.1.2022	**130**	**456**	**516**	**31**	**1,764**	**2,898**
As at 31.12.2022	**158**	**724**	**1,780**	**27**	**1,811**	**4,500**

(18) Liabilities Due to Banks

in € m

	31.12.2022	31.12.2021
This item includes:		
Liabilities due to affiliated Sparkassen	15,005	14,105
Liabilities due to affiliated companies	5,005	5,497
Liabilities due to other long-term investees and investors	3	0
Payable on demand	9,776	10,014
Remaining maturities:		
Up to three months	279	515
More than three months and up to one year	16,740	1,735
More than one year and up to five years	14,696	31,543
More than five years	20,979	17,268

Targeted longer-term refinancing operations (TLTRO III)

Liabilities due to banks include borrowing of € 22.5 bn under the ECB's TLTRO III programme (31 December 2021: € 22.5 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 € 56 m (2021: € 136 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 from the 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, the interest rate is indexed to the average applicable key ECB interest rates over that period. This interest rate was determined for the period from 1 January 2023 to the end of the remaining term of each TLTRO III tranche based on the interest rate applying as at 31 December 2022 for the deposit facility (2 %) in accordance with the BFA decision of 7 November 2022. These pro rata amounts of interest are presented under interest expense from financial liabilities.

(19) Liabilities Due to Customers

in € m

	31.12.2022	31.12.2021
This item includes:		
Liabilities due to affiliated companies	444	405
Liabilities due to other long-term investees and investors	58	82
Payable on demand	13,514	15,909
Remaining maturities:		
Up to three months	5,957	3,777
More than three months and up to one year	3,848	7,071
More than one year and up to five years	4,983	5,451
More than five years	12,569	11,486

(20) Securitised Liabilities

in € m

	31.12.2022	31.12.2021
This item includes:		
Liabilities due to affiliated companies	9	17
Liabilities due to other long-term investees and investors	–	–
Remaining maturities of the sub-item – bonds issued:		
Amounts due in the following year	6,227	8,780
Remaining maturities of the sub-item – other securitised liabilities:		
Up to three months	763	3,075
More than three months and up to one year	–	327
More than one year and up to five years	–	–
More than five years	–	–

(21) Trading Portfolio (Liabilities)

in € m

	31.12.2022	31.12.2021
Derivative financial instruments	6,800	2,376
Liabilities	4,525	4,771
thereof: other securitised liabilities	413	306
Risk premium	36	9
Total	**11,361**	**7,156**

As at 31 December 2022 the offsetting of trading derivatives (assets) and related collateral resulted in an amount of € 19,051 m (31 December 2021: € 10,133 m) being set off. The increase in trading liabilities is a result of higher negative fair values of derivatives in particular.

(22) Trust Liabilities

in € m

	31.12.2022	31.12.2021
Liabilities due to banks	553	550
Liabilities due to customers	915	839
Other liabilities	173	176

(23) Other Liabilities

in € m

	31.12.2022	31.12.2021
Significant items are:		
Interest obligations arising from swap agreements in the non-trading portfolio	588	444
Currency translation differences	–	429
Interest on profit participation rights and silent participations	0	34
Taxes to be paid	10	14
Option premiums received for the non-trading portfolio	0	1

(24) Deferred Income

in € m

	31.12.2022	31.12.2021
From issuing and lending operations, this item includes:		
Premiums on liabilities and bonds issued	202	312
Discounts on lending operations	34	36
Other	5	7
The other prepaid expenses include:		
Upfront payments	415	404
Other	217	195

(25) Provisions

The difference between the carrying amount of the pension provisions measured using the average market rate for the past ten financial years (1.78 %) and the carrying amount of the provisions measured using the appropriate average market rate for the past seven financial years (1.44 %) was € 91 m as at the balance sheet date. This amount is subject to a distribution restriction.

The cost of the assets offset against provisions in accordance with section 246 (2) sentence 2 of the HGB amounted to € 551 m (31 December 2021: € 548 m) and the fair value to € 495 m (31 December 2021: € 552 m). The settlement amount of the offset liabilities amounted to € 1,227 m (31 December 2021: € 1,143 m). In the income statement, expenses associated with these assets amounting to € 60 m and expenses from the corresponding liabilities amounting to € 35 m were recognised in 2022. In 2021, income associated with these assets amounting to € 0 m was offset against expenses from the corresponding provisions amounting to € 105 m.

The other provisions were recognised mainly for personnel-related items and for credit and country risks in off-balance sheet lending business. Provisions are recognised for litigation risks if it is likely that they will be used. Further provisions are attributable to liabilities for which the actual amount or the reason is uncertain. There are also restructuring provisions of € 19 m (2021: € 43 m).

(26) Subordinated Liabilities

As at 31 December 2022, there was one subordinated liability that accounted for more than 10 % of total subordinated liabilities:

Issue XS2489772991 in the nominal amount of € 550 m matures in 2032. It has an initial coupon rate of 4.5 %, which applies until the time of the first coupon rate adjustment, and the first opportunity for its ordinary repayment by Helaba falls in 2027. The agreed terms allow Helaba to terminate the arrangement at short notice after this time and provide for a variable coupon rate until maturity in 2032. The creditor has no ordinary right of termination. The conditions relating to the subordinate nature of this issue comply with the requirements of the Capital Requirements Regulation (CRR). There is no agreement to convert these items into capital or other forms of debt and there are no plans to do so.

The reported figure includes pro rata interest of € 41 m (2021: € 28 m). Interest expense on subordinated borrowings amounted to € 97 m in the year under review (2021: € 74 m).

As in the previous year, the Bank did not have any subordinated liabilities due to affiliated companies or other long-term investees and investors.

(27) Additional Tier 1 Capital Instruments

AT1 bonds represent unsecured and subordinated bonds of the Bank. The repayment as well as the nominal amount of the AT1 bonds may be reduced if a triggering event occurs. The decline of the Bank's Tier 1 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 under specific conditions. Helaba may terminate the bonds at an early maturity date, and has additional termination options every ten years; if specific conditions are met, and after approval of the competent supervisory authority, bonds may be terminated early. Bonds are subject to the terms and conditions as provided in the respective bond terms, which stipulate, among other things, that the Bank may terminate bonds only entirely, but not partially, provided that specific supervisory or tax conditions are met.

Bond interest payments are based on their nominal amount, and have been fixed for the period between the issue date and the first possible early repayment date. Subsequently, the applicable interest rate for the following ten years will be established. 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 in subsequent years will not be increased to compensate suspended interest payments from previous years on a cumulative basis.

As at 31 December 2022, the carrying amount of issued bonds excluding pro-rata interest stood at € 374 m (31 December 2021: € 374 m). Accrued interest expenses from issued bonds amounted to € 0.5 m in 2022 (2021: € 0.5 m).

(28) Liabilities Denominated in Foreign Currency

in € m

	31.12.2022	31.12.2021
Liabilities denominated in foreign currency	9,465	11,213

(29) Own Funds

in € m

	31.12.2022	31.12.2021
Subscribed capital	**2,527**	**3,027**
a) Share capital	589	589
b) Capital contribution	1,920	1,920
c) Silent partner contributions	18	518
Capital reserves	**1,546**	**1,546**
Retained earnings	**2,569**	**2,396**
Including		
additional Tier 1 capital instruments,	374	374
fund for general banking risks,	599	599
home savings protection fund and	11	11
subordinated liabilities	3,167	2,336
the liable capital reported in the balance sheet amounted to	**10,794**	**10,289**

A distribution of € 90 m and an appropriation to revenue reserves of € 173 m are proposed for the appropriation of net profit.

Non-distributable amounts

Non-distributable amounts in accordance with section 268 (8) of the HGB as at 31 December 2022 totalled € 94 m, € 91 m of which is accounted for by the difference between the average market interest rate for ten years and seven years for the discounting of provisions for pension liabilities and € 3 m of which is accounted for by internally generated intangible fixed assets.

(30) Contingent Liabilities

in € m

	31.12.2022	31.12.2021
This item includes:		
Credit guarantees	6,329	6,281
Other guarantees and sureties	3,362	3,060

Helaba judges to be low the risk that borrowers will fail to meet their obligations and facilities are likely to be utilised. Bank guarantees are subject to the Bank's process for determining loss allowances. Helaba has recognised appropriate provisions in individual cases where a loss from the likely use of a facility is probable.

(31) Other Obligations

On the basis of financial standing analyses, Helaba assumes that borrowers will meet their loan obligations and placement and underwriting obligations and therefore facilities are unlikely to be utilised. Provisions have been recognised in individual cases where a loss from the likely use of a facility is probable.

(32) Statement of Cover Assets for the Mortgage and Municipal Authorities Business

in € m

	31.12.2022	31.12.2021
Issued mortgage Pfandbriefe	**11,654**	**7,967**
Cover pool	**17,544**	**17,573**
Loans and advances to customers	14,637	14,822
Bonds and other fixed-income securities	1,169	1,344
Trust assets	1,738	1,407
Overcollateralisation	**5,891**	**9,607**
Issued public Pfandbriefe	**24,879**	**28,237**
Cover pool	**31,781**	**32,469**
Loans and advances to banks	137	606
Loans and advances to customers	30,236	30,428
Bonds and other fixed-income securities	572	547
Trust assets	836	889
Overcollateralisation	**6,902**	**4,232**

(33) Pfandbriefe and Statement of Cover Assets

Overview in accordance with section 28 (1) nos. 1, 3 of the PfandBG

in € m

	Nominal amount		Net present value		Risk-adjusted net present value	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021[1]
Mortgage Pfandbriefe:						
Cover pool	17,544	17,573	17,193	18,650	15,428	
Pfandbriefe outstanding	11,654	7,967	11,228	8,086	10,835	
Overcollateralisation	5,891	9,607	5,965	10,563	4,594	9,924
Statutory overcollateralisation	464		453			
Contractual overcollateralisation	–		–			
Voluntary overcollateralisation	5,427		5,512			
Overcollateralisation of Pfandbriefe outstanding (in %)	50.5		53.1		42.4	
Public Pfandbriefe:						
Cover pool	31,781	32,469	31,440	37,452	26,361	
Pfandbriefe outstanding	24,879	28,237	24,269	31,517	21,771	
Overcollateralisation	6,902	4,232	7,171	5,935	4,590	5,284
Statutory overcollateralisation	969		977			
Contractual overcollateralisation	–		–			
Voluntary overcollateralisation	5,933		6,194			
Overcollateralisation of Pfandbriefe outstanding (in %)	27.7		29.5		21.1	

[1] In the previous year, the net present value at risk for overcollateralisation in respect of mortgage Pfandbriefe and public Pfandbriefe was determined using the Bank's internal model and separate presentation of the net present values at risk for the cover assets pool and the Pfandbriefe in circulation in accordance with section 28 (1) no. 1 and (5) of the PfandBG for 31 December 2021 is therefore not possible..

As in the previous year, there were no derivatives held to cover issued Pfandbriefe at the end of the year.

The amendments to the PfandBG effective 1 August 2022 changed some existing reporting requirements and created new ones. Section 55 of the PfandBG states that prior-year figures are not to be prepared for the disclosures in accordance with section 28 (1) sentence 1 nos. 2, 3, 5, 6, 8 to 10 and 12 of the PfandBG.

The net present value at risk is calculated using the dynamic approach in accordance with section 5 (1) no. 2 of the German Net Present Value Regulation (Pfandbrief-Barwertverordnung, PfandBarwertV).

The statutory overcollateralisation for the nominal value is calculated as the sum of the overcollateralisation in nominal value terms in accordance with section 4 (2) of the PfandBG and the nominal value of the overcollateralisation in net present value terms in accordance with section 4 (1) of the PfandBG.

The voluntary overcollateralisation is what remains after subtracting the statutory overcollateralisation and the contractual overcollateralisation. It includes the net present value of the overcollateralisation in nominal value terms in accordance with section 4 (2) PfandBG.

Maturity structure of Pfandbriefe in circulation and the cover assets pool used for this purpose in accordance with section 28 (1) nos. 4 and 5 of the PfandBG

in € m

	Cover pool		Pfandbrief		Effects of an extension of Pfandbrief maturity
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Mortgage Pfandbriefe:					
Up to six months	1,178	750	1,069	2,148	–
More than six months and up to one year	1,690	1,359	15	500	–
More than one year and up to eighteen months	1,836	1,129	2,523	1,069	1,069
More than eighteen months and up to two years	1,164	1,409	2,800	15	15
More than two years and up to three years	2,686	2,968	2,260	1,798	5,323
More than three years and up to four years	2,404	2,856	1,542	2,260	2,260
More than four years and up to five years	1,959	1,931	1,335	7	1,542
More than five years and up to ten years	3,888	4,816	60	120	1,395
More than ten years	738	355	50	50	50
Public Pfandbriefe:					
Up to six months	2,650	1,752	1,399	1,528	–
More than six months and up to one year	1,510	1,441	2,267	3,368	–
More than one year and up to eighteen months	1,617	2,529	2,128	3,153	1,399
More than eighteen months and up to two years	1,291	1,503	3,976	2,262	2,267
More than two years and up to three years	2,469	2,592	1,292	4,159	6,104
More than three years and up to four years	2,817	2,382	1,892	1,325	1,292
More than four years and up to five years	2,536	2,928	2,068	1,914	1,892
More than five years and up to ten years	7,692	8,698	5,015	6,840	6,940
More than ten years	9,200	8,644	4,843	3,688	4,986

The disclosures on maturity extension are based on the scenario of a twelve-month extension. This is an extremely improbable scenario that could only apply after the appointment of a cover pool administrator.

Prerequisites for the extension of Pfandbrief maturity: it is necessary to extend maturity to avoid the “Pfandbrief bank with limited business activity” (Pfandbriefbank mit beschränkter Geschäftstätigkeit) becoming insolvent, the “Pfandbriefbank mit beschränkter Geschäftstätigkeit” is not overindebted and there is reason to assume that the “Pfandbriefbank mit beschränkter Geschäftstätigkeit” will be able to meets its obligations falling due before or at the end of the longest possible extension period, factoring in any additional possibilities for extension (see also section 30 (2b) of the PfandBG for additional information).
Authority of the cover pool administrator when extending the maturity of Pfandbriefe: the cover pool administrator may postpone repayments if the material prerequisites for this step according to section 30 (2b) PfandBG are satisfied. The cover pool administrator determines the length of the extension based on the specific requirements. The extension period may not exceed twelve months.

The cover pool administrator may postpone repayments and interest payments that are due within one month of his or her appointment to the end of this month period. If the cover pool administrator decides to implement such a postponement, a non-rebuttable presumption applies that the prerequisites in accordance with section 30 (2b) PfandBG are satisfied. Any such postponement will count towards the maximum extension period of twelve months.

The cover pool administrator must apply his or her authority consistently to all the Pfandbriefe of an issue. Maturities may be extended either in full or in part. When extending the maturity of a Pfandbrief issue, the cover pool administrator must proceed such that the original order in which Pfandbriefe are to be serviced, which could theoretically be changed by the extension, is not changed. It may be necessary for the maturities of issues that would originally have matured later to be extended as well to ensure that this remains the case (see also section 30 (2a) and (2b) of the PfandBG for additional information).

Additional disclosures according to section 28 (1) nos. 6 to 15 as well as (2) nos. 3, 4 of the PfandBG

Mortgage Pfandbriefe

in € m

	31.12.2022	31.12.2021
Pfandbriefe in circulation	**11,654**	**7,967**
thereof: Fixed-income Pfandbriefe (in %)	70.6	93.7
Cover pool	**17,544**	**17,573**
Thereof: Total amount of the claims according section 12 para. 1 which exceed the limits laid down in section 13 para.1 s. 2 2nd half sentence	–	
Thereof: Total amount of the claims according section 19 para. 1 which exceed the limits laid down in section 19 para.1 s. 7	–	
Thereof: Claims which exceed the limits laid down in section 19 para. 1 no. 2	–	
Thereof: Claims which exceed the limits laid down in section 19 para. 1 no. 3	–	
Thereof: Claims which exceed the limits laid down in section 19 para. 1 no. 4	–	
Thereof: Further cover	1,169	1,344
Thereof: claims according to section 19 para. 1 no. 2a) and b)	–	
Thereof: claims according to section 19 para. 1 no. 3a) to c)	303	
Thereof: claims according to section 19 para. 1 no. 4	866	
Thereof: Share of fixed-rate cover assets (in %)	68.4	62.7
Net present value per section 6 of Present Value Regulation for Pfandbriefe, by foreign currency:		
US dollar	3,687	3,390
Pound sterling	225	457
Norwegian krone	83	66
Swiss franc	2	2
Swedish krona	188	297
Japanese yen	516	–
Average elapsed term of loans and advances since granting (in years)	**4.6**	**4.3**
Weighted average loan-to-value ratio (in %)	**59.0**	**59.0**

The disclosure for loans and advances in accordance with section 19 (1) no. 3 a) to c) applies to Germany, the disclosure for loans and advances in accordance with section 19 (1) no. 4 to Sweden.

		31.12.2022
Key figures on liquitity according to section 28 para. 1 no. 6 Pfandbrief Act		
Largest negative amount within the next 180 days within the meaning of section 4 para. 1a s.3	in € m	956
Day on which the largest negative sum results	Days (1 – 180)	79
Total amount of cover assets meeting the requirements of section 4 para. 1a s.3	in € m	1,185
Key figures according to section 28 para. 1 no. 15 Pfandbrief Act		
Share of cover assets in the cover pool for which or for whose debtor a default pursuant to Art. 178 para. 1 of Regulation (EU) no. 575/2013 is deemed to have occurred	in %	–

Public Pfandbriefe

in € m

	31.12.2022	31.12.2021
Pfandbriefe in circulation	**24,879**	**28,237**
thereof: Fixed-income Pfandbriefe (in %)	68.1	75.9
Cover pool	**31,781**	**32,469**
Thereof: total amount of the claims according to section 20 para. 1 and 2 which exceed the limits laid down in section 20 para.3	–	
Thereof: claims which exceed the limits laid down in section 20 para. 2 no. 2	–	
Thereof: claims which exceed the limits laid down in section 20 para. 2 no. 3	–	
Thereof: Further cover	–	465
Therof: claims according to section 20 para. 2 no. 2	–	
Therof: claims according to section 20 para. 2 no. 3a) to c)	–	
Therof: claims according to section 20 para. 2 no. 4	–	
Thereof: Share of fixed-rate cover assets (in %)	93.9	94.8
Net present value per section 6 of Present Value Regulation for Pfandbriefe, by foreign currency:		
US dollar	295	221
Swiss franc	102	143
Japanese yen	–	697

		31.12.2022
Key figures on liquitity according to section 28 para. 1 no. 6 Pfandbrief Act		
Largest negative amount within the next 180 days within the meaning of section 4 para. 1a s.3	in € m	284
Day on which the largest negative sum results	Days (1 – 180)	175
Total amount of cover assets meeting the requirements of section 4 para. 1a s.3	in € m	584
Key figures according to section 28 para. 1 no. 15 Pfandbrief Act		
Share of cover assets in the cover pool for which or for whose debtor a default pursuant to Art. 178 para. 1 of Regulation (EU) no. 575/2013 is deemed to have occurred	in %	–

Breakdown of the cover pool for mortgage Pfandbriefe by type of use in accordance with section 28 (2) nos. 1 b and c and 2 of the PfandBG

Residential breakdown:

in € m

	Homes for owner occupation		Single-family and two-family homes		Multiplefamily homes		Incomplete and not-yetprofitable new buildings		Building sites		Total	
Country	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Germany	271	222	830	656	2,014	2,012	1	1	0	0	3,116	2,890
Finland	–	–	–	–	12	12	–	–	–	–	12	12
France	–	–	–	–	–	16	–	–	–	–	–	16
USA	–	–	–	–	1,896	1,560	–	–	–	–	1,896	1,560
Total	**271**	**222**	**830**	**656**	**3,923**	**3,600**	**1**	**1**	**0**	**0**	**5,024**	**4,478**

Commercial breakdown:

in € m

Country	Office buildings 2022	Office buildings 2021	Retail buildings 2022	Retail buildings 2021	Industrial buildings 2022	Industrial buildings 2021	Other commercially used buildings 2022	Other commercially used buildings 2021	Incomplete and not-yet-profitable new buildings 2022	Incomplete and not-yet-profitable new buildings 2021	Building sites 2022	Building sites 2021	Total 2022	Total 2021
Belgium	100	147	–	–	–	–	–	–	–	–	–	–	100	147
Germany	2,716	2,676	1,807	2,194	191	158	171	154	62	50	–	2	4,946	5,235
Finland	179	150	174	189	–	–	–	–	–	–	–	–	353	339
France	1,089	982	309	281	–	–	–	–	–	–	–	–	1,398	1,263
Luxembourg	106	176	–	–	–	–	–	–	–	–	–	–	106	176
The Netherlands	208	257	164	181	–	–	8	8	–	–	–	–	380	445
Norway	61	64	23	–	–	–	–	–	–	–	–	–	84	64
Austria	121	121	32	35	–	–	–	–	–	–	–	–	152	156
Poland	636	488	590	580	–	–	–	–	–	–	–	–	1,226	1,068
Sweden	38	89	146	205	–	–	–	–	–	–	–	–	184	293
Czech Republic	251	230	52	52	–	–	–	–	–	–	–	–	303	282
USA	1,797	1,744	53	86	–	–	–	–	–	–	–	–	1,850	1,830
United Kingdom	272	418	–	35	–	–	–	–	–	–	–	–	272	453
Total	**7,572**	**7,541**	**3,348**	**3,838**	**191**	**158**	**179**	**162**	**62**	**50**	**–**	**2**	**11,352**	**11,751**

Breakdown of the cover pool by size in accordance with section 28 (2) no. 1a, (3) no. 1 and (4) no. 1a of the PfandBG

in € m

	31.12.2022	31.12.2021
Mortgage Pfandbriefe		
Up to € 0.3 m	1,021	838
More than € 0.3 m and up to € 1 m	316	259
More than € 1 m and up to € 10 m	833	859
More than € 10 m	14,206	14,273
Further cover	1,169	1,344
Public Pfandbriefe		
Up to € 10 m	3,733	3,708
More than € 10 m and up to € 100 m	8,259	7,804
More than € 100 m	19,789	20,492
Further cover	–	465

Breakdown of the cover pool for public Pfandbriefe (public-sector covered bonds) by issuer under section 28 (3) no. 2 of the PfandBG

in € m

Country	Central government 2022	Central government 2021	Regional authorities 2022	Regional authorities 2021	Municipal authorities 2022	Municipal authorities 2021	Public-law credit institutions / Other 2022	Public-law credit institutions / Other 2021	Total 2022	Total 2021	Thereof: Guarantees for promoting exports 2022	Thereof: Guarantees for promoting exports 2021
Belgium	–	–	–	–	720	696	–	1	720	697	–	–
Denmark	43	34	–	–	–	–	–	–	43	34	43	34
Germany	1,105	843	10,550	11,029	13,295	13,433	4,796	4,596	29,746	29,900	1,054	785
Finland	–	–	–	–	20	20	–	–	20	20	–	–
France	22	19	136	158	112	137	26	28	296	341	22	19
Luxembourg	–	1	–	–	–	–	–	–	–	1	–	1
Austria	61	61	–	–	630	702	–	–	691	763	2	2
Portugal	–	–	–	–	50	50	–	–	50	50	–	–
Sweden	28	32	–	–	–	–	–	–	28	32	28	32
Switzerland	84	59	51	48	–	–	–	–	135	108	84	59
Spain	–	–	22	28	30	32	–	–	52	60	–	–
Total	**1,343**	**1,048**	**10,759**	**11,263**	**14,857**	**15,069**	**4,822**	**4,624**	**31,781**	**32,004**	**1,233**	**932**

As in the previous year, there were no payments relating to mortgage Pfandbriefe and public Pfandbriefe at least 90 days past due at the reporting date. There were no instances of receivership or forced sales in the year under review, nor was it necessary to take charge of any land in order to avoid losses.

Disclosures relating to international securities identification codes in accordance with section 28 (1) no. 2 of the PfandBG

The following securities were held for mortgage Pfandbriefe in the year under review:

DE000HLB1J20	DE000HLB4J92	DE000HLB4LY4
DE000HLB4YL4	DE000HLB4116	DE000HLB42D1
DE000HLB42M2	DE000HLB42Y7	DE000HLB7515
DE000HLB78B9	XS1767931477	XS1793271716
XS1883355601	XS2001346480	XS2022037795
XS2106576494	XS2433126807	XS2446114600
XS2536375368		

The following securities were held for public Pfandbriefe :

DE000A0ASMW9	DE000A0A3HE5	DE000A0A3HW7
DE000A0A3HZ0	DE000DXA0K24	DE000DXA0MG8
DE000DXA0PY4	DE000DXA0RA0	DE000DXA0TU4
DE000HLB0AN8	DE000HLB0AP3	DE000HLB0P49
DE000HLB0P56	DE000HLB0P98	DE000HLB1BZ8
DE000HLB1C27	DE000HLB1C43	DE000HLB1JX6
DE000HLB2LC4	DE000HLB2NE6	DE000HLB2YN4
DE000HLB4JE0	DE000HLB4JK7	DE000HLB4JM3
DE000HLB4JN1	DE000HLB4J76	DE000HLB4J84
DE000HLB4U48	DE000HLB4U71	DE000HLB4VB1
DE000HLB4V96	DE000HLB4YE9	DE000HLB4Y69
DE000HLB4ZG1	DE000HLB4Z68	DE000HLB40Y1
DE000HLB41B7	DE000HLB41C5	DE000HLB41D3
DE000HLB41M4	DE000HLB41Z6	DE000HLB42Q3
DE000HLB42R1	DE000HLB42X9	DE000WLB8ET1
DE0002677572	XS0946693834	XS1548773982
XS1587900843	XS1793273092	XS1936186425
XS2056484889	XS2106579670	XS2433240764
XS2445172187	XS2461137189	

(34) Non-Trading Derivative Financial Instruments

The disclosures relating to derivative financial instruments are broken down into trading and non-trading portfolios.

Transactions in non-trading derivative products are presented in accordance with the disclosure requirements under section 285 no. 19 of the HGB in conjunction with section 36 of the RechKredV. Non-trading derivative financial instruments are entered into to hedge or manage risks attributable to banking book transactions (asset/liability management).

Disclosure of volumes

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
Interest rate risk	**249,239**	**189,003**	**9,573**	**7,227**	**13,615**	**7,802**
Interest rate swaps	230,062	174,979	9,545	7,110	13,035	6,309
Interest rate options	10,239	9,019	2	4	476	1,474
Calls	205	290	2	4	–	–
Puts	10,034	8,728	–	–	476	1,474
Caps, floors	4,588	4,969	26	113	98	19
Market contracts	4,350	38	0	1	6	–
Currency risk	**29,046**	**32,486**	**747**	**136**	**575**	**838**
Currency futures	7,270	11,868	31	83	224	46
Currency swaps/cross-currency swaps	21,774	20,615	716	53	351	792
Currency options	2	3	0	0	–	–
Calls	2	3	0	0	–	–
Credit derivatives	**–**	**50**	**–**	**–**	**–**	**1**
Calls	–	50	–	–	–	1
Total	**278,285**	**221,539**	**10,320**	**7,363**	**14,191**	**8,641**

In addition to the notional volumes, the positive and negative fair values are shown separately. These disclosures do not reflect netting or collateral agreements.

Since these transactions form part of hedging transactions, the fair values always have to be analysed in connection with the hedged items.

The fair values are in some cases offset by unrealised premium and special cash flows and interest accrued on derivatives, which are shown in the balance sheet under other assets or liabilities and under prepaid expenses or deferred income. The total amount of assets related to derivatives is € 1,101 m (31 December 2021: € 801 m), while liabilities related to derivatives amount to € 1,009 m (31 December 2021: € 1,281 m).

Breakdown of notional amounts by maturity

in € m

	Interest rate risk		Currency risk		Equity and other price risks	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Up to three months	15,861	6,026	7,402	11,283	–	–
More than three months and up to one year	25,785	15,210	4,298	2,527	–	–
More than one year and up to five years	108,988	81,865	13,803	15,012	–	–
More than five years	98,604	85,902	3,544	3,664	–	–
Total	**249,239**	**189,003**	**29,046**	**32,486**	**–**	**–**

in € m

	Credit derivatives		Commodity derivatives		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Up to three months	–	–	–	–	23,263	17,309
More than three months and up to one year	–	50	–	–	30,083	17,787
More than one year and up to five years	–	–	–	–	122,791	96,877
More than five years	–	–	–	–	102,148	89,566
Total	**–**	**50**	**–**	**–**	**278,285**	**221,539**

The volume of short-term interest rate transactions increased. Short-term interest rate transactions (with a remaining maturity of up to one year) now account for 16.7 % of total business in this risk category (31 December 2021: 11.2 %).

The majority of transactions in “valuation units” in accordance with section 254 of the HGB was entered into for mid-term maturities, i.e. between one and five years. The notional volume of all mid-term transactions amounted to € 5,201 m at the reporting date (31 December 2021: € 5,176 m).

Breakdown by counterparty

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
Banks in OECD countries	198,026	131,487	6,992	5,478	11,111	7,187
Public institutions in OECD countries	–	67	–	3	–	0
Other counterparties	80,259	89,984	3,327	1,882	3,080	1,454
Total	**278,285**	**221,539**	**10,320**	**7,363**	**14,191**	**8,641**

The purpose of the counterparty breakdown is to present the default risks associated with derivative transactions.
Helaba enters into derivative transactions mainly with banks in OECD countries and central counterparties

A significant proportion of transactions with other counterparties relate to market contracts and OTC transactions with central counterparties; they account for 98.2 % of the notional volume (31 December 2021: 96.0 %).

As in previous years, banks in OECD countries and central counterparties account for most of the positive fair values and thus the replacement risks.

(35) Derivative Financial Instruments Held For Trading

Transactions in derivative products are presented in accordance with the disclosure requirements under section 285 no. 20 of the HGB in conjunction with section 36 of the RechKredV.

The notional volume of derivative trades increased by 28.3 % year on year. The increase was due in particular to the higher volume of interest rate swaps and forward rate agreements.

Disclosure of volumes

in € m

	Notional amounts		Notional amounts		Notional amounts	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Interest rate risk	**482,688**	**371,543**	**2,387**	**5,709**	**6,352**	**1,965**
Interest rate swaps	415,700	329,586	2,245	5,401	6,053	1,847
Forward rate agreements	19,600	1,500	0	–	0	–
Interest rate options	21,971	20,543	131	300	59	74
Calls	11,503	9,615	124	297	4	8
Puts	10,468	10,928	6	3	54	66
Caps, floors	18,401	15,511	12	8	241	44
Market contracts	7,016	4,398	–	–	0	–
Other interest rate futures	–	6	–	0	–	–
Currency risk	**45,647**	**37,162**	**571**	**390**	**410**	**314**
Currency futures	40,331	31,359	290	219	322	232
Currency swaps / cross-currency swaps	5,141	5,329	281	170	88	81
Currency options	176	474	1	2	1	1
Calls	82	238	1	2	–	–
Puts	94	236	–	–	1	1
Equity and other price risks	**1,960**	**3,591**	**98**	**149**	**31**	**88**
Equity options	1,931	3,359	98	142	31	78
Calls	966	1,753	98	142	–	0
Puts	965	1,606	–	–	31	78
Market contracts	29	227	–	5	–	10
Other equity futures	1	4	0	2	–	–
Credit derivatives	**4,443**	**4,506**	**2**	**1**	**7**	**9**
Calls	2,462	2,592	2	0	7	9
Puts	1,981	1,914	0	0	0	0
Commodity risk	**210**	**103**	**0**	**–**	**0**	**0**
Commodity options	210	103	0	–	0	0
Total	**534,948**	**416,905**	**3,058**	**6,249**	**6,800**	**2,376**

In addition to the notional volumes, the positive and negative fair values are shown separately.

Breakdown of notional amounts by maturity

in € m

	Interest rate risk		Currency risk		Equity and other price risks	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Up to three months	25,850	12,475	21,170	17,144	266	173
More than three months and up to one year	57,665	29,483	15,881	11,189	371	643
More than one year and up to five years	148,401	128,078	6,994	7,623	1,321	2,765
More than five years	250,771	201,508	1,603	1,206	2	10
Total	**482,688**	**371,543**	**45,647**	**37,162**	**1,960**	**3,591**

in € m

	Credit derivatives		Commodity derivatives		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Up to three months	21	–	210	103	47,517	29,895
More than three months and up to one year	387	211	–	–	74,304	41,525
More than one year and up to five years	4,007	4,238	–	–	160,724	142,704
More than five years	28	57	–	–	252,404	202,781
Total	**4,443**	**4,506**	**210**	**103**	**534,948**	**416,905**

Short-term interest rate transactions (with a remaining maturity of up to one year) now account for 17.3 % of total business in this risk category (31 December 2021: 11.3 %).

Breakdown by counterparty

in € m

	Notional amounts		Notional amounts		Notional amounts	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Banks in OECD countries	194,105	161,581	1,246	1,216	4,541	1,077
Banks outside OECD countries	0	1	0	–	–	0
Public institutions in OECD countries	11,067	12,660	688	3,158	109	168
Other counterparties	329,777	242,663	1,123	1,875	2,150	1,131
Total	**534,948**	**416,905**	**3,058**	**6,249**	**6,800**	**2,376**

The purpose of the counterparty breakdown is to present the default risks associated with derivative transactions.

A significant proportion of transactions with other counterparties relate to market contracts and OTC transactions with central counterparties; they account for 82.4 % of the notional volume (31 December 2021: 77.0 %).

The percentage of the total volume of derivatives accounted for by trading derivatives was virtually unchanged year on year at 65.8 % (31 December 2021: 65.3 %).

As in previous years, interest rate contracts accounted for most of the trading activities. In this case, 65.9 % (31 December 2021: 66.3 %) of the total portfolio is attributable to trading derivatives. 61.1 % (31 December 2021: 53.4 %) of the currency risk contracts and 100 % (31 December 2021: 98.9 %) of the credit derivatives relate to the trading portfolio.

(36) Trading Products

in € m

	Assets		Liabilities		Net income of the trading portfolio	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	2022	2021
Derivative financial instruments	**3,058**	**6,249**	**6,800**	**2,376**	**877**	**224**
Interest rate trading	2,387	5,709	6,352	1,965	836	190
Equity trading	98	149	31	88	–8	10
Currency trading	571	390	410	314	22	19
Credit derivatives	2	1	7	9	6	–12
Commodities	0	–	0	0	21	17
Receivables / liabilities	**1,508**	**1,801**	**4,516**	**4,553**	**–187**	**–10**
Promissory note loans	1,232	1,260	–	–	–200	–16
Receivables / liabilities payable on demand, overnight and time deposits	230	331	4,067	4,238	6	20
Repos / reverse repos / securities lending	46	210	–	–	–1	–2
Issued money market instruments / securitised liabilities	–	–	346	230	–2	2
Issued equity / index certificates	–	–	66	76	9	–13
Other	–	–	36	9	–	–
Bonds and other fixed-income securities	**12,441**	**10,038**	**45**	**227**	**–335**	**–113**
Equity shares and other variable-income securities	**1**	**22**	**–**	**–**	**–1**	**6**
Other					**–25**	**–25**
Commissions					–25	–25
Fund for general banking risks in accordance with section 340e of the HGB					**–**	**–**
Total	**17,007**	**18,110**	**11,361**	**7,156**	**328**	**82**

Offsetting was reflected in both the year under review and the prior-year amounts when presenting derivative financial instrument assets and liabilities. A total of € 25,861 m (31 December 2021: € 8,318 m) was set off in the case of trading assets and € 19,051 m (31 December 2021: € 10,133 m) in the case of trading liabilities.

(37) Valuation Units in Accordance with Section 254 of the HGB

The carrying amount of the securities included in valuation units was € 8,391 m (31 December 2021: € 8,081 m).

A provision for expected losses is recognised for measurement effects from the hedged risk that are not fully offset. In the year under review, write-downs were recognised to take account of decreases in the fair value of the hedged items due to changes in credit risk.

in € m

	2022	2021
Credit risk-related change in value of securities	–21	5
Change in provision for expected losses for interest rate-related measurement effects that were not fully offset	–6	1

(38) Breakdown by Geographical Market

Total interest income, current income from equity shares and other variable-income securities, equity investments and shares in affiliated companies, fee and commission income, net trading income and other operating income is attributable to the following markets:

in € m

	31.12.2022	31.12.2021
Germany	4,685	4,657
European Union, excl. Germany	1	0
Other	658	430

(39) Net Interest Income

In the year under review, interest income from lending and money market transactions included income arising from financial liabilities (negative interest) in the amount of € 228 m (2021: € 395 m), while interest expenses included expenses arising from financial assets of € 153 m (2021: € 239 m).

The item includes prior-period income of € 6 m (2021: € 25 m) and prior-period expenses of € 0 m (2021: € 16 m).

(40) Fee and Commission Income

This item mainly comprises fee and commission income from financial guarantees, payment services and the management of public-sector subsidy and development programmes. Further components are fee and commission income from services provided to third parties for the administration and arrangement of securities transactions and other banking services.

(41) Other Operating Income and Expenses

Under other operating income for the year under review, the Bank reports, among other things, income from the reversal of provisions in the amount of € 25 m (2021: € 15 m), rental and leasing income of € 19 m (2021: € 18 m), and cost reimbursements on commissioned work undertaken for third parties of € 19 m (2021: € 17 m).

The interest cost on provisions amounted to € 103 m (2021: € 124 m).

The item includes prior-period income of € 6 m (2021: € 4 m) and prior-period expenses of € 2 m (2021: € 1 m).

(42) Extraordinary Result

The Bank did not disclose any extraordinary result in the reporting period.

(43) Taxes on Income

Of the income tax expense of € 209 m, a tax expense of € 57 m was in respect of countries other than Germany. The sharp increase in Germany is the result of high additional taxable income in the current year associated largely with differing measurement rules for tax purposes relating to loss allowances, as well as the absence of one-off items that had a significant impact in the previous year.

(44) Other Financial Obligations

At the balance sheet date, the Bank had obligations to make contributions to the subscribed capital of 39 companies totalling € 220 m, of which € 0 m was attributable to one affiliated company.

Helaba is a partner with unlimited liability in GLB GmbH & Co. OHG, Frankfurt am Main and Helaba Asset Services Unlimited Company, Dublin.

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 Savings 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 entitled to reimbursement of his/her deposits up to an amount of € 100,000. The relevant EinSiG provisions apply. If a situation should arise in which a scheme has to provide financial support or pay compensation, Helaba could be required to pay additional or special contributions to the protection scheme.

In addition, Helaba 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. Helaba and the Sparkassen make successive contributions to the fund until 0.5 % of the assessment base (eligible positions under the German Solvency Regulation) has been reached. An institution's obligation to pay contributions is established on the basis of risk, taking into account bonus and penalty factors. Sparkassen- und Giroverband Hessen-Thüringen will be liable to make up any shortfall should a claim be made against the fund before the full amount has been contributed in cash.

The sundry obligations include obligations of € 82 m (31 December 2021: € 66 m) to the European Single Resolution Fund. The Bank has elected to fully utilise the option to make some of the annual contribution in the form of an irrevocable payment undertaking backed in full by cash collateral.

The Reserve Fund of the Landesbanken and Girozentralen and the deposit security reserve fund of the Landesbausparkassen also give their member banks an option to pay part of their contributions in the form of irrevocable payment undertakings backed by cash collateral. The Bank (including LBS) has utilised this option for contributions of € 73 m (31 December 2021: € 53 m).

With regard to Helaba Asset Services Unlimited Company and Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Helaba ensures that each company is able to meet its contractual obligations, except in the case of political risk.

Securities with a value of € 1,379 m have been pledged for settling clearing transactions. In connection with the Bank's short-term liquidity management, a volume of € 6,544 m was allocated for off-balance sheet draw-down risks and payment transactions. Securities with a market value of € 22,270 m were provided as collateral for secured money trading. These included securities with a market value of € 8,678 m from securities lending transactions. In accordance with international requirements, securities with an equivalent market value of € 1,172 m had been pledged as collateral.

If Sparkassen-Immobilien-Vermittlungs-GmbH or OFB Projektentwicklung GmbH (both affiliated companies) becomes insolvent, Helaba has agreed to make the equalisation 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 otherwise be incurred insofar as this net loss is not made good by the taking from other revenue reserves of amounts that have been allocated to other revenue reserves during the term of the agreement.

If capital contributions have to be repaid, Helaba may be required to make payments up to an amount of € 205 m.

Further obligations in accordance with section 285 no. 3 of the HGB are attributable in particular to long-term property rental and lease agreements for properties used for banking operations. Rental and lease payment obligations of € 15 m are expected for 2023 for the properties used by Helaba with contract terms and notice periods of one month up to ten years and four months. Other financial obligations arise from various rental, usage and service agreements as well as consultancy agreements to the extent customary in business.

The OPUSALPHA asset-backed commercial paper programme initiated by Helaba is used to securitise assets arising from customer-related business activities. The issuing company, OPUSALPHA Funding Limited, is consolidated in Helaba's consolidated financial statements.

The line of liquidity provided for the OPUSALPHA programme as a whole 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).

Helaba acts as service provider for the OPUSALPHA companies and has entered into commitments to provide liquidity up to no more than the amount of any existing purchase commitments and is exposed to subordinated liabilities should the risks borne by third parties, for example in the form of discounts on purchases or guarantees, be insufficient.

As in the previous year, no liquidity lines existed for external securitisation platforms as at 31 December 2022.

On the basis of indemnity agreements, the Bank has undertaken vis-à-vis one subsidiary to exempt it from risks arising from certain transactions.

Under local measurement procedures, a foreign pension fund for a foreign subsidiary's pension commitments has a deficit for which appropriate provisions have been recognised. This deficit must be eliminated by making payments into the corresponding plan assets starting in 2015. In the process, regular comparisons will be made between the value of the plan assets after payments and the effects arising from changes in local measurement parameters. Under international accounting requirements, the indirect pension obligation (before the existing plan assets are taken into account) amounts to € 43 m (31 December 2021: € 77 m).

Helaba acquires receivables eligible for inclusion in the cover assets pool from S-Group as part of its Pfandbrief business; these items may be used to cover public Pfandbriefe or mortgage Pfandbriefe, including any collateral ("cover pooling"). According to the transfer agreements, the beneficial ownership of these items remains with the transferring bank, which continues to carry them on its balance sheet, although they have been entered into Helaba's cover register. Helaba does not recognise the obligations arising from the transfer agreements (amounting to the total nominal value of the receivables transferred to Helaba). At 31 December 2022, the total nominal value of all transferred receivables included in Helaba's cover register amounted to € 2,574 m (municipal authority loans of € 836 m and mortgage loans of € 1,738 m).

As at the balance sheet date, there were conditional and unconditional forward contracts

- for currency transactions (currency futures and options, currency swaps and cross-currency swaps),
- for interest rate transactions (futures and options with fixed-income securities and promissory note loans, forward rate agreements, finance swaps and related options, interest rate futures including options on these transactions as well as interest rate caps),
- for other price risks (equity and equity index futures contracts / options),
- for credit risk (credit derivatives), and
- for commodity risk (commodity swaps and options).

From a risk perspective, the trading portfolio mainly contains closed positions comprising various types of transaction. If derivative instruments are held in the non-trading book, the transactions are mainly used to hedge interest rate-related or currency-related market risks.

(45) Auditors' Fees

Please refer to the consolidated financial statements for further information on auditors' fees according to section 285 no. 17 of the HGB.

The fees for financial statements auditing services include, in addition to 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.

(46) Related Party Disclosures

Helaba is required to report its transactions with related parties in accordance with section 285 no. 21 of the HGB. These transactions are conducted on an arm's-length basis. Over and above the minimum disclosures required by section 285 no. 21 of the HGB, we provide a comprehensive report on related party transactions in accordance with international accounting requirements (IAS 24). 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 following information relates to the transactions with affiliated companies, associates and equity investments in joint ventures of the Helaba Group, the SGVHT and the Federal State of Hesse and the Free State of Thuringia in their capacity as shareholders, as well as subsidiaries of the SGVHT. The disclosures relating to the persons in key positions at Helaba as defined in section 285 no. 21 of the HGB, including their close family relations and companies controlled by those persons, are also included in the following table.

The Helaba Group had the following receivables from, liabilities due to and off-balance sheet commitments to related parties as at 31 December 2022:

in € m

	Affiliated companies	Investments in joint ventures and associates	Shareholders of Helaba	Other related parties	Total
Assets	**2,907**	**92**	**7,845**	**0**	**10,844**
Loans and advances to banks	582	–	–	–	582
Loans and advances to customers	492	88	7,695	–	8,274
Bonds and other fixed-income securities	–	–	139	–	139
Trading assets	–	–	10	–	10
Equity investments	–	5	–	0	5
Shares in affiliated companies	1,810	–	–	–	1,810
Other assets	23	–	1	–	24
Liabilities	**5,435**	**15**	**3,136**	**0**	**8,586**
Securitised liabilities	9	–	–	–	9
Liabilities due to banks	5,005	–	141	–	5,146
Liabilities due to customers	409	15	2,991	0	3,415
Trading liabilities	–2	0	1	–	–2
Other liabilities	14	0	3	–	18
Off-balance sheet liabilities	**574**	**76**	**976**	**–**	**1,626**

The equivalent amounts as at 31 December 2021 were as follows:

in € m

	Affiliated companies	Investments in joint ventures and associates	Shareholders of Helaba	Other related parties	Total
Assets	**2,969**	**128**	**8,255**	**0**	**11,352**
Loans and advances to banks	711	–	–	–	**711**
Loans and advances to customers	467	119	8,094	0	**8,680**
Bonds and other fixed-income securities	–	–	148	–	**148**
Trading assets	0	–	12	–	**12**
Equity investments	–	9	–	0	**9**
Shares in affiliated companies	1,764	–	–	–	**1,764**
Other assets	28	–	1	–	**29**
Liabilities	**5,864**	**25**	**3,024**	**0**	**8,913**
Securitised liabilities	17	–	–	–	**17**
Liabilities due to banks	5,497	–	145	–	**5,643**
Liabilities due to customers	343	25	2,874	0	**3,242**
Trading liabilities	0	–	0	–	**0**
Other liabilities	7	0	5	–	**12**
Off-balance sheet liabilities	**692**	**117**	**1,013**	**–**	**1,822**

Allowances of € 162 m (31 December 2021: € 171 m) were recognised on receivables from subsidiaries and joint ventures.

As in the previous year, receivables from other related parties comprised no loans to members of the Executive Board or Supervisory Board (31 December 2021: loans of € 0.1 m to members of the Supervisory Board).

The total remuneration paid by the Bank to the Executive Board amounted to € 4.1 m (2021: € 5.0 m). As in the previous year, a total of € 0.9 m (2021: € 0.8 m) was paid to the Supervisory Board and € 0.1 m was paid to the members of the Advisory Board. In addition, the employee representatives on the Supervisory Board (including deputy members) received a combined amount of € 1.9 m in salary payments as company employees. This amount was unchanged compared with 2021. An amount of € 4.0 m was paid to former members of the Executive Board and their surviving dependants (2021: € 4.1 m). Provisions of € 64 m were recognised for pension obligations for this group of persons (31 December 2021: € 68 m).

(47) Average Number of Employees During the Year

	Female		Male		Total	
	2022	2021	2022	2021	2022	2021
Bank	1,118	1,127	1,577	1,580	2,695	2,707
WIBank – Wirtschafts- und Infrastrukturbank Hessen	314	288	216	194	530	482
Landesbausparkasse	116	116	71	76	187	192
Bank as a whole	**1,548**	**1,531**	**1,864**	**1,850**	**3,412**	**3,381**

(48) Executive Bodies of the Bank

Supervisory Board

Members

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

Birgit Sahliger-Rasper
Bank employee
Frankfurt am Main

Thomas Sittner
Bank employee
Frankfurt am Main

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
– since 1 February 2021 –

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

(49) List of Shareholdings

List of shareholdings in accordance with section 285 no. 11 and section 340a (4) no. 2 of the HGB

		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	
1	"Dia" Productions GmbH & Co. KG, Pullach	0.27	0.00		1.4	k.A.	€	
2	1822direkt Gesellschaft der Frankfurter Sparkasse mbH, Frankfurt am Main	100.00	0.00		7.1	0	€	1)
3	ABE CLEARING S.A.S à capital variable, Paris, France	2.08	2.08		42.6	6,108	€	
4	ABG FRANKFURT HOLDING Wohnungsbau- und Beteiligungsgesellschaft mbH, Frankfurt am Main	0.00	0.00		1,064.1	83,546	€	
5	Advent International GPE IX-A SCSp, Luxembourg, Luxembourg	0.43	0.43		3,138.6	2,033,269	€	
6	Advent International GPE V-B Limited Partnership, George Town, Cayman Islands	2.01	2.01	0.30	16.5	679	€	
7	Advent International GPE VI Limited Partnership, George Town, Cayman Islands	0.24	0.24		526.0	106,736	€	
8	Advent International GPE X-A SCSp, Luxembourg, Luxembourg	0.38	0.38		k.A.	k.A.		
9	Airport Office One GmbH & Co. KG, Schönefeld	100.00	0.00		–0.0	–5	€	
10	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	1.14	1.14		273.6	14,936	€	
11	Antenne Thüringen GmbH & Co. KG, Weimar	3.50	3.50		3.5	1,315	€	
12	ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	100.00	100.00		–23.8	–793	€	
13	ASTARTE Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	–2	€	
14	Atruvia AG, Karlsruhe	0.02	0.00		449.0	9,936	€	
15	AVW Assekuranzvermittlung der Wohnungswirtschaft GmbH & Co. KG, Bosau	11.76	0.00		23.0	22,707	€	
16	Bauverein für Höchst a. M. und Umgebung eG, Frankfurt am Main	0.03	0.00		35.5	1,067	€	
17	BC European Capital VIII-8, St. Peter Port, Guernsey	1.83	1.83	0.17	129.1	–884	€	
18	BC Partners XI LE - 2 SCSp, Luxembourg, Luxembourg	3.87	3.87		81.4	6,193	€	
19	BCEC X Luxembourg 1 SCSp, Luxembourg, Luxembourg	7.37	7.37		445.6	86,512	€	
20	BGT GmbH, Frankfurt am Main	100.00	100.00		0.0	0	€	1)

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	
21	BIL Leasing GmbH & Co. Objekt Verwaltungsgebäude Halle KG i.L., Munich	100.00	0.00		0.0	−0	€	
22	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Wiesbaden	100.00	100.00		2	644	€	
23	BOF III CV Investors LP, Wilmington, USA	4.16	4.16		6.5	−9	€	
24	Bürgschaftsbank Hessen GmbH, Wiesbaden	21.03	21.03		23.7	943	€	
25	Bürgschaftsbank Thüringen GmbH, Erfurt	31.50	31.50		27.5	240	€	
26	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		0.2	−2	€	
27	Campus Kronberg GmbH & Co. KG, Hamburg	6.00	0.00		54.5	2,106	€	
28	Capnamic Ventures Fund II GmbH & Co. KG, Cologne	4.27	4.27	4.35	70.7	3,234	€	
29	Capnamic Ventures Fund III GmbH & Co. KG, Cologne	2.63	2.63		16.9	−501	€	
30	CapVest Equity Partners II, L.P., Hamilton, Bermuda	3.48	3.48		0.6	91	€	
31	CapVest Equity Partners IV (Feeder) SCSp, Findel, Luxembourg	2.35	2.35		269.5	84,515	€	
32	CapVest Equity Partners V (Feeder) SCSp, Senningerberg, Luxembourg	1.53	1.53		k.A.	k.A.		
33	Carlyle Europe Partners V - EU SCSp, Luxembourg, Luxembourg	0.31	0.31		2,713.9	874,997	€	
34	CARMA FUND I Capital GmbH & Co. KG, Munich	5.93	5.93		k.A.	k.A.		
35	Clareant Mezzanine Fund II (No. 1) Limited Partnership, St. Helier, Jersey	4.07	4.07		10.1	−2,299	€	
36	Clareant Mezzanine No. 1 Fund Limited Partnership, St. Helier, Jersey	3.40	3.40		9.2	−1,917	€	
37	CORDELIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	0	€	
38	CP Campus Projekte GmbH, Frankfurt am Main	50.00	0.00		0.4	−100	€	
39	DBAG Fund V GmbH & Co. KG, Frankfurt am Main	7.59	7.59	15.11	8.0	−2,295	€	
40	DBAG Fund VIII A (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		82.4	−33,169	€	
41	DBAG Fund VIII B (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		26.9	−7,276	€	
42	Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg	1.71	0.00		673.1	38,035	€	
43	Deutsche WertpapierService Bank AG, Frankfurt am Main	3.74	3.74		296.0	37,216	€	
44	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	5.41	5.41		219.5	12,557	€	[2]

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
45	Digital Growth Fund II GmbH & Co. KG, Munich	1.34	1.34		82.2	−4,338	€
46	DIV Grundbesitzanlage Nr. 30 Frankfurt-Deutschherrnufer GmbH & Co. KG i.L., Frankfurt am Main	0.06	0.06		1.8	−10	€
47	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89	0.00		36.7	2,205	€
48	Dritte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.8	1,092	€
49	Dritte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.3	−287	€
50	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	6.00	0.00		17.9	2,136	€
51	EGERIA Verwaltungsgesellschaft mbH, Pullach	0.00	0.00		0.0	0	€
52	Eighth Cinven Fund (No. 2) Limited Partnership, London, United Kingdom	0.17	0.17		k.A.	k.A.	
53	Einkaufszentrum Wittenberg GmbH, Leipzig	50.00	0.00		−1.1	258	€
54	EQT Expansion Capital II (No. 1) Limited Partnership, St. Peter Port, Guernsey	4.57	4.57		29.3	−12,162	€
55	EQT IX (No.1) EUR SCSp, Luxembourg, Luxembourg	0.17	0.17		8,350.8	1,703,294	€
56	EQT V (No. 1) Limited Partnership, St. Peter Port, Guernsey	0.28	0.28		226.4	102,462	€
57	EQT X (No.1) EUR SCSp, Luxembourg, Luxembourg	0.88	0.88		k.A.	k.A.	
58	Erste OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	124	€
59	Erste Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	4	€
60	Erste ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		−2.7	−2,113	€
61	Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Neuhardenberg	1.76	0.00	0.00	3,317.1	56,262	€
62	Eschborn Gate GmbH, Frankfurt am Main	50.00	0.00		4.0	−882	€
63	ESG Book GmbH, Frankfurt am Main	1.91	0.00		4.8	−5,993	€
64	Family Office der Frankfurter Bankgesellschaft AG, Frankfurt am Main	100.00	0.00		1.1	305	€
65	FHG-Projekt Aktiengesellschaft i. G., Frankfurt am Main	100.00	100.00		k.A.	k.A.	
66	FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	50.00	0.00		−0.4	9	€
67	FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	50.00	0.00		−0.4	−89	€

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
68	FHP Friedenauer Höhe Fünfte GmbH & Co. KG, Berlin	100.00	0.00		−0.5	−39	€
69	FHP Friedenauer Höhe Projekt GmbH, Berlin	100.00	0.00		0.1	5	€
70	FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	50.00	0.00		−1.4	−4	€
71	FHP Friedenauer Höhe Verwaltungs GmbH, Berlin	50.00	0.00		0.0	4	€
72	FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	50.00	0.00		−3.0	−2,486	€
73	FHP Friedenauer Höhe Zweite GmbH & Co. KG, Berlin	100.00	0.00		−0.5	−39	€
74	FHP Projektentwicklung GmbH & Co. KG, Berlin	100.00	0.00		−0.0	−12	€
75	FIDUCIA Mailing Services eG, Karlsruhe	0.13	0.06		0.1	0	€
76	FinTech Community Frankfurt GmbH, Frankfurt am Main	25.00	25.00		0.2	−32	€
77	Forum Direktfinanz GmbH & Co. KG, Münster	14.29	14.29		3.4	1,430	€
78	Fourth Cinven Fund (No. 1) Limited Partnership, St. Peter Port, Guernsey	1.42	1.42		69.7	1,145,743	€
79	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00	0.00		20.5	4,211	€
80	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00	100.00		136.3	10,234	CHF
81	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		938.7	18,000	€
82	G & O Alpha Hotelentwicklung GmbH, Frankfurt am Main	50.00	0.00		0.0	−87	€
83	G & O Alpha Projektentwicklungs-GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	27	€
84	G & O Alpha Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	5	€
85	G & O Gateway Gardens Dritte GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.1	60	€
86	G & O Gateway Gardens Erste GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	32	€
87	G & O MK 12 GmbH & Co. KG, Frankfurt am Main	50.00	0.00		−0.4	−382	€
88	G & O MK 17.7 Nord GmbH & Co. KG, Frankfurt am Main	50.00	0.00		−1.3	−685	€
89	G & O MK 17.7 Süd GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	−66	€
90	G & O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.1	22	€

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thou-sands	Original currency	
91	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	100.00	0.00		23.4	0	€	1)
92	Galerie Lippe GmbH & Co. KG, Frankfurt am Main	94.90	0.00		–35.7	–6,509	€	
93	gatelands Immobilien GmbH & Co. KG, Schönefeld	75.00	0.00		0.5	10	€	
94	gatelands Verwaltungs GmbH, Schönefeld	75.00	0.00		0.1	6	€	
95	GBOF VI Feeder 2 SCSP, Luxembourg, Luxembourg	2.20	2.20		247.9	17,847	€	
96	GbR Datenkonsortium OpRisk, Bonn	0.00	0.00	9.09	k.A.	k.A.		
97	GbR VÖB-ImmobilienAnalyse, Bonn	0.00	0.00	20.00	k.A.	k.A.		
98	GeckoGroup AG in Insolvenz, Wetzlar	5.02	0.00		k.A.	k.A.		
99	GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	8.93	8.93		–0.3	364	€	
100	GGM Gesellschaft für Gebäude-Management mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
101	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
102	GIZS GmbH & Co. KG, Frankfurt am Main	33.33	33.33		13.6	–2,376	€	
103	GIZS Verwaltungs-GmbH, Frankfurt am Main	33.33	33.33		0.0	9	€	
104	GLB GmbH & Co. OHG, Frankfurt am Main	11.20	11.20		2.8	–61	€	
105	GLB-Verwaltungs-GmbH, Frankfurt am Main	11.20	11.20		0.0	60	€	
106	GLD Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	1	€	
107	GOB Dritte E & A Grundbesitz GmbH, Frankfurt am Main	50.00	0.00		–0.4	–56	€	
108	GOB Projektentwicklung Fünfte GmbH & Co. KG, Frankfurt am Main	8.84	0.00		–0.3	–81	€	
109	GOB Projektentwicklungsgesellschaft E & A mbH, Frankfurt am Main	50.00	0.00		0.0	3	€	
110	GreenTech Accelerator Gernsheim GmbH, Gernsheim	20.00	20.00		k.A.	k.A.		
111	Gründerfonds Ruhr GmbH & Co. KG, Essen	8.70	8.70		11.4	–652	€	
112	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33	0.00		5.4	2,237	€	
113	Grundstücksverwaltungsgesellschaft KAISERLEI GmbH & Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100.00	0.00		0.8	122	€	
114	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH, Frankfurt am Main	100.00	0.00		0.9	23	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
115	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00	5.10		85.8	6,638	€	
116	GWH Bauprojekte GmbH, Frankfurt am Main	100.00	0.00		13.6	0	€	1)
117	GWH Digital GmbH, Frankfurt am Main	100.00	0.00		0.2	−28	€	
118	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		949.9	0	€	1)
119	GWH Komplementär I. GmbH, Frankfurt am Main	100.00	0.00		0.0	15	€	
120	GWH Projekt Braunschweig I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−20	€	
121	GWH Projekt Dortmund I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−15	€	
122	GWH Projekt Dresden I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−40	€	
123	GWH Projekt Dresden II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−47	€	
124	GWH Projekt Dresden III GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−51	€	
125	GWH Projekt Eppstein GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
126	GWH Projekt Gunderslache GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−101	€	
127	GWH Projekt Lyoner Gärten GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
128	GWH Projekt Wolfsburg I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−11	€	
129	GWH WertInvest GmbH, Frankfurt am Main	100.00	0.00		1.6	572	€	
130	GWH Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	100.00	0.00		449.0	83,573	€	
131	HaemoSys GmbH, Jena	38.33	0.00		−4.8	−524	€	
132	Hafenbogen GmbH & Co. KG, Frankfurt am Main	5.10	5.10		25.7	−323	€	
133	HANNOVER LEASING GmbH & Co. KG, Pullach	5.10	5.10		56.2	11,425	€	
134	HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG, Pullach	48.27	0.00		4.9	−4	€	
135	HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG, Pullach	63.10	0.00		5.3	385	€	
136	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	54.51	0.00		1.5	−923	€	
137	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.9	−57	€	

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	
138	Helaba Asset Services Unlimited Company, Dublin, Ireland	100.00	100.00		41.8	−699	€	
139	Helaba Digital GmbH & Co. KG, Frankfurt am Main	100.00	100.00		6.1	−1,036	€	
140	Helaba Digital Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	0	€	
141	Helaba Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.2	0	€	
142	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	100.00		18.0	0	€	1)
143	Helaba Representação Ltda., São Paulo, Brazil	100.00	99.00		0.1	0	BRL	
144	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Frankfurt am Main	50.00	50.00		0.9	475	€	
145	Hello Darmstadt Projektentwicklung GmbH & Co. KG, Darmstadt	5.10	0.00		0.8	439	€	
146	Hessen Kapital I GmbH, Wiesbaden	100.00	100.00		42.9	601	€	
147	Hessen Kapital II GmbH, Wiesbaden	100.00	100.00		12.0	1,377	€	
148	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	37.11	37.11		102.6	10,219	€	
149	Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH, Frankfurt am Main	15.49	0.00		4.4	599	€	
150	HeWiPPP II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−1.1	−1,561	€	
151	Honua'ula Partners LLC, Wilmington, USA	100.00	0.00		−242.7	−9,242	USD	
152	Horus AWG GmbH, Frankfurt am Main	50.00	0.00		−0.2	−16	€	
153	HP Holdco LLC, Wilmington, USA	100.00	100.00		−0.3	−172	USD	
154	HQ Equita Beteiligungen V GmbH & Co. KG, Bad Homburg	3.24	3.24		173.4	3,412	€	
155	HTB Grundstücksverwaltungsgesellschaft mit beschränkter Haftung, Frankfurt am Main	100.00	100.00		0.1	−0	€	
156	Hutton Collins Capital Partners III L.P., London, United Kingdom	1.45	1.45		57.8	8,763	€	
157	ICG Europe Fund VII Feeder SCSp, Luxembourg, Luxembourg	0.64	0.64		3,470.0	663,285	€	
158	ICG Europe Fund VIII Feeder SCSp, Senningerberg, Luxembourg	0.34	0.34		791.6	82,689	€	
159	IMAP M&A Consultants AG, Mannheim	75.10	0.00		4.7	3,468	€	
160	Immomio GmbH, Hamburg	15.88	0.00		5.8	−751	€	

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
161	Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Frankfurt am Main	16.90	4.21		24.2	8,494	€
162	Investcorp Private Equity 2007 Fund, L.P., George Town, Cayman Islands	2.01	2.01		5.3	–271	USD
163	Kalypso Projekt GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	57	€
164	KKR European Fund V (EUR) SCSp, Luxembourg, Luxembourg	0.70	0.70		1,835.6	393,111	USD
165	KKR European Fund VI (EUR) SCSp, Luxembourg, Luxembourg	1.00	1.00		k.A.	k.A.	
166	Komuno GmbH, Frankfurt am Main	62.53	0.00		0.1	–1,509	€
167	Kornmarkt Arkaden Dritte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		5.0	–29	€
168	Kornmarkt Arkaden Erste GmbH & Co. KG, Frankfurt am Main	5.10	0.00		28.5	1,059	€
169	Kornmarkt Arkaden Verwaltung GmbH, Frankfurt am Main	100.00	0.00		0.0	–1	€
170	Kornmarkt Arkaden Vierte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		7.4	23	€
171	Kornmarkt Arkaden Zweite GmbH & Co. KG, Frankfurt am Main	5.10	0.00		22.8	126	€
172	LBS IT Informations-Technologie GmbH & Co KG, Berlin	7.30	7.30		0.0	33	€
173	LEA Mittelstandspartner II GmbH & Co. KG, Karlsruhe	2.09	2.09		53.4	–843	€
174	LEA Venturepartner GmbH & Co. KG, Karlsruhe	4.17	4.17		31.3	–4,066	€
175	Magical Productions GmbH & Co. KG, Pullach	2.11	0.00		2.4	836	€
176	Magnum Capital III SCA SICAV-RAIF, Luxembourg, Luxembourg	2.22	2.22		59.0	–11,818	€
177	Main Capital Funding II Limited Partnership, St. Helier, Jersey	0.00	0.00		12.9	–26	€
178	Main Capital Funding Limited Partnership, St. Helier, Jersey	0.00	0.00		4.8	23	€
179	Main Funding GmbH, Frankfurt am Main	0.00	0.00		0.3	–10	€
180	Main Funding II GmbH, Frankfurt am Main	0.00	0.00		0.1	–9	€
181	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	100.00	0.00		14.3	1,532	€
182	MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Wiesbaden	32.52	32.52		11.6	756	€
183	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	94.90	0.00		29.9	1,684	€

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	
184	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.56	38.56		28.6	1,185	€	
185	MKB PARTNERS, LLC, Wilmington, USA	100.00	0.00		7.8	−1	USD	
186	MML Partnership Capital VII SCSp, Senningerberg, Luxembourg	1.51	1.51		326.7	118,891	€	
187	Montindu S.A./N.V., Brussels, Belgium	100.00	99.97		15.5	326	€	
188	Multi Park Verwaltungs GmbH, Neu-Isenburg	50.00	0.00		0.0	−0	€	
189	NAsP III/V GmbH, Marburg	14.92	0.00		0.8	−90	€	
190	Nassauische Heimstätte Wohnungs- und Entwicklungsgesellschaft mbH, Frankfurt am Main	0.84	0.00		1,086.3	42,829	€	
191	neue leben Pensionskasse Aktiengesellschaft, Hamburg	3.20	0.00		29.9	900	€	
192	Neunte P 1 Projektgesellschaft mbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	58	€	
193	Nordic Capital XI Alpha SCSp, Senningerberg, Luxembourg	0.73	0.73		k.A.	k.A.		
194	Objekt Limes Haus GmbH & Co. KG, Hamburg	5.10	0.00		14.2	−2,225	€	
195	OFB & Procom Objekt Neu-Ulm GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	−3	€	
196	OFB Beteiligungen GmbH, Frankfurt am Main	100.00	0.00		3.3	97	€	
197	OFB Biotech Campus GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−24	€	
198	OFB Bleidenstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−3.6	−1,002	€	
199	OFB gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	100.00	0.00		2.6	−201	€	
200	OFB gatelands Verwaltung GmbH, Schönefeld	100.00	0.00		0.0	4	€	
201	OFB Limes Haus II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.7	2,124	€	
202	OFB Löwenhöhe GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.7	920	€	
203	OFB MK 14.3 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.5	−180	€	
204	OFB Projektentwicklung GmbH, Frankfurt am Main	100.00	100.00		1.1	0	€	1)
205	OFB Sechste PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.2	216	€	
206	OFB Seven Gardens 2. BA GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−2	€	
207	OPUSALPHA FUNDING LIMITED, Dublin, Ireland	0.00	0.00		0.0	0	€	

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	
208	PALMYRA Verwaltungsgesellschaft mbH & Co. Vermietungs KG S.e.n.c., Luxembourg, Luxembourg	5.20	0.00		9.9	−1,353	€	
209	Pan-European Infrastructure Fund LP, St. Helier, Jersey	0.73	0.73		2.1	−417	€	
210	PATRIZIA Hessen Zehn GmbH & Co. KG, Hamburg	5.20	0.00		15.7	784	€	
211	PineBridge PEP IV Co-Investment L.P., Wilmington, USA	9.51	0.00		5.2	1,061	USD	
212	PineBridge PEP IV Non-U.S. L.P., Wilmington, USA	17.00	0.00		1.0	−81	USD	
213	PineBridge PEP IV Secondary L.P., Wilmington, USA	16.10	0.00		4.0	−525	USD	
214	PineBridge PEP IV U.S. Buyout L.P., Wilmington, USA	17.21	0.00		3.6	−976	USD	
215	PineBridge PEP IV U.S. Venture L.P., Wilmington, USA	17.51	0.00		9.4	−1,285	USD	
216	Private Equity Thüringen GmbH & Co. KG i.L., Erfurt	14.11	14.11		1.6	479	€	
217	Procom & OFB Projektentwicklung GmbH, Hamburg	50.00	0.00		0.0	−0	€	
218	Projekt Am Sonnenberg Wiesbaden GmbH, Essen	49.00	0.00		−0.1	−575	€	
219	Projekt Erfurt B38 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−43	€	
220	Projekt Feuerbachstraße Verwaltung GmbH, Frankfurt am Main	70.00	0.00		0.0	1	€	
221	Projekt Hirschgarten MK8 GmbH & Co. KG, Stuttgart	5.10	0.00		−5.3	−992	€	
222	Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt am Main	30.00	0.00		10.0	−7	€	
223	Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Frankfurt am Main	30.00	0.00		0.0	0	€	
224	Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−31	€	
225	Projektentwicklungs-GmbH & Co. Landratsamt KG, Wolfhagen	6.00	0.00		6.8	728	€	
226	Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG, Frankfurt am Main	100.00	0.00		10.6	10,524	€	
227	PVG GmbH, Frankfurt am Main	100.00	100.00		1.0	562	€	1)
228	Ramiba Verwaltung GmbH, Pullach	0.00	0.00		−0.1	−32	€	
229	Rotunde - Besitz- und Betriebsgesellschaft der S-Finanzgruppe mbH & Co. KG, Erfurt	34.00	34.00	25.00	4.4	7	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thou-sands	Original currency	
230	Rotunde Verwaltungsgesellschaft mbH, Erfurt	34.00	34.00	25.00	0.0	–2	€	
231	RSU GmbH & Co. KG, Munich	9.60	9.60		10.7	985	€	
232	S CountryDesk GmbH, Cologne	5.88	2.94		0.8	139	€	
233	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	€	
234	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		6.4	201	€	
235	SCHUFA Holding AG, Wiesbaden	0.31	0.00		146.9	48,427	€	
236	Seventh Cinven Fund (No. 1) Limited Partnership, St Peter Port, Guernsey	0.16	0.16		4,768.5	928,684	€	
237	S-International Saar Pfalz GmbH & Co. KG, Saarbrücken	12.72	12.72		k.A.	k.A.		
238	SIX Group AG, Zurich, Switzerland	0.00	0.00		5,293.3	74,642	CHF	
239	SIZ GmbH, Bonn	5.32	5.32		6.3	14	€	
240	sono west Projektentwicklung GmbH & Co. KG, Frankfurt am Main	70.00	0.00		0.1	47	€	
241	Sparkassen-Immobilien-Vermittlungs-GmbH, Frankfurt am Main	100.00	100.00		3.0	1,216	€	1)
242	Sparkassen-Marktservice Beteiligungs GmbH & Co. KG, Frankfurt am Main	50.00	40.00		4.1	97	€	
243	Sparkassen-Marktservice Verwaltungs GmbH, Frankfurt am Main	50.00	40.00		0.0	–0	€	
244	SQO Stadt Quartier Offenburg GmbH & Co. KG, Frankfurt am Main	100.00	0.00		30.1	–2,747	€	
245	SRT Erste Kingston UG (haftungsbeschränkt), Frankfurt am Main	0.00	0.00		k.A.	k.A.		
246	Stresemannquartier GmbH & Co. KG, Berlin	50.00	0.00		0.1	–9	€	
247	Systeno GmbH, Frankfurt am Main	100.00	0.00		9.8	1,989	€	
248	TE Beta GmbH i.L., Frankfurt am Main	100.00	100.00		0.4	–4	€	
249	TE Gamma GmbH, Frankfurt am Main	100.00	100.00		0.1	8	€	
250	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.0	–565	€	
251	TF H III Technologiefonds Hessen Gesellschaft mit beschränkter Haftung, Wiesbaden	25.00	25.00		6.5	–553	€	
252	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH) i.L., Frankfurt am Main	66.67	66.67		0.5	–24	€	
253	THE TRITON FUND II L.P. i.L., St. Helier, Jersey	0.77	0.77		96.5	29,448	€	
254	Treuhandgesellschaft für die Südwestdeutsche Wohnungswirtschaft mbH, Frankfurt am Main	3.25	0.00		2.1	140	€	

		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	
255	Triton Fund III L.P., St. Helier, Jersey	0.71	0.71		1,343.9	450,472	€	
256	Triton Fund V SCSp, Luxembourg, Luxembourg	2.44	2.44		652.2	172,490	€	
257	True Sale International GmbH, Frankfurt am Main	8.33	8.33		4.5	−88	€	
258	unIQus Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		7.6	58	€	
259	Unterstützungseinrichtung der Landesbank Hessen-Thüringen GmbH i.L., Frankfurt am Main	100.00	100.00		0.0	−0	€	
260	vc trade GmbH, Frankfurt am Main	10.00	0.00		0.1	−350	€	
261	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
262	Verso Grundstücksentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.4	396	€	
263	Verso Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.6	188	€	
264	Vierte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	1	€	
265	Vierte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.6	−470	€	
266	Volks- Bau- und Sparverein Frankfurt am Main eG, Frankfurt am Main	0.01	0.00		65.2	2,032	€	
267	Westhafen Haus GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	50.00	0.00		0.0	−2	€	
268	WoWi Media GmbH & Co. KG, Hamburg	23.72	0.00	19.24	2.8	11,461	€	
269	yabeo Impact AG, Pullach	8.54	8.54		8.3	−376	€	
270	Zweite OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		1.6	601	€	
271	Zweite OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−174	€	
272	Zweite Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	3	€	
273	Zweite ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		5.9	−85	€	

[1] A control agreement and / or profit and loss transfer agreement has been signed with the entity.
[2] Holding larger than 5 % in a large corporation.
n.a. There are no adopted financial statements.

(50) List of Positions on Supervisory Bodies in Accordance with Section 340a (4) No. 1 of the HGB

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
Dirk Mewesen	Helaba Asset Services Unlimited Company, Dublin, Ireland	Member
Dr. Ulrich Pähler	Helaba Asset Services Unlimited Company, Dublin, Ireland	Vice-Chairman
Dr. Michael Reckhard	Bürgschaftsbank Hessen GmbH, Wiesbaden	Member
Klaus Georg Schmidbauer	Bürgschaftsbank Thüringen GmbH, Erfurt	Member
Peter Marc Stober	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Member
André Stolz	Nassauische Sparkasse, Wiesbaden	Member
Jürgen Wilke	Städtische Sparkasse Offenbach a. M., Offenbach am Main	Member

(51) Report on Events After the Reporting Date

There were no significant events after 31 December 2022.

Frankfurt am Main/Erfurt, 28 February 2023

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß Dr. Hosemann Kemler

Nickel Rhino Schmid

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of Landesbank Hessen-Thüringen Girozentrale, and the management report includes a fair review of the development and performance of the business and the position of the Bank, together with a description of the material opportunities and risks associated with the expected development of Landesbank Hessen-Thüringen Girozentrale.

Frankfurt am Main / Erfurt, 28 February 2023

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Independent auditor's report

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

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main / Erfurt, which comprise the balance sheet as at 31 December 2022 and the income statement for the financial year from 1 January 2022 to 31 December 2022 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the 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 management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Institution as at 31 December 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Institution's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the non-financial statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the 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 annual financial statements and of the management report" section of our auditor's report. We are independent of the Institution 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 annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual 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 annual 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 as part of the global 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 the global allowance is a significant area in which management used judgement. The credit risk parameters have a direct impact on the amount of the global allowance.

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 global allowance 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 global 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 global allowance 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 global 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 global allowance.

Reference to related disclosures

With regard to the recognition and measurement principles applied for the global allowance, please refer to the disclosures in the "Risk-bearing capacity/ICAAP" section of the management report and to Note (1) of the notes to the financial statements.

2. 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 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, 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 (1) of the notes to the financial statements as well as the information on the trading book in Notes (6) and (21).

Other information

The executive directors are responsible for the other information. The other information comprises the non-financial statement pursuant to Sec. 289b (1) HGB included in the management report. The other information also comprises the responsibility statement. Furthermore, the other information comprises additional parts of the annual financial report of which we received a version before issuing this auditor's report, in particular the "Helaba Addresses" section, but not the annual financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the annual financial statements and on the 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 annual financial statements, with the 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 annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual 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 annual financial statements, the executive directors are responsible for assessing the Institution'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Institution's position and is, in all material respects, consistent with the annual 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 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 management report.

The Supervisory Board is responsible for overseeing the Institution's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Institution's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Institution.

- 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 Institution'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 annual financial statements and in the 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 Institution to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Institution's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the 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 annual 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 annual financial statements and the 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 annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file HELABA_JA+LB_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 annual financial statements and the 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 annual financial statements and the 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 annual financial statements and the accompanying management report for the financial year from 1 January 2022 to 31 December 2022 contained in the "Report on the audit of the annual financial statements and of the 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 annual financial statements and the 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 "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 annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 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.

Auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the 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 annual financial statements and to the audited management report.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Board of Public Owners on 30 March 2022. We were engaged by the Executive Board on 30 June 2022. We have been the 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 annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the 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 annual financial statements and the audited 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 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 non-financial statement of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main / Erfurt (hereinafter the "Institution") contained in the "Non-financial statement" section of the management report, and on the section "Basic Information about the Bank," incorporated by reference, of the management report for the period from 1 January 2022 to 31 December 2022 ("non-financial statement").

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

Responsibilities of the executive directors

The executive directors of the Institution are responsible for the preparation of the non-financial statement in accordance with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code].

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 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 non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the non-financial statement) or error.

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 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 non-financial statement is not prepared, in all material respects, in accordance with Secs. 289c to 289e by the executive directors. Not subject to our assurance engagement were other references to disclosures made outside the 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 Institution's sustainability organization and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the non-financial statement about the preparation process, about the internal control system related to this process, and about disclosures in the non-financial statement

- Inquiries of employees regarding the selection of topics for the non-financial statement, the risk assessment and the policies of the Institution for the topics identified as material
- Inquiries of employees of the Institution responsible for data capture and consolidation as well as the preparation of the 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 non-financial statement
- Identification of likely risks of material misstatement in the non-financial statement
- Analytical procedures on selected disclosures in the non-financial statement
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data
- Evaluation of the presentation of the non-financial statement

Assurance conclusion

Based on our assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the 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 Secs. 289c to 289e HGB. We do not express an assurance conclusion on the other references to disclosures made outside the 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]

Management Report and Annual Financial Statements of Landesbausparkasse Hessen-Thüringen 2022

Management Report of Landesbausparkasse Hessen-Thüringen

Management Report of Landesbausparkasse Hessen-Thüringen

I. Basic Information

Legal and Organisational Structure

Landesbausparkasse Hessen-Thüringen (LBS) is integrated into the Sparkassen-Finanzgruppe as a legally dependent unit of Landesbank Hessen-Thüringen (Helaba) that prepares financial statements on an independent basis. Its assets are managed separately from Helaba's assets. It forms part of Helaba's Retail & Asset Management segment.

LBS has a Bausparkasse Advisory Board created in accordance with the Principles for the Landesbausparkasse Hessen-Thüringen. This board, which consists of representatives of the Sparkassen in Hesse and Thuringia among others, is intended to promote co-operation between the Bausparkasse and the Sparkassen- und Giroverband Hessen-Thüringen and the Sparkassen in the operating territory.

Strategic Business Model and Strategic Goals

The LBS business model envisages the organisation as a capable and profitable regional provider of financial services in the real estate sphere. Its mission under the model, which acknowledges the status of LBS as an integral part of Helaba and the Sparkassen-Finanzgruppe, includes the delivery of demand-oriented support for customers in the areas of home loans and savings, finance, real estate and provision for old age.

LBS makes use of the regional sales network of the Sparkassen, complemented by its own field sales force. Joint business with the Sparkassen, a business area of great strategic significance for LBS, is crucial in enabling it to tap into the customer potential of the Sparkassen. LBS also works with other third-party brokers through the FINMAS platform via its stake in FORUM Direktfinanz GmbH & Co.KG (referred to below as "FORUM").

LBS has adopted a strategy consistently focused – across all activities – on safeguarding the success of the business over the long term by maintaining profitability and relevance in the market with a risk-conscious approach and value-oriented growth.

It also aims for a conservative risk profile that will enable it to continue strengthening its financial stability. Risks are assumed with the objective of generating a reasonable and sustainable return – as has been achieved in the year under review – taking account of the risk-bearing capacity and the risk strategy.

Management System

The internal management system reflects LBS's focus on safeguarding the success of the business over the long term. The management variables applied in respect of operating business development are net interest income, net fee and commission income and general and administrative expenses, which together largely determine the operating result before taxes, and gross new business. LBS also makes use, in its planning, monitoring and oversight of business operations, of a comprehensive system of value-oriented indicators.

Sustainability

LBS believes it has a corporate duty to work to protect the environment and be a force for good for society and for current and future generations. Sustainable operation is a central aspect of its strategic goals. Attention is focused on ensuring that business activities are oriented around sustainability and, in particular, that customers are supported with effective, forward-looking services in the necessary transformation to a climate-neutral circular economy. As an integral part of the Helaba organisation, LBS is covered by Helaba's overarching sustainability strategy and its sustainability management and governance systems. LBS is involved in the Group-wide HelabaSustained programme and is a member of the Group Sustainability Committee (GSC). The consideration of sustainability factors is one of the cornerstones of the risk strategy.

II. Economic Report

Macroeconomic Development

Calculations from the German Federal Statistical Office (Destatis) indicate that real gross domestic product (GDP) was about 1.8 % higher in 2022 than in the previous year. On a seasonally adjusted basis, economic growth was 1.9 %. The macroeconomic situation in Germany in 2022 was significantly affected by a number of developments including the extreme energy price rises as a result of the war in Ukraine, according to the German Federal Statistical Office (Destatis). Other key factors included worsening material shortages and supply bottlenecks, huge increases in the price of food and a shortage of skilled staff. Annual average consumer prices in 2022 were 7.9 % higher than in 2021. This meant that annual inflation was significantly higher than in recent years (2021: +3.1 %) according to Destatis. The German economy made good progress overall in 2022 despite another year of difficult conditions. GDP in 2022 was 0.7 % higher than in 2019, the year before the onset of the pandemic. Stronger-than-anticipated recovery effects following the discontinuation of most of the precautionary measures implemented in response to the pandemic are likely to have contributed to this growth, as are the additional state support measures introduced.

Development of the Real Estate Market

Mortgage rates more than trebled in a short space of time after trending steadily downwards for decades. This further reduced the affordability of residential real estate, a situation only exacerbated by the ongoing rise in house prices and the fact that real incomes failed to keep pace with the very high rate of inflation. Demand for residential property in Germany remains strong, especially in the major cities, and has in fact increased with the arrival of the refugees from Ukraine. However, demand for owner-occupied residential property is falling as a result of the deteriorating affordability situation, and some of this demand will transfer to the rented housing market, where it will add to the upwards pressure on rents.

Investment in residential construction declined sharply in the summer half-year of 2022. This downturn is likely to stretch well into 2023; indeed the number of building permits issued has plunged since the start of the year and new orders for residential construction projects have recently dropped away sharply. A total of 321,757 residential properties were approved between January and November 2022. This represented a 5.7 % decrease on the prior-year period. The figures include building permits for both residential properties in new buildings and new residential properties in existing buildings. The number of building permits issued fell by 15.9 % for single-family homes. The number of residential properties approved in two-family homes fell by 10.1 % but there was an increase of 1.2 % in the number of residential properties approved in multiple-family homes.

Sales in the structural and civil engineering sector in the first ten months of 2022 fell by 5.3 % in real terms as compared with the prior-year period, with October 2022 seeing a fall of 9.6 % compared with the same month in the previous year. The number of people employed in the structural and civil engineering sector was 1.2 % higher in October 2022 than in the same month in the previous year.

Residential real estate prices continued to rise rapidly until the middle of 2022 before all but plateauing as the effects of the sharp increase in the cost of finance began to bite. Reluctant to pay what they regard as overly optimistic prices being asked by sellers, potential buyers are now tending to wait for prices to fall. The two sides should find their expectations gradually converging, meaning that the number of transactions is likely to pick up again in the second half of the year, with prices probably lower in many cases. Prices in the residential real estate market are forecast to decrease by a moderate amount in 2023. Any more significant fall is considered unlikely because the market is fundamentally still robust.

Economic Implications for Home Savings Business

The significant increase in home savings interest rates is helping to create a renewed focus on what home savings business is all about, namely saving up capital with confidence and then accessing a low-interest loan. The inclusion of this type of asset in the German government's scheme to promote private retirement pension provision, which provides for the use of home savings contracts to purchase owner-occupied residential property, also had a positive impact in the financial year. There were also clear signs of rising customer demand for LBS home savings loans. Single-source financing business with the Sparkassen sales partners is picking up noticeably in this segment.

Contract Portfolio

LBS serviced a home loan and savings volume of € 21,126 m (2021: € 20,851 m) in the year under review representing 656,717 home savings contracts (2021: 685,913). The year-on-year change in volume terms amounts to a 1.3 % decrease.

Contract Development

LBS concluded a total of 41,606 (2021: 34,301) new home savings contracts with a total net value of € 2,724 m (2021: € 1,874 m) in the year under review. This amounts to a year-on-year increase of 45.4 % in volume terms. Gross new business therefore turned out better than the forecast of € 2,400 m for 2022. The average value of the home savings contracts concluded rose by 19.8 %.

LBS arranged 31,368 home savings contracts (2021: 25,248) with a total net value of € 2,172 m (2021: € 1,513 m) in Hesse and 10,238 home savings contracts (2021: 9,053) with a total net value of € 552 m (2021: € 361 m) in Thuringia.

The Sparkassen in Hesse and Thuringia have traditionally been the main sales partners for new contracts and the proportion of business arranged by the Sparkassen (including joint business) remained high in the year under review at 89.0 % (2021: 83.5 %), corresponding to home savings contracts with a value of € 2.4 bn, 5.5 percentage points higher than the previous year.

New business adjusted for the amounts actually paid in was down year on year in terms of the number of contracts (2022: 33,849 home savings contracts, 2021: 34,462) but up year on year in terms of total net volume (2022: € 2,080 m, 2021: € 1,714 m). There were 25,204 new contracts (2021: 25,115) in an amount of € 1,647 m (2021: € 1,372 m) paid in in Hesse and 8,645 new contracts (2021: 9,347) in an amount of € 433 m (2021: € 342 m) paid in in Thuringia, which represents a year-on-year increase of 20.0 % in Hesse and 26.6 % in Thuringia in terms of total net value. Home savings customers under the age of 25 accounted for 28.2 % of the first-time contracts concluded in the year under review.

Lending Business

Disbursements of loans outside the home savings collective fell by € 16.1 m (–10.7 %) year on year to € 133.5 m. At € 53.3 m, the value of home savings loans disbursed increased compared with the prior year (2021: € 36.1 m).

Development of Allocations

The target valuation index that has to be reached in order for allocation by LBS has been constant at 224, which is the minimum valuation index specified in the general terms and conditions, for more than 25 years. Some 53,228 contracts representing a home loan and savings volume of € 1,113.4 m were allocated in the year under review.

Of the inflows to the allocation fund, € 770.1 m (–0.4 %) was attributable to savings deposits, including employer contributions to employee capital formation schemes, the “Wohnungsbauprämie” (a government subsidy paid on savings to be used for the construction, purchase or improvement of residential real estate) and interest credits, while € 43.6 m (–12.8 %) was attributable to redemption payments. In total, an amount of € 813.7 m (–1.2 %) was added to the allocation fund. These inflows were offset by withdrawals in the amount of € 744.7 m (–1.7 %), meaning that the allocation fund had increased by € 69.0 m at the end of the year.

Results of Operations

LBS posted a better than forecast profit before taxes in a market shaped by rising interest rates.

Interest income

LBS reduced interest from early repayment charges (settlement payments) due to the early repayment of time deposits more significantly than planned due to the positive earnings trend (actual: € 0.9 m; 2021: € 15.3 m; budget: € 1.6 m). Interest income was reduced by a decrease in the annual average portfolio of home savings loans, which shrank by € 8.0 m (–6.7 %). The average interest rate for home savings loans also declined in 2022, dropping 13 basis points (BP) to 2.84 % (2021: 2.97 %). These falls in volume and interest rate effects reduced the interest income from home savings deposits by € 0.4 m to € 3.1 m. Interest income in lending business outside the home savings collective increased by € 0.3 m to € 18.4 m. The average portfolio subject to interest (interim and bridge-over loans including other home finance loans) increased by € 70.1 m (+ 7.9 %) year on year, but the average interest earned on loans outside the home savings collective dropped to 1.93 % (2021: 2.04 %).

The average interest rate fell by 36 BP to 1.61 % despite rising yields for money market transactions thanks to the optimisation of the maturity structure in the medium-term area. Interest received from financial investments decreased by € 20.9 m overall (–22.3 %). This development was partially offset by the adjustment of interest for unutilised RWA made available within the Group by LBS, which increased by € 0.3 m to € 8.9 m. Overall interest income dropped by € 20.6 m to € 103.3 m.

Interest expense

The introduction of new home loan and savings tariffs over recent years has had a positive impact on interest expenses. The inflow of home savings deposits in 2022 pushed annual average holdings of home savings deposits up by € 42.6 m year on year to € 5.2 bn. This volume effect was, however, more than offset by the lower average interest rate for home savings deposits: the average interest rate for 2022 was down 21 basis points year on year to 0.90 %. The contradictory volume and interest rate effects reduced the interest expense for home savings deposits by € 10.5 m to € 47.5 m.

Net interest income is € 0.8 m lower than forecast at € 51.2 m overall, although the figure for net interest income adjusted for the effects of measures implemented through short-term planning is up by a significant € 4.7 m year on year.

The home savings collective interest margin, which is calculated as the difference between the average interest rates for home savings loans and home savings deposits, amounted in 2022 to 1.94 %.

Net fee and commission income / expense

The net fee and commission income / expense variable improved by € 0.4 m to a net income of € 1.7 m and was thus higher than the forecast figure of € 1.4 m. Commissions paid rose by € 9.9 m (+ 36.0 %) due to the increase in gross new business. Fee and commission income also increased, in this case by € 10.3 m (+ 35.6 %) to € 39.2 m.

General and administrative expenses

Net interest income, net fee and commission income / expense and other operating income together totalled € 57.9 m (– 15.8 %), which figure was offset by € 46.1 m (– 9.4 %) for general and administrative expenses including depreciation, amortisation and write-downs of property and equipment and other operating expenses.

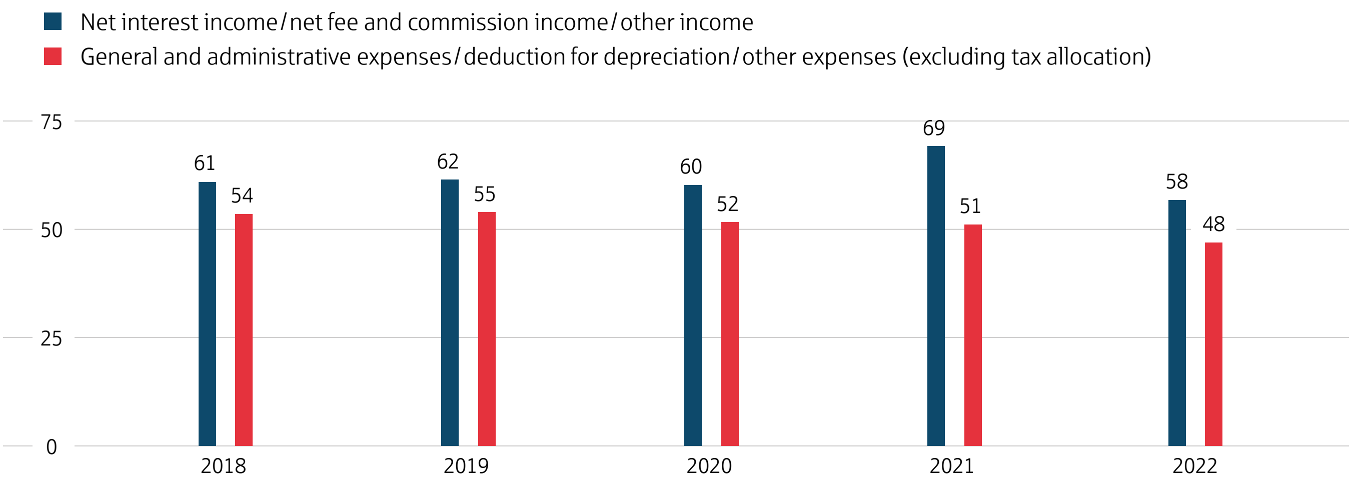
Interest received from financial investments decreased by € 1.6 m overall (– 24.4 %). Personnel expenses rose by € 0.5 m to € 17.7 m. Other operating expenses declined by € 4.5 m to € 6.7 m. Depreciation and write-downs of fixed assets increased slightly by € 0.1 m to € 1.1 m. This means that general and administrative expenses were € 2.0 m below the figure forecast in the previous year.

Pre-tax earnings were down € 6.5 m year on year at € 10.0 m, but still exceeded the figure of approximately € 4.0 m anticipated in the previous year's Report on Developments.

The cost-income ratio increased by 8.4 percentage points to 77.1 % (31 December 2021: 68.8 %), remaining below the forecast figure for the year (85 to 90 %).

Significant income statement components

in € m



Financial Position

As a non-trading book institute, LBS allocates all of its business positions to the investment book. The German specialist bank principle requires LBS, as a Bausparkasse, to comply with the specific provisions of the German Building and Loan Associations Act (Bausparkassengesetz, BauSparkG) as well as the general stipulations of the German Banking Act (Kreditwesengesetz, KWG). Of particular relevance is section 4 (3) BauSparkG, which regulates the investment of available funds. The Bausparkasse is obliged to maintain sufficient levels of cash and cash equivalents to assure its liquidity. Any investment of available funds is accordingly made exclusively in order to form a liquidity reserve as part of a “buy-and-hold” strategy in accordance with the BauSparkG requirements. No investments are sold prior to maturity unless for the purpose of optimising the portfolio structure, actively managing interest rate risk, complying with specified limits imposed by management to limit market risk or for liquidity purposes.

Revenue reserves constitute the main item in the equity structure. The equity of LBS includes no silent participations or subordinated liable capital. Equity backing is adequate for further growth in lending business.

LBS calculates capital requirements using an internal ratings-based approach (IRBA). The total capital ratio in accordance with article 92 CRR fell in 2022, but is still high at 49.6 % (31 December 2021: 50.3 %). The Tier 1 ratio likewise fell, dropping by 0.7 percentage points to 49.2 %.

As at 31 December 2022, the liquidity coverage ratio (LCR) significantly exceeded the minimum limit of 100 % required by the regulatory. It was not possible to calculate a precise figure for the LCR for technical reasons following the removal of the cap because there were no eligible cash flows. LBS was in a position to meet its payment obligations at all times.

LBS prepares quarterly collective forecasts and an annual ongoing collective monitoring report in order to ensure that the home savings contracts concluded can always be fulfilled. The ongoing collective monitoring report and the corresponding collective management report, which contain a description of the initial position and scenarios with presentations of results and related analysis as well as an overall assessment, are transmitted to the German Federal Financial Supervisory Authority (BaFin). According to the collective management report for 2021, funds sufficient for the allocation of home savings contracts were available at all times.

The financial position of LBS is sound. The Bausparkasse is capable of meeting its obligation with respect to the scheduled allocation of the home loan and savings amounts at any time.

Net Assets

Total assets fell by € 2.3 m year on year to € 6,193.1 m. Home savings deposits increased to € 5,314 m. Home finance loans rose by € 62.1 m to € 1,074.1 m, while financial investments declined by € 68.9 m to € 5,089.9 m. The proportion of total assets accounted for by home finance loans increased to 17.3 %. Interim and bridge-over loans increased by 5.1 % to € 948 m in the financial year and are largely funded with matching maturities.

The net assets position of LBS is sound. The volume of business is virtually unchanged and overall there have been no notable changes in the asset structure.

III. Report on Opportunities, Risks and Expected Developments

Risk Management

Strategic risk management at LBS aims (in accordance with its business strategy) to safeguard and, within defined limits, enhance the organisation's conservative risk profile. LBS has implemented numerous actions and general requirements in its default risk management activities to this end. These include introducing a cut-off limit, making mortgage collateral the main form of collateral and applying various limits for individual transactions, size and risk classes as well as using quotas and restrictions (such as the € 50,000 maximum for unsecured loans) as described in the German Bausparkassen Act (Bausparkassengesetz, BausparkG) and the German Bausparkassen Regulation (Bausparkassen-Verordnung, BausparkV).

The risk management process at LBS encompasses four successive phases: risk identification, risk assessment, risk containment and risk monitoring. Risks affecting LBS are identified continuously as an integral part of daily operations. Once identified, each risk is assigned to the relevant risk type. Risk assessment comprises the quantitative and qualitative measurement and evaluation of risks using suitable models and methods. Risk containment encompasses all of the measures implemented in order to assume, reduce, limit, avoid and transfer risks and keep risk exposure within the thresholds defined by management in the risk appetite framework (RAF) and within the limits or other relevant KPIs for default risk. Plans to adjust limits are assessed against the associated positive effects (opportunities), for example in relation to processes, business development and income and cost trends. Risk controlling includes comprehensive reporting to keep the people with the relevant authority within the organisation apprised of the existing risks / opportunities. The Risk Committee established for this purpose receives a comprehensive risk report every quarter depicting the overall risk position, the status of the RAF indicators, the risk-bearing capacity, the results of stress scenarios for the primary risks, any risk management measures adopted, any unusual factors arising in the period under review, developments compared with the previous quarter and (where applicable) the previous year, limit utilisations and changes in significant parameters underlying the processes used for risk assessment. Ad hoc reporting processes have been established for defined significant events and loss events to ensure that senior management, the Executive Board and Internal Audit are notified immediately. The responsibilities for the risk management process follow a "three lines of defence" (3-LoD) policy.

LBS determines the applicable containment requirements in each case based on its primary risk types, namely default risk, market risk, liquidity risk and non-financial risk. Business risk is not defined as being of primary importance.

The broad risk types comprise the following specific risks:

LBS overall risk

Default risk	Market risk	Liquidity risk	Non-financial risk (NFR)	Business risk
Borrower risk	Interest rate risk	Short-term liquidity risk (including reputation risk)	OpRisk	(including reputation risk)
Issuer risk	Write-down risk		OpRisk in the narrow sense	
Equity risk	Reinvestment risk	Structural liquidity risk	Legal risk	
	Spread risk	Market liquidity risk	Conduct risk	
	Migration risk		Model risk	
			Information risk	
			Third-party risk	
			Project risk	

Legend:

Risk category that forms part of a risk type (capital backing at the upper level) and/or is subject to additional control and monitoring mechanisms.

Note:
each of the primary risk types includes an element of model risk inherent in the model used.

Risk Strategy

Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities, 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 at LBS. It is consistent with the Helaba risk strategy.

The risk strategy is modular in nature and consists of a general risk strategy and sub-risk strategies specific to the primary risk types default risk, market risk, liquidity and funding risk, and non-financial risk. Requirements also apply in respect of business risk, which is not classified as being of primary importance.

The risk strategy is aligned with the business strategy.

A risk manual complements the strategy documents and sets out LBS's risk management structure and comprehensive risk management processes. The risk manual documents definitions, organisation, tools for risk recording, evaluation, containment and reporting, and the underlying written rules for the individual risk types.

Risks may be assumed only as permitted under the current risk strategy and only in pursuit of the corporate objectives – in particular in order to maintain the long-term earning power of LBS while protecting its assets as effectively as possible.

LBS has provided process guidelines and descriptions, manuals and specifications of requirements for employees to ensure the propriety of business operations and provide a robust foundation for the implementation of the risk strategy.

Default Risk

The assumption of default risk, which is one of the main business areas at LBS, is based on the sub-risk strategy for default risks.

Credit risks are assumed with the objective of generating a reasonable return bearing in mind the risk-bearing capacity. The sub-risk strategy for default risks is reviewed annually as well as on an ad hoc basis in the event of serious changes in the underlying conditions and brought into line with current circumstances.

Borrower Risk

The main focus of business at LBS is private home finance, which is pursued as standardised customer business. The total lending portfolio, including trading business and irrevocable loan commitments, amounts to € 6,249.1 m. Home savings loans make up € 120.7 m of this figure and loans concluded outside of the home savings collective make up € 977.4 m, meaning that traditional lending business accounts for € 1,098.1 m, or 17.7 %, of total assets (€ 6,193.1 m). A total of 90.7 % of home finance loans were extended to private persons who were not self-employed and the proportion of home finance loans secured by mortgage charges amounted to 67.0 %.

The special loan processing function (back office) decides on the granting of loans in risk-relevant lending business. In such cases, LBS applies the process-dependent simplification regulation pursuant to BTO 1.1 item 4 of the German Minimum Requirements for Risk Management (MaRisk) in the case of lending transactions initiated by third parties and refrains from obtaining an assessment from the front office. The risk arising from loans in retail business is classified using the LBS-KundenScoring model at customer level. Analyses of the default risk are prepared on the basis of fixed and/or dynamic evaluations of the LBS database as part of risk containment. LBS loans made under the "single-source financing" model are approved and managed by the Sparkassen in Hesse and Thuringia and by Rheinhessen Sparkasse through a trust-type arrangement on the basis of the contracts concluded and associated supplementary guidelines bearing in mind the applicable regulatory requirements.

The LBS-KundenScoring pool model is used to estimate the probability of default figures. LBS applies its own calibration to the model, which has been approved for LBS as an IRBA rating system. The LGD is determined using a loss estimation pool model. LBS applies its own calibration and segmentation rules. The model is an approved component of LBS's IRBA rating system. Under the economic perspective, risk exposures for the internal calculation of risk-bearing capacity are determined using the Gordy model supplemented with a granularity adjustment. The IFRS 9 impairment model is used in the regulatory perspective.

The forecast probability of default figures for performing retail exposures as at 31 December 2022 (PD volume-weighted/based on number of customers) were 1.61 %/1.10 % (31 December 2021: 1.52 %/1.05 %). This corresponds to risk category 8 in both cases as at 31 December 2022 (31 December 2021: volume-weighted risk category 8, risk category 7 based on number of customers). A loss given default figure of 22.4 % was determined as at 31 December 2022 (downturn LGD 31 December 2021: 22.0 %). The RWA figure in the overall perspective stands at € 333 m (IRBA and CRSA) as at 31 December 2022 (31 December 2021: € 308 m).

LBS applies the IFRS accounting treatment and calculation method for portfolio loan loss allowances. Forward-looking information is taken into account in the calculation of the lifetime ECL by generally including such information in the PD and LGD input parameters and by reviewing specific scenarios. Exceptional circumstances are situations in which an adjustment of the risk parameters is required because of unusual macroeconomic circumstances. The review at 31 December 2022 identified no additional loss allowance requirement. Contingency reserves in accordance with section 340f HGB were recognised for special risks relating to credit institutions. All allowances and contingency reserves are reported separately under assets.

Specific loan loss allowances for home finance loans decreased by € 0.7 m to € 1.1 m in the year under review. The default ratio, which equals the sum of direct write-offs and utilisation of loss allowances expressed in relation to the lending volume, amounted to 0.01 %. The largest new specific allowance recognised for a single exposure in 2022 was € 33,900. There were no defaults within the framework of trading transactions.

Impact of the war in Ukraine

The noticeable rise in consumer prices could mean that our borrowers have less disposable income, potentially reducing their ability make payments, pushing up arrears and possibly increasing the rate of defaults in the lending portfolio. It must also be assumed that second- and third-order effects could be seen. There has not yet been any sign of a rise in deferral requests. It is assumed that the relief packages implemented by the government will be effective. LBS is monitoring developments very closely.

Issuer Risk

Trading transactions within the meaning of MaRisk amounted to € 5.1 bn (nominal amount) and thus accounted for 81.5 % of total assets as at 31 December 2022. This entire amount was invested as overnight money and in time deposits at Helaba with original terms to maturity of up to 15 years.

LBS's highly conservative investment policy is reflected in the fact that, in order to minimise the risk associated with issuers defaulting, all of its financial investments as at 31 December 2022 are with Helaba. It has no intention at the moment to acquire promissory note loans or registered securities from other issuers.

Helaba positions are not considered when determining risk because LBS is a unit of Helaba.

Equity Risk

LBS holds a 14.3 % equity investment in FORUM. This collaboration enables it to make use of the FINMAS online brokerage platform for the arrangement of financing products and home savings contracts. Arrangement is handled by legally independent sub-brokers acting as brokers for FORUM. LBS has no other equity investments in companies.

The equity risk for the purposes of the calculation of risk-bearing capacity is assessed under the risk type of default risk. The risk exposures for the economic perspective are provided by Helaba's Risk Controlling unit. The carrying amount (€ 0.4 m) of the equity invested is taken as the basis for the regulatory perspective.

Market Risk

Market risk at LBS is limited specifically to risks attributable to the change in the position and structure of the yield curve (interest rate risk). Other relevant components of this item include write-down, reinvestment, spread and migration insofar as corresponding positions exist. LBS does not expose itself to share price risks and is prohibited by the BauSparkG from allowing any exposure to currency risks.

The interest rate risk refers to the commercial law (income statement-related) and economic (present value) risk.

Commercial Law Interest Rate Risk

Changes in market interest rates have an impact on the home savings collective in the form of changes in customer behaviour. This would impact the forecast net interest income. LBS prepares a collective forecast regularly following each measurement date (end of quarter). The forecast period covers up to five years. The previous quarter forecasts are compared with the actual data and analysed in each case so that any changes in the behaviour patterns of home savings customers can be identified and analysed at an early stage.

Economic Interest Rate Risk

The business administration element of the interest rate risk describes the risk of a downward change in values occurring as a consequence of changes in capital market rates due to a lack of matching maturities between lending and funding. The risk is determined using modern historical simulation.

Regulatory interest rate shock

All interest rate portfolio cash flows are calculated and discounted to record, evaluate and contain this risk. The present value calculation in the case of ad hoc parallel shifts in the interest rate level is performed using the parameters specified by BaFin. Rate-sensitive customer behaviour is recognised in the interest rate portfolio by way of a corresponding cash flow presentation of the cash outflows from the home savings collective (credit balances paid out after termination, credit balances paid out after allocation, home savings loans paid out to customers) and cash inflows to the home savings collective (savings deposits, loan repayments).

The interest rate risk under the standard interest rate shock scenario (+/–200 BP) fundamentally lay in positive territory as of 31 December 2022. The countermeasures applied by LBS in relation to the option risk in the home savings collective in the +200 BP scenario (suspension of termination actions considered in the base scenario and re-authorisation of tariff increases) can overcompensate for the risk such that the interest rate risk coefficient (the ad-hoc interest rate risk in relation to own funds) is 0.0 (target: max. 20.0). In the early warning indicator scenarios (ratio of ad hoc interest rate risk to Tier 1 capital), there are interest rate risks in the “short rates down” scenario. The interest rate coefficient is 8.3 (target: max. 15.0).

Write-Down Risk

As of 31 December 2022, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Reinvestment Risk

The reinvestment risk results from the maturity of financial investments. When investments mature, it may only be possible to invest the liquidity released at a lower rate, depending on capital market interest rate trends. The results are determined using the net interest income scenarios.

Commercial Law Spread Risk

As of 31 December 2022, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Economic Spread Risk

LBS determines the economic spread risk for its financial investments using the modern historic simulation method.

Commercial Law Migration Risk

As of 31 December 2022, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Economic Migration Risk

LBS determines migration risk on the basis of the economic default risk model for issuers, with the maturity adjustment factor being taken into account. The portfolio as at 31 December 2022 comprises Helaba time deposits only, which are not relevant for the purposes of risk due to the status of LBS as a unit of Helaba.

Impact of the war in Ukraine

The sharp increase in interest rates and high level of volatility as a consequence of the war led to an increase in risk in 2022 in the LBS part of the Helaba MaR model and a temporary limit breach. Countermeasures were initiated immediately to limit the effects. Subsequent discussions at Group level resulted in the breach initially being tolerated. Helaba's Executive Board then decided, having carefully weighed up the risk and capital situation and the implications for the results of operations, to raise the limit. The continuing high level of volatility in the market caused risk to increase further in the following months. The newly agreed limit was adhered to at all times.

Non-Financial Risk / Operational Risk

Non-financial risk (NFR) at LBS encompasses the NFR sub-risk categories of legal risk, conduct risk, model risk, information risk, third-party risk and project risk as well as operational risk in the narrow sense. Operational risk encompasses aspects of reputation risk and risks in relation to compliance, business continuity management, HR and taxes.

LBS defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. The systematic classification of operational risk is based on the Helaba risk model, which recognises four different classes of risk: "internal processes", "people", "systems" and "external events".

Non-financial risks stem in particular from daily banking operations and are thus an inherent component of business activities. LBS monitors and assesses the prevailing sector-specific case law intensively and factors in the effects of current developments, including on the balance sheet.

The integrated holistic approach to the management of operational risk applied at LBS, which is based on the requirements of the German banking regulator, aims to measure and contain operational risks on the basis of risk scenarios and loss events. In the regulatory perspective, the risk exposures have the normative effect of reducing capital resources.

Impact of the war in Ukraine

The impact of the war in Ukraine was unremarkable measured in terms of the risk exposure from non-financial risk.

Liquidity and Funding Risk

Short-term and long-term liquidity planning constitutes the basis for ensuring solvency at all times and for avoiding unexpected losses attributable to the absence of and necessary procurement of funds to fulfil payment obligations.

Short-term Liquidity Risk

The short-term liquidity risk designates the risk that LBS will not be able, or will not be fully able, to meet its payment obligations (obligation to disburse loans, make interest payments, repay funding) as a result of a shortage of liquid funds, or that it will fall into non-compliance with the regulatory liquidity coverage ratio.

A model-supported approach is used to record, evaluate and contain risk within the framework of a short-term liquidity forecast, which focuses on the probable liquidity trend at least over the next nine to twelve months. The forecast takes into account all definitively known liquidity inflows and outflows (including maturities, interest payments and financial investments / borrowings) as well as experience-based liquidity parameters (including savings deposits / withdrawals and loan disbursements).

Regulatory requirement: the LCR stipulates that a liquidity buffer be held that covers at least the net cash outflows due within 30 days under market-wide and institution-specific stress conditions. LBS is exempt from the cap.

Funding Risk

The long-term liquidity outlook (funding risk) additionally takes in all cash inflows and outflows over a period of up to ten years. It considers liquidity inflows and outflows attributable to the home savings collective and to overnight and time deposits, funding obtained and repaid (including the associated interest income and expense) and payments related to operations. The funding risk is calculated using scenarios for which minimum survival periods are defined from a liquidity perspective.

The funding risk refers to a deterioration in the funding conditions available to LBS and the resulting difficulty of maintaining an adequate and cost-effective funding base.

LBS, as a legally dependent Bausparkasse, funds itself principally via deposits to the home savings collective and through Helaba.

The liquidity risk thus ultimately boils down to a credit rating risk. Any materialisation of risk (default, market price, operational or other risk) negatively impacts the rating and thus also access to the capital market, so the management of the other risks simultaneously impacts on the liquidity risk.

Market Liquidity Risk

The market liquidity risk involves the risk of inadequate market liquidity, meaning that it might not be possible for positions to be closed at prices that are fair or close to fair as a result of inadequate market depth or market disruptions. When investing in fixed-income securities, promissory note loans and registered bonds, LBS also considers the fungibility of the asset when selecting the issuer and the product, it being the case that funds are generally invested with the intention of not liquidating them ahead of schedule. The market liquidity risk is taken into account in liquidity forecasts as well as in the measurement of the structural liquidity risk.

Economic Examination of Liquidity Risk

The liquidity risk is monitored by exploring scenario-based trends in the net liquidity balances (starting from the current overnight money position). All payments are considered over a time frame of ten years. The parameters of the calculation of risk-bearing capacity (ICAAP) and separate parameters reflecting drains on liquidity (ILAAP) are applied. The focus is on the survival horizon and on determining a cash effect and an effect on profit and loss in the calculation of risk-bearing capacity from any countermeasures required.

Regulatory Examination of Liquidity Risk

The LCR and NSFR simulations cover a period of six months and four income statement periods respectively.

Impact of the war in Ukraine

The impact of the war in Ukraine was unremarkable measured in terms of the risk exposure from liquidity and funding risk.

Business Risk

LBS breaks business risk down into the individual risk types collective risk, market sales risk and changes in the law.

The collective risk is the risk that the home savings collective will behave other than in the predicted manner in response to changes in the market interest rate risk parameter. The market sales risk relates to the attractiveness of the home savings product, which can fade, with a corresponding negative impact on new business, in response to changes in the market interest rate risk parameter.

LBS does not classify business risk as being of primary importance because the two primary individual risk types – collective risk and market sales risk – are addressed under market risk, which is classified as being of primary importance. Both risk types are included in the calculation of the interest rate risk due to their dependence on the market interest rate.

Reputation Risk

Reputation risk is similarly not classified as being of primary importance at LBS because its material consequences (the termination of existing contracts and, in particular, a slump in new business) largely fall under the business risk heading and likewise directly affect the collective risk and market sales risk elements of market risk, a risk type that is defined as being of primary importance, and the liquidity risk. Reputation risk is consequently assigned to these risk types in the risk type system. Reputation risks include original reputation losses as well as those that arise as a result of an operational loss event. The reputation risk profile is mapped entirely under operational risk.

ESG Risks

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 strategies. 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.

LBS has completed the ECB's climate stress test and is also included in the results of the HelabaSustained project and will consider the risk drivers identified in its ICAAP calculation.

Risk-Bearing Capacity

Risk-bearing capacity is calculated in order to ensure that the primary risks always remain within the risk-taking potential of LBS and that going-concern status is thus continuously and permanently assured. This process involves quantifying and comparing possible risk exposures and the available risk-taking potential.

LBS employs both the regulatory perspective and the economic perspective to assess its risk-bearing capacity.

The regulatory perspective investigates the question of whether LBS will always have sufficient regulatory capital available over the defined medium-term period of at least three years (four income statement periods). This perspective accordingly includes medium-term capital planning. The assessment of regulatory risk-bearing capacity considers which risks could impact on LBS's equity directly (Pillar I risks) and which could impact indirectly (Pillar II risks resulting in income shortfalls or losses). The risk-taking potential is largely determined by regulatory own funds including buffer requirements. Other factors having a significant influence (changes to pension provisions, net profit for the year from planning) and additional limiting elements (management buffer) are also considered on a continuous basis. The scenarios provide a separate calculation of risk for each risk type. LBS applies a base scenario, an adverse scenario and two stress scenarios. The risk exposures for the individual risk types are added together to arrive at the aggregate total risk exposure. This entails an implicit assumption that all risk types correlate 1:1. A limit is imposed at the level of the CET 1 ratio and the leverage ratio, it being necessary to ensure they remain compliant with the minimum standards over the four income statement periods.

The risk-bearing capacity assessment in the economic perspective focuses on the long-term implications of risks. The risk-taking potential in this perspective is determined using a net present value model. The present value statement differs from the calculation of risk-bearing capacity in the regulatory perspective in that it applies a comprehensive approach considering all future cash flows from all transactions concluded up to the current reporting date in place of the regulatory perspective's strict time horizon of four income statement periods. Risks are quantified using the value-at-risk method, or methods related to it, based on the present value of assets and limited in a limit system. The risk exposure is determined in a base scenario and two stress scenarios.

The implications for the risk-bearing capacity in the regulatory and economic perspectives are presented and analysed. The results of the stress tests are indicated in risk reporting along with their potential impacts on the risk situation and the risk-taking potential.

The economic risk cover pool at 31 December 2022 amounted to € 309.4 m. The total risk exposure in the economic perspective at the 31 December 2022 reporting date amounted to € 65.7 m.

The regulatory perspective focuses in particular on the development of the CET1 ratio over the period between 31 December 2022 and 31 December 2026. The CET1 ratio for this period amounts to 49.2 % to 32.4 %. The leverage ratio for the same period amounts to 24.2 % to 30.6 %. The regulatory risk-bearing capacity remains assured at all times.

LBS considers that it is managing risk in an appropriate manner. Its risk indicators are compliant.

Outlook for 2023

The marked rise in interest rates in 2022 is forecast to be followed by a slight further rise in 2023. Higher interest rates and energy prices and a higher cost of living will probably cause demand for housing to be weaker than in recent years. Affordable solutions with corresponding financing options are required in response to the persistent upwards trend in real estate prices fuelled by housing shortages, especially in and around the major economic centres. Home savings contracts offer people in pursuit of home finance or follow-up financing a readily calculable way to fund real estate investments and lock in favourable interest rates long-term. Home loan and savings products have accordingly become an even more attractive option for much of the population, which regards a debt-free residential property to be the best form of provision for retirement.

The need to convert more properties to make them suitable for the increasing population of older people provides additional potential for growth. The comparatively low home ownership rate in Germany, government initiatives to promote saving (the employee savings bonus and a subsidy paid on savings to be used for the construction, purchase or improvement of residential real estate) and the inclusion of owner-occupied residential property in the state subsidy programme for private old-age provision ("Wohn-Riester") additionally promise very significant untapped potential in home savings business with current levels of interest.

Meanwhile the subject of sustainability is adding new momentum in the modernisation market. High levels of investment in the existing housing stock – implying substantial new lending activity – to bring older residential buildings up to an acceptable standard of energy efficiency will be necessary to achieve climate-neutral status by 2045. LBS has a good regional network within the Sparkassen-Finanzgruppe through which to assist customers with their financing needs. It is also involved in Helaba's overarching implementation programme (Helaba-Sustained).

LBS expects the significantly higher market interest rates now established to bring many opportunities to do good business with LBS products in 2023. Targeted investment in further digitalisation, new communication channels and process optimisation activities will help it make the most of these possibilities. Attracting customers via the digital channels and boosting the efficiency of processes will be key priorities in these efforts.

LBS is targeting a further year-on-year increase in gross new business in financial year 2023 on the basis that their ability to provide long-term interest rate protection will ensure home savings products remain in demand and that the optimisation of digital sales processes will provide additional impetus. The combination of a further reduction in average interest rates for home savings loans, the market-driven increase in funding costs and a continuation of the ECB's policy of raising interest rates leads LBS to anticipate net interest income of around € 59 m. The forecast figures reflect the home savings collective simulation, which usually covers a period of 20 years. The home savings collective simulation is based on the full contract portfolio, with changes in the behaviour patterns of home savings customers being considered over time. The forecast for future interest rate developments is prepared using Helaba's scenario requirements and the forward interest rates derived from the applicable interest rate structure as of the key date for forecasting. LBS expects the interest rate risk before countermeasures to remain in positive territory in financial year 2023 taking account of the planned new investments.

LBS expects new home loan and savings business to improve once again, although legal decisions concerning account management fees will impact negatively on net fee and commission income. The non-personnel operating expenses and personnel expenses elements of general and administrative expenses are both likely to rise again in 2023. The increase in non-personnel operating expenses will be driven to a significant extent by ongoing process digitalisation activities, while personnel expenses will be pushed up by factors including the collective bargaining agreement for the banking sector concluded last year and allocations to pension provisions (including interest expense). The cost-income ratio will end up at around 75 %.

In summary, LBS expects 2023 to be a year of stabilisation after its strong performance in 2022, with pre-tax earnings up slightly year on year at around € 12.0 m.

Frankfurt am Main / Erfurt, 28 February 2023

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Statistical Annex to the Management Report

Allocation fund changes in 2022

A. Allocations	**€ thousands**
I. Amount carried forward from the previous year (surplus): amounts not yet disbursed	5,136,285
II. Allocations in the financial year	
1. Savings amounts (including offset homeowner allowances)	720,678
2. Repayment amounts[1] (including offset homeowner allowances)	43,651
3. Interest on home savings deposits	49,376
4. Home savings protection fund	–
5. Other	–
a) Borrowings and own funds	–
Total	**5,949,990**

B. Withdrawals	**€ thousands**
I. Withdrawals in the financial year	
1. Sums allocated, to the extent disbursed	
a) Home savings deposits	347,570
b) Home loans	53,327
2. Repayment of home savings deposits made on home savings contracts not yet allocated	343,778
3. Home savings protection fund	0
4. Other	
a) Borrowings and own funds	0
II. Allocation surplus (amounts not yet disbursed) at the end of the financial year[2]	5,205,315
Total	**5,949,990**

[1] Repayment amounts only represent the portion of the repayment sum attributable to the principal.
[2] The allocation surplus includes, among other things:
a) the home savings deposits relating to allocated contracts that have not yet been disbursed in € thousands: 89,267
b) the home finance loans attributable to allocations that have not yet been disbursed in € thousands: 5,021

Movements in the Portfolio in 2022

Tariff group I (tariffs A, B, C, D)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	1,052	30,982	36	1,270	1,088	32,252
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	–	–	–	–	–	–
2. Transfer	3	196	–	–	3	196
3. Waiver of allocation and revocation of allocation	18	505	–	–	18	505
4. Partition	1	–	–	–	1	–
5. Allocation	–	–	54	1,604	54	1,604
6. Other	2	129	3	105	5	234
Total	24	830	57	1,709	81	2,539
C. Disposals in the financial year due to						
1. Allocation	54	1,604	–	–	54	1,604
2. Reduction	–	53	–	–	–	53
3. Cancellation	80	2,749	45	1,480	125	4,229
4. Transfer	3	196	–	–	3	196
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	5	149	5	149
7. Waiver of allocation and revocation of allocation	–	–	18	505	18	505
8. Other	2	129	–	–	2	129
Total	139	4,731	68	2,134	207	6,865
D. Net addition/disposal	–115	–3,901	–11	–425	–126	–4,326
E. Portfolio at the end of the financial year	937	27,081	25	845	962	27,926
thereof: Attributable to home savings customers outside of Germany	21	580	2	41	23	621
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					–	–
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					201	1,117
more than 10,000 up to € 25,000					331	4,727
more than 25,000 up to € 50,000					212	6,793
more than 50,000 up to € 150,000					184	12,513
more than 150,000 up to € 250,000					7	1,218
more than 250,000 up to € 500,000					2	712
more than 500,000					–	–
Total					937	27,081

IV. The average total net value at the end of the financial year was 29,029 €.

Movements in the Portfolio in 2022

Tariff group II (Classic, Classic V, Vario 1, 2, 3 tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	6,909	178,603	343	14,706	7,252	193,309
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	1	23	–	–	1	23
2. Transfer	20	669	0	0	20	669
3. Waiver of allocation and revocation of allocation	153	3,486	–	–	153	3,486
4. Partition	4	–	2	–	6	–
5. Allocation	–	–	298	6,825	298	6,825
6. Other	11	176	1	40	12	216
Total	189	4,354	301	6,865	490	11,219
C. Disposals in the financial year due to						
1. Allocation	298	6,825	–	–	298	6,825
2. Reduction	–	93	–	–	–	93
3. Cancellation	631	13,886	175	3,953	806	17,839
4. Transfer	20	669	–	–	20	669
5. Combination	0	–	0	–	–	–
6. Expiry of contract	–	–	82	2,405	82	2,405
7. Waiver of allocation and revocation of allocation	–	–	153	3,486	153	3,486
8. Other	11	177	0	1	11	178
Total	960	21,650	410	9,845	1,370	31,495
D. Net addition/disposal	–771	–17,296	–109	–2,980	–880	–20,276
E. Portfolio at the end of the financial year	6,138	161,307	234	11,726	6,372	173,033
thereof: Attributable to home savings customers outside of Germany	65	1,845	1	36	66	1,881
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					–	–
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					912	5,854
more than 10,000 up to € 25,000					2,775	41,744
more than 25,000 up to € 50,000					1,570	51,093
more than 50,000 up to € 150,000					861	58,133
more than 150,000 up to € 250,000					16	2,811
more than 250,000 up to € 500,000					3	1,160
more than 500,000					1	511
Total					6,138	161,307

IV. The average total net value at the end of the financial year was 27,155 €.

Movements in the Portfolio in 2022

Tariff group III (Classic S, L, Vario E, U, R tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	17,816	350,444	762	17,578	18,578	368,022
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	8	166	–	–	8	166
2. Transfer	48	1,115	–	–	48	1,115
3. Waiver of allocation and revocation of allocation	345	6,912	–	–	345	6,912
4. Partition	2	–	–	–	2	–
5. Allocation	–	–	673	12,660	673	12,660
6. Other	22	338	2	35	24	373
Total	425	8,531	675	12,695	1,100	21,226
C. Disposals in the financial year due to						
1. Allocation	673	12,660	–	–	673	12,660
2. Reduction	–	472	–	–	–	472
3. Cancellation	2,609	44,390	417	7,038	3,026	51,428
4. Transfer	48	1,115	–	–	48	1,115
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	205	4,763	205	4,763
7. Waiver of allocation and revocation of allocation	–	–	345	6,912	345	6,912
8. Other	22	290	1	7	23	297
Total	3,352	58,927	968	18,720	4,320	77,647
D. Net addition/disposal	−2,927	−50,396	−293	−6,025	−3,220	−56,421
E. Portfolio at the end of the financial year	14,889	300,048	469	11,553	15,358	311,601
thereof: Attributable to home savings customers outside of Germany	95	2,000	1	31	96	2,031
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					–	–
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					4,256	34,685
more than 10,000 up to € 25,000					7,689	123,874
more than 25,000 up to € 50,000					1,997	69,271
more than 50,000 up to € 150,000					925	65,902
more than 150,000 up to € 250,000					16	2,984
more than 250,000 up to € 500,000					5	1,798
more than 500,000					1	1,534
Total					14,889	300,048

IV. The average total net value at the end of the financial year was 20,289 €.

Movements in the Portfolio in 2022

Tariff group IV (Classic S1, L1, N1, F1, Vario E1, U1, R1 tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	53,308	1,057,376	3,113	70,529	56,421	1,127,905
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	46	1,406	–		46	1,406
2. Transfer	117	2,739	3	56	120	2,795
3. Waiver of allocation and revocation of allocation	1,378	26,116	–	–	1,378	26,116
4. Partition	18	–	–	–	18	–
5. Allocation	–	–	2,364	45,922	2,364	45,922
6. Other	78	2,393	4	70	82	2,463
Total	1,637	32,654	2,371	46,048	4,008	78,702
C. Disposals in the financial year due to						
1. Allocation	2,364	45,922	–	–	2,364	45,922
2. Reduction	–	3,957	–	–	–	3,957
3. Cancellation	4,832	79,794	1,136	21,471	5,968	101,265
4. Transfer	117	2,739	3	56	120	2,795
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	823	20,034	823	20,034
7. Waiver of allocation and revocation of allocation	–	–	1,378	26,116	1,378	26,116
8. Other	81	2,565	2	20	83	2,585
Total	7,394	134,977	3,342	67,697	10,736	202,674
D. Net addition/disposal	−5,757	−102,323	−971	−21,649	−6,728	−123,972
E. Portfolio at the end of the financial year	47,551	955,053	2,142	48,880	49,693	1,003,933
thereof: Attributable to home savings customers outside of Germany	203	5,319	8	400	211	5,719
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					3	257
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					19,736	171,467
more than 10,000 up to € 25,000					20,132	358,951
more than 25,000 up to € 50,000					5,601	229,185
more than 50,000 up to € 150,000					1,935	161,703
more than 150,000 up to € 250,000					120	22,546
more than 250,000 up to € 500,000					24	8,292
more than 500,000					3	2,910
Total					47,551	955,053

IV. The average total net value at the end of the financial year was 20,203 €.

Movements in the Portfolio in 2022

Tariff group V (Classic2007 S, B, F, N, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	171,171	3,292,056	10,008	220,711	181,179	3,512,767
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	163	9,879	–	–	163	9,879
2. Transfer	336	7,876	17	614	353	8,490
3. Waiver of allocation and revocation of allocation	11,913	192,221	–	–	11,913	192,221
4. Partition	27	–	1	–	28	–
5. Allocation	–	–	20,348	370,257	20,348	370,257
6. Other	223	12,151	30	1,022	253	13,173
Total	12,662	222,127	20,396	371,893	33,058	594,020
C. Disposals in the financial year due to						
1. Allocation	20,348	370,257	–	–	20,348	370,257
2. Reduction	–	20,945	–	44	–	20,989
3. Cancellation	8,423	214,585	8,907	185,631	17,330	400,216
4. Transfer	336	7,876	17	614	353	8,490
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	1,606	35,419	1,606	35,419
7. Waiver of allocation and revocation of allocation	–	–	11,913	192,221	11,913	192,221
8. Other	264	14,844	13	186	277	15,030
Total	29,371	628,507	22,456	414,115	51,827	1,042,622
D. Net addition / disposal	–16,709	–406,380	–2,060	–42,222	–18,769	–448,602
E. Portfolio at the end of the financial year	154,462	2,885,676	7,948	178,489	162,410	3,064,165
thereof: Attributable to home savings customers outside of Germany	438	10,016	17	526	455	10,542
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					22	1,123
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					88,006	879,437
more than 10,000 up to € 25,000					45,336	838,406
more than 25,000 up to € 50,000					15,920	639,830
more than 50,000 up to € 150,000					4,797	403,141
more than 150,000 up to € 250,000					316	60,555
more than 250,000 up to € 500,000					63	21,024
more than 500,000					24	43,283
Total					154,462	2,885,676

IV. The average total net value at the end of the financial year was 18,867 €.

Movements in the Portfolio in 2022

Tariff group VI (Classic2012 S, B, F, FL, N, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	57,349	1,388,118	3,064	79,668	60,413	1,467,786
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	280	18,464	–	–	280	18,464
2. Transfer	122	5,224	8	172	130	5,396
3. Waiver of allocation and revocation of allocation	6,706	105,244	–	–	6,706	105,244
4. Partition	16	–	–	–	16	–
5. Allocation	–	–	10,945	214,138	10,945	214,138
6. Other	125	8,848	23	1,530	148	10,378
Total	7,249	137,780	10,976	215,840	18,225	353,620
C. Disposals in the financial year due to						
1. Allocation	10,945	214,138	–	–	10,945	214,138
2. Reduction	–	28,034	–	184	–	28,218
3. Cancellation	2,605	76,561	3,118	71,067	5,723	147,628
4. Transfer	122	5,224	8	172	130	5,396
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	398	11,094	398	11,094
7. Waiver of allocation and revocation of allocation	–	–	6,706	105,244	6,706	105,244
8. Other	160	11,052	11	969	171	12,021
Total	13,832	335,009	10,241	188,730	24,073	523,739
D. Net addition/disposal	−6,583	−197,229	735	27,110	−5,848	−170,119
E. Portfolio at the end of the financial year	50,766	1,190,889	3,799	106,778	54,565	1,297,667
thereof: Attributable to home savings customers outside of Germany	151	4,097	8	190	159	4,287
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					17	1,033
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					28,326	283,143
more than 10,000 up to € 25,000					12,270	229,869
more than 25,000 up to € 50,000					6,196	247,433
more than 50,000 up to € 150,000					3,550	303,349
more than 150,000 up to € 250,000					313	59,483
more than 250,000 up to € 500,000					89	30,803
more than 500,000					22	36,808
Total					50,766	1,190,889

IV. The average total net value at the end of the financial year was 23,782 €.

Movements in the Portfolio in 2022

Tariff group VII (Classic2014 S, B, F, FL, N, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	92,842	2,592,211	4,783	113,150	97,625	2,705,361
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	62	3,560	–	–	62	3,560
2. Transfer	162	6,625	8	167	170	6,792
3. Waiver of allocation and revocation of allocation	6,877	104,367	–	–	6,877	104,367
4. Partition	16	–	–	–	16	–
5. Allocation	–	–	10,807	203,545	10,807	203,545
6. Other	112	5,482	23	735	135	6,217
Total	7,229	120,034	10,838	204,447	18,067	324,481
C. Disposals in the financial year due to						
1. Allocation	10,807	203,545	–	–	10,807	203,545
2. Reduction	–	21,582	–	173	–	21,755
3. Cancellation	5,025	133,922	3,151	67,446	8,176	201,368
4. Transfer	162	6,625	8	167	170	6,792
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	626	16,869	626	16,869
7. Waiver of allocation and revocation of allocation	–	–	6,877	104,367	6,877	104,367
8. Other	180	10,750	9	239	189	10,989
Total	16,174	376,424	10,671	189,261	26,845	565,685
D. Net addition/disposal	−8,945	−256,390	167	15,186	−8,778	−241,204
E. Portfolio at the end of the financial year	83,897	2,335,821	4,950	128,336	88,847	2,464,157
thereof: Attributable to home savings customers outside of Germany	190	6,909	7	252	197	7,161
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					51	2,516
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					45,290	452,711
more than 10,000 up to € 25,000					18,092	341,603
more than 25,000 up to € 50,000					11,369	463,361
more than 50,000 up to € 150,000					7,888	698,463
more than 150,000 up to € 250,000					870	166,972
more than 250,000 up to € 500,000					302	101,554
more than 500,000					86	111,157
Total					83,897	2,335,821

IV. The average total net value at the end of the financial year was 27,735 €.

Movements in the Portfolio in 2022

Tariff group VIII (Classic2015 F, L, N, S, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	114,915	4,834,986	1,334	36,423	116,249	4,871,409
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	167	13,146	–	–	167	13,146
2. Transfer	194	12,259	19	1,160	213	13,419
3. Waiver of allocation and revocation of allocation	1,645	55,984	–	–	1,645	55,984
4. Partition	26	–	13	–	39	–
5. Allocation	–	–	4,388	145,036	4,388	145,036
6. Other	110	6,736	18	1,029	128	7,765
Total	2,142	88,125	4,438	147,225	6,580	235,350
C. Disposals in the financial year due to						
1. Allocation	4,388	145,036	–	–	4,388	145,036
2. Reduction	–	43,534	–	56	–	43,590
3. Cancellation	6,458	207,563	1,341	42,556	7,799	250,119
4. Transfer	194	12,259	19	1,160	213	13,419
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	233	6,809	233	6,809
7. Waiver of allocation and revocation of allocation	–	–	1,645	55,984	1,645	55,984
8. Other	195	12,837	5	166	200	13,003
Total	11,235	421,229	3,243	106,731	14,478	527,960
D. Net addition/disposal	−9,093	−333,104	1,195	40,494	−7,898	−292,610
E. Portfolio at the end of the financial year	105,822	4,501,882	2,529	76,917	108,351	4,578,799
thereof: Attributable to home savings customers outside of Germany	178	12,713	5	268	183	12,981
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					300	25,407
b) Contracts concluded in financial year 2022					–	–
III. Size classification of unallocated contracts						
up to € 10,000					35,314	352,965
more than 10,000 up to € 25,000					25,376	494,750
more than 25,000 up to € 50,000					23,633	978,187
more than 50,000 up to € 150,000					18,054	1,613,794
more than 150,000 up to € 250,000					2,281	443,573
more than 250,000 up to € 500,000					946	319,555
more than 500,000					218	299,058
Total					105,822	4,501,882

IV. The average total net value at the end of the financial year was 42,259 €.

Movements in the Portfolio in 2022

Tariff group IX (Xtra Young, Home m, L, XL, Comfort S, N and Flex tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	57,577	2,739,772	221	5,723	57,798	2,745,495
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	245	21,755	–	–	245	21,755
2. Transfer	84	5,452	–	–	84	5,452
3. Waiver of allocation and revocation of allocation	275	7,680	–	–	275	7,680
4. Partition	3	–	–	–	3	–
5. Allocation	–	–	580	16,298	580	16,298
6. Other	83	6,345	3	85	86	6,430
Total	690	41,232	583	16,383	1,273	57,615
C. Disposals in the financial year due to						
1. Allocation	580	16,298	–	–	580	16,298
2. Reduction	–	23,393	–	20	–	23,413
3. Cancellation	3,407	113,909	181	4,258	3,588	118,167
4. Transfer	84	5,452	–	–	84	5,452
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	30	698	30	698
7. Waiver of allocation and revocation of allocation	–	–	275	7,680	275	7,680
8. Other	134	9,705	1	20	135	9,725
Total	4,205	168,757	487	12,676	4,692	181,433
D. Net addition/disposal	−3,515	−127,525	96	3,707	−3,419	−123,818
E. Portfolio at the end of the financial year	54,062	2,612,247	317	9,430	54,379	2,621,677
thereof: Attributable to home savings customers outside of Germany	57	4,386	–	–	57	4,386
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					298	28,131
b) Contracts concluded in financial year 2022					1	20
III. Size classification of unallocated contracts						
up to € 10,000					20,097	200,923
more than 10,000 up to € 25,000					11,801	225,718
more than 25,000 up to € 50,000					11,747	495,595
more than 50,000 up to € 150,000					7,276	697,742
more than 150,000 up to € 250,000					1,910	377,648
more than 250,000 up to € 500,000					1,015	348,262
more than 500,000					216	266,359
Total					54,062	2,612,247

IV. The average total net value at the end of the financial year was 48,211 €.

Movements in the Portfolio in 2022

Tariff group X (Xtra Home 2020 M, L, XL, Comfort S, N, Flex tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	41,949	1,885,844	11	283	41,960	1,886,127
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	31,367	1,912,939	–	–	31,367	1,912,939
2. Transfer	90	5,814	–	–	90	5,814
3. Waiver of allocation and revocation of allocation	40	2,351	–	–	40	2,351
4. Partition	12	–	–	–	12	–
5. Allocation	–	–	166	6,040	166	6,040
6. Other	377	27,080	–	–	377	27,080
Total	31,886	1,948,184	166	6,040	32,052	1,954,224
C. Disposals in the financial year due to						
1. Allocation	166	6,040	–	–	166	6,040
2. Reduction	–	19,128	–	–	–	19,128
3. Cancellation	2,685	104,770	21	931	2,706	105,701
4. Transfer	90	5,814	–	–	90	5,814
5. Combination	337	–	–	–	337	–
6. Expiry of contract	–	–	9	140	9	140
7. Waiver of allocation and revocation of allocation	–	–	40	2,351	40	2,351
8. Other	94	7,625	–	–	94	7,625
Total	3,372	143,377	70	3,422	3,442	146,799
D. Net addition/disposal	28,514	1,804,807	96	2,618	28,610	1,807,425
E. Portfolio at the end of the financial year	70,463	3,690,651	107	2,901	70,570	3,693,552
thereof: Attributable to home savings customers outside of Germany	48	4,221	1	15	49	4,236
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					1,920	183,324
b) Contracts concluded in financial year 2022					14,216	1,123,625
III. Size classification of unallocated contracts						
up to € 10,000					16,430	164,203
more than 10,000 up to € 25,000					20,833	394,229
more than 25,000 up to € 50,000					18,945	789,857
more than 50,000 up to € 150,000					9,971	959,413
more than 150,000 up to € 250,000					2,491	500,341
more than 250,000 up to € 500,000					1,488	517,930
more than 500,000					305	364,678
Total					70,463	3,690,651

IV. The average total net value at the end of the financial year was 52,339 €.

Movements in the Portfolio in 2022

Tariff group "Riester" (FR, SR, R, Home MR, Home LR, Home XLR tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	46,107	1,897,103	1,243	43,760	47,350	1,940,863
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	1,510	98,555	–	–	1,510	98,555
2. Transfer	1	75	1	35	2	110
3. Waiver of allocation and revocation of allocation	1,599	51,554	–	–	1,599	51,554
4. Partition	–	–	–	–	–	–
5. Allocation	–	–	2,605	91,038	2,605	91,038
6. Other	84	4,376	8	341	92	4,717
Total	3,194	154,560	2,614	91,414	5,808	245,974
C. Disposals in the financial year due to						
1. Allocation	2,605	91,038	–	–	2,605	91,038
2. Reduction	–	1,482	–	–	–	1,482
3. Cancellation	2,743	115,346	825	30,250	3,568	145,596
4. Transfer	1	75	1	35	2	110
5. Combination	1	–	–	–	1	–
6. Expiry of contract	–	–	86	3,414	86	3,414
7. Waiver of allocation and revocation of allocation	–	–	1,599	51,554	1,599	51,554
8. Other	83	4,321	4	159	87	4,480
Total	5,433	212,262	2,515	85,412	7,948	297,674
D. Net addition/disposal	−2,239	−57,702	99	6,002	−2,140	−51,700
E. Portfolio at the end of the financial year	43,868	1,839,401	1,342	49,762	45,210	1,889,163
thereof: Attributable to home savings customers outside of Germany	62	2,225	–	–	62	2,225
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					2,909	141,637
b) Contracts concluded in financial year 2022					840	58,488
III. Size classification of unallocated contracts						
up to € 10,000					3,649	36,286
more than 10,000 up to € 25,000					9,956	199,237
more than 25,000 up to € 50,000					18,818	763,808
more than 50,000 up to € 150,000					11,322	816,091
more than 150,000 up to € 250,000					112	20,619
more than 250,000 up to € 500,000					11	3,360
more than 500,000					–	–
Total					43,868	1,839,401

IV. The average total net value at the end of the financial year was 41,786 €.

Movements in the Portfolio in 2022

All Tariffs

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	660,995	20,247,495	24,918	603,801	685,913	20,851,296
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	33,849	2,079,893	–	–	33,849	2,079,893
2. Transfer	1,177	48,044	56	2,204	1,233	50,248
3. Waiver of allocation and revocation of allocation	30,949	556,420	–	–	30,949	556,420
4. Partition	125	–	16	–	141	–
5. Allocation	–	–	53,228	1,113,363	53,228	1,113,363
6. Other	1,227	74,054	115	4,992	1,342	79,046
Total	67,327	2,758,411	53,415	1,120,559	120,742	3,878,970
C. Disposals in the financial year due to						
1. Allocation	53,228	1,113,363	–	–	53,228	1,113,363
2. Reduction	–	162,673	–	477	–	163,150
3. Cancellation	39,498	1,107,475	19,317	436,081	58,815	1,543,556
4. Transfer	1,177	48,044	56	2,204	1,233	50,248
5. Combination	338	–	–	–	338	–
6. Expiry of contract	–	–	4,103	101,794	4,103	101,794
7. Waiver of allocation and revocation of allocation	–	–	30,949	556,420	30,949	556,420
8. Other	1,226	74,296	46	1,767	1,272	76,063
Total	95,467	2,505,851	54,471	1,098,743	149,938	3,604,594
D. Net addition/disposal	−28,140	252,560	−1,056	21,816	−29,196	274,376
E. Portfolio at the end of the financial year	632,855	20,500,055	23,862	625,617	656,717	21,125,672
thereof: Attributable to home savings customers outside of Germany	1,508	54,311	50	1,759	1,558	56,070
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2022 (financial year)					5,520	383,428
b) Contracts concluded in financial year 2022					15,057	1,182,133
III. Size classification of unallocated contracts						
up to € 10,000					262,217	2,582,791
more than 10,000 up to € 25,000					174,591	3,253,108
more than 25,000 up to € 50,000					116,008	4,734,413
more than 50,000 up to € 150,000					66,763	5,790,244
more than 150,000 up to € 250,000					8,452	1,658,750
more than 250,000 up to € 500,000					3,948	1,354,450
more than 500,000					876	1,126,298
Total					632,855	20,500,055

IV. The average total net value at the end of the financial year was 32,169 €.

Annual Financial Statements of Landesbausparkasse Hessen-Thüringen

Balance Sheet of Landesbausparkasse Hessen-Thüringen

as at 31 December 2022
– included in the bank's consolidated balance sheet –

Assets — in € thousands

				31.12.2022	31.12.2021
Cash reserve					
b) Balances with central banks			4		5
thereof: With Deutsche Bundesbank	4				(5)
				4	**5**
Loans and advances to banks					
b) Other loans and advances			5,089,919		5,158,769
thereof: Payable on demand	345,613				(254,481)
				5,089,919	**5,158,769**
Loans and advances to customers					
a) Home finance loans					
aa) From allocations (home savings loans)		115,721			106,039
ab) For interim and bridge-over financing		947,766			901,891
ac) Other		10,578			4,081
thereof: Secured by mortgage charges	737,770				(693,452)
			1,074,065		1,012,011
b) Other loans and advances			18,556		13,706
				1,092,621	**1,025,717**
Equity investments				**362**	**362**
Intangible assets					
b)					
Purchased concessions, industrial property rights and similar rights and licences in such rights and assets			3,776		4,786
				3,776	**4,786**
Property and equipment				**184**	**177**
Other assets				**6,207**	**5,578**
Prepaid expenses				**15**	**15**
Total assets				**6,193,088**	**6,195,409**

Equality and liabilities | in € thousands

Equity and liabilities				31.12.2022	31.12.2021
Liabilities due to banks					
a) Home savings deposits			103,398		70,003
thereof: On allocated contracts	–				((–))
b) Other liabilities			459,023		548,099
thereof: Payable on demand	14,208				(10,083)
				562,421	**618,102**
Liabilities due to customers					
a) Deposits from home savings business					
aa) Home savings deposits		5,210,943			5,165,632
thereof:					
On terminated contracts	50,618				(45,561)
On allocated contracts	89,267				(90,749)
			5,210,943		5,165,632
b) Other liabilities					
ba) Payable on demand		14,868			17,404
			14,868		17,404
				5,225,811	**5,183,036**
Other liabilities				**10,322**	**9,603**
Prepaid expenses				**1,215**	**1,146**
Provisions					
a)					
Provisions for pensions and similar obligations			122,623		124,908
c) Other provisions			18,209		14,392
				140,832	**139,300**
Home savings protection fund				**11,200**	**11,200**
Fund for general banking risks				**25,000**	**25,000**
Equity					
c) Revenue reserves			212,000		208,022
d) Net retained profits			4,287		–
				216,287	**208,022**
Total equity and liabilities				**6,193,088**	**6,195,409**
Contingent liabilities					
b) Liabilities from guarantees and indemnity agreements				850	548
Other obligations					
c) Irrevocable loan commitments				35,821	36,752

Income Statement of Landesbausparkasse Hessen-Thüringen

for the period 1 January to 31 December 2022
– included in the bank's consolidated income statement –

in € thousands

					2022	2021
Interest income from						
a) Lending and money market transactions						
aa) From home savings loans		3,130				3,505
ab) From interim and bridge-over loans		18,333				18,046
ac) From other home finance loans		108				52
ad) From other lending and money market transactions		81,705				102,270
			103,276			123,873
thereof: Negative interest income	109					(159)
				103,276		123,873
Interest expense						
a) On home savings deposits			47,463			58,037
b) Other interest expenses			4,596			4,923
thereof: Positive interest expense	4					(4)
				52,059		62,960
					51,217	**60,913**
Fee and commission income						
a) On contracts signed and arranged			33,498			23,133
b) From loans granted after allocation			–			10
c) From the commitment and administration of interim and bridge-over loans			1			3
d) Other fee and commission income			5,736			5,782
				39,235		28,928
Fee and commission expenses						
a) On contracts signed and arranged			33,613			22,890
b) Other fee and commission expense			3,949			4,726
				37,562		27,616
					1,673	**1,312**
Other operating income					**4,961**	**6,562**
Carried forward:					**57,851**	**68,787**

in € thousands

				2022	2021
Carried forward:				**57,851**	**68,787**
General and administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		14,968			14,581
ab) Social security, post-employment and other benefit expenses		2,743			2,619
			17,711		17,200
thereof: Post-employment benefit expenses	263				(147)
b) Other administrative expenses			20,655		21,370
				38,366	**38,570**
Amortisation and write-downs of property and equipment and intangible assets				**1,064**	**1,048**
Other operating expenses				**8,433**	**18,428**
Write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions				**1,722**	**1,463**
Result from ordinary activities				**8,266**	**9,278**
Net income for the year				**8,266**	**9,278**
Allocations to revenue reserves				**–3,978**	**–9,278**
Net retained profits				**4,288**	**–**

Notes to the Financial Statements of Landesbausparkasse Hessen-Thüringen

as at 31 December 2022

Basis of Preparation and Accounting Policies

Landesbausparkasse Hessen-Thüringen (LBS) is a legally dependent unit of Landesbank Hessen-Thüringen, Frankfurt am Main / Erfurt (Helaba), registered in the commercial registers of Frankfurt am Main, HRA 29821, and Jena, HRA 102181, and is obliged in accordance with Section 18 (3) of the German Building and Loan Associations Act (Bausparkassengesetz – BauSparkG) to prepare separate annual financial statements, which are included in the annual financial statements of Helaba. These annual financial statements have been prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary regulations of the German Accounting Regulation for Credit Institutions and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV), with due consideration being given to all permitted accounting policies. The balance sheet and income statement have been supplemented to include those items that are mandatory for Bausparkassen.

Items that are included in the statutory form but for which no entries are applicable have not been listed.

Receivables are reported at their nominal amount and liabilities at their settlement amount.

Equity investments are shown at cost. If impairment is expected to be permanent, they are written down to their lower fair value.

The loans and advances to customers that are exposed to default risk and the receivables from the field service included under other assets have been adequately recognised by way of specific allowances. The approach specified in the International Financial Reporting Standards is used for calculating global allowances. Contingency reserves in accordance with section 340f HGB were recognised for special risks relating to credit institutions. All allowances and contingency reserves are reported separately under assets.

Intangible assets and property and equipment are stated at cost, less straight-line amortisation and depreciation. Depreciation and amortisation are charged over the useful life of the asset.

LBS makes use of the option provided in Section 6 2a. first sentence of the German Income Tax Act (Einkommensteuergesetz, EStG) and capitalises assets worth more than € 250 and less than € 800. Other assets are recognised at their nominal value.

LBS reported prepaid expenses and deferred income for income and expenses recognised before the balance sheet date that represent income or expenses for a specific time after this date.

One security with a nominal value of € 15 m provided by Helaba as a loan and serving as a highly liquid asset (security loaned in unsecured form) is not reported on the balance sheet.

Provisions are recorded at the settlement amount as dictated by prudent business judgement. In accordance with section 253 (2) HGB, provisions with a remaining term of more than one year have been discounted at the rates published by the Bundesbank in accordance with their remaining term.

Pension obligations are determined on the reporting date by external actuarial experts. They are measured using the projected unit credit method, based on biometric assumptions (2018G mortality tables of Professor Dr. Heubeck), salary and pension increases expected in the future as well as the average market rate published by the Bundesbank for an assumed remaining maturity of 15 years.

The measurement parameters applied are shown in the table below:

	31.12.2022
Interest rate	1.79 %
Salary trend	2.00 %
Pension trend	0.02
Employee turnover rate	3.00 %

Some pension obligations are covered by assets (securities) that are exempt from attachment by any other creditors. These assets can only be used to settle liabilities from retirement benefit obligations (plan assets). They are measured at fair value (repurchase price) pursuant to Section 253 (1) sentence 4 HGB and offset against the corresponding pension obligations. To the extent that the fair value of the assets exceeds the carrying amount of the provisions, the respective surplus amount is disclosed on the assets side as an excess of plan assets over post-employment benefit liability.

The application of Section 253 (6) HGB yielded a difference in the recognised pension obligations resulting from discounting using the average market rate for ten financial years instead of seven of € 6.7 m as at 31 December 2022.

The pension expense to be recognised in the income statement includes mainly provision expense and interest expense. The provision expense represents the increase in pension obligations attributable to the service provided by employees in the financial year; it is disclosed under general and administrative expenses. The interest expense is defined as the increase in the present value of the pension obligations that results from the settlement date approaching and the discounting period thus becoming shorter. The interest expense is netted against the return on plan assets. Both the interest expense and the return on plan assets are included in the other operating result.

Interest income also includes early termination fees paid to LBS in the amount of € 0.9 m (2021: € 15.3 m) for positions under these transactions that were ended early.

The receivables not yet due from arrangement fees arising from "LBS-Wohn-Riester" agreements (tariff Classic Riester, type FR and SR) were discounted in line with matching maturities. The cash value of the fees is recognised in full in the year of contract conclusion. As of 31 December 2022, receivables not yet due from Riester arrangement fees were capitalised in the amount of € 3.0 m (31 December 2021: € 3.3 m).
In accordance with BFA 3, interest-based banking book transactions are measured at the lower of cost or net realisable value using the present value method, taking risk and administrative expenses into account. There is no need to recognise a provision for expected losses.

The figure for net remeasurement gains/losses includes a sum of € 1.0 m (2021: € 0.8 m) representing expenses for insurance cover against loan defaults.

Disclosures and Comments Concerning the Balance Sheet and Income Statement

Receivables from Helaba amounted to € 5,089.9 m (31 December 2021: € 5,158.8 m) and liabilities due to Helaba were € 444.8 m (31 December 2021: € 538.0 m).

Classification by remaining maturity in € m

	31.12.2022	31.12.2021
Other loans and advances to banks		
Payable on demand	345.6	254.5
Up to three months	143.8	138.8
More than three months and up to one year	245.0	230.0
More than one year and up to five years	1,300.0	1,190.0
More than five years	3,055.5	3,345.5
Loans and advances to customers		
Up to three months	39.1	28.7
More than three months and up to one year	84.3	55.7
More than one year and up to five years	377.8	402.2
More than five years	591.4	539.1

Loans and advances to customers do not include any indefinite term loans and advances.

Remaining maturities from interim and bridge-over loans have been determined to the point of allocation.

Interest and principal payments that were past due by more than three monthly instalments, including payments to alternative repayment vehicles, amounted to € 0.9 m (31 December 2021: € 1.0 m) with respect to home finance loans, including terminated exposures.

The HI-HPA fund shares from salary conversion under the occupational retirement pension scheme are offset as plan assets against the corresponding provisions pursuant to Section 246 (2) sentence 2 HGB.

The development of the acquisition or production cost (AK/HK) for intangible assets and property and equipment in financial year 2022 (FY) is shown below (in € thousands):

in € m

	Intangible assets	Property and equipment
	Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	
AK/HK at start of FY (total)	10,084	3,114
Additions, total AK/HK (FY)	–	65
Disposals, total AK/HK (FY)	–	167
Reclassifications, total AK/HK (FY)	–	–
AK/HK at end of FY (total)	**10,084**	**3,012**
Amortisation and depreciation at start of FY (total)	5,298	2,937
Amortisation and depreciation (FY)	1,010	54
Changes in total amortisation and depreciation in connection with disposals (total)	–	163
Amortisation and depreciation at end of FY (total)	**6,308**	**2,828**
As at 31.12.2022 (carrying amount)	**3,776**	**184**
As at 31.12.2021 (carrying amount)	4,786	177

Other assets mainly shows commission advances paid to and returns of commissions due from the field service and credit pledged to the protection scheme to protect deposits.

Other liabilities due to banks, excluding home savings deposits in € m

	31.12.2022	31.12.2021
Payable on demand	14.2	10.1
Up to three months	15.1	31.2
More than three months and up to one year	76.1	64.0
More than one year and up to five years	290.5	320.7
More than five years	63.1	122.1

Borrowings in the amount of € 444.8 m (31 December 2021: € 538.0 m) serve exclusively to fund business outside the home loan and savings collective.

Commission liabilities due to the field service in the amount of € 10.3 m (31 December 2021: € 9.6 m) account for most of the other liabilities figure of € 10.3 m.

Deferred income (€ 1.2 m) includes a discount from receivables of € 1.2 m (31 December 2021: € 1.1 m).

The purchase cost of assets offset against provisions pursuant to Section 246 (2) sentence 2 HGB amounted to € 1.8 m (31 December 2021: € 1.8 m), and their fair value was € 1.8 m (31 December 2021: € 2.1 m). The settlement amount of the offset liabilities amounted to € 2.2 m (31 December 2021: € 2.3 m). Income of € 20,300 (2021: € 96,200) was offset in the income statement against expenses of € 237,200 (2021: € 149,700) from these assets and liabilities from salary conversion.

The largest single item under other provisions (€ 18.2 m) is the € 4.5 m provision for payments made upon early retirement. Other significant items under this heading include provisions for sales bonuses (€ 3.6 m). An additional provision in the amount of € 2.2 m was recognised under other provisions on the basis of prevailing sector-specific case law.

The taxed home savings protection fund is designed to provide a long-term safeguard for the home savings collective. The value of the fund is unchanged at € 11.2 m.

Legally binding payment obligations are broken down as follows **in € m**

	31.12.2022	31.12.2021
From allocations	5.0	0.6
For interim and bridge-over financing	26.8	35.8
From other home finance loans	4.0	0.4
Total	**35.8**	**36.8**

LBS will in all probability be responsible for payment of nearly all these obligations.

LBS has an obligation to pay a lifelong monthly pension to 54 home loan and savings customers under a retirement pension home savings contract. The claim amounts to € 850,000 and LBS has concluded 54 pension insurance agreements for a corresponding insured sum with Provinzial NordWest Lebensversicherung AG to cover it.

Other operating income mainly comprises income from the correction of fees and commissions for previous years in the amount of € 2.8 m (2021: € 3.0 m), income from the reversal of provisions in the amount of € 1.2 m (2021: € 2.4 m) and income of € 0.4 m (2021: € 0.9 m) from the derecognition of home savings deposits of customers whose whereabouts are unknown.

Other operating expenses mainly comprise the expense of € 3.7 m (2021: € 10.5 m) from the compounding of pension provisions, expenses of € 2.3 m (2021: € 0.0 m) for compensation and ex-gratia services, expenses of € 0.2 m (2021: € 0.5 m) from the correction of fees and commissions for previous years and settlement payments of € 0.1 m (2021: € 0.1 m) to the field service. The € 1.8 m tax expense (2021: € 7.2 m) settled by way of allocation with Helaba that is also included in this item is charged in full against the result from ordinary activities.

Acting in accordance with Section 18 (2) and (3) of the German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSiG) and on the basis of the resolution of the Landesbausparkassen protection scheme, LBS made use of the option to provide 30 % of the funds to be paid in the form of payment obligations once again in 2022. This reduced non-personnel operating expenses by € 0.9 m (2021: € 0.8 m).

Other Disclosures

LBS holds 14.3 % of the shares in FORUM Direktfinanz GmbH & Co. KG, Münster (equity € 7,000, profit from financial year 2021: € 1.4 m).

Net income for the year at LBS amounts to € 8.3 m. Subject to the resolution on the appropriation of profit, which is still outstanding, it is proposed to transfer € 4.0 m of this total to revenue reserves and to pay the remaining € 4.3 m to Helaba as a dividend. The Supervisory Board will decide on the appropriation of profit at its meeting.

Please refer to the consolidated financial statements of Landesbank Hessen-Thüringen Girozentrale Frankfurt am Main / Erfurt for further information on auditors' fees according to section 285 no. 17 of the HGB. The fees include remuneration for statutory audits of financial statements as well as fees for other attestation services not prescribed by law.

The remuneration for the members of the executive bodies of Helaba who are also responsible for LBS was paid by the Bank. The members of the executive bodies and the remuneration paid to them are listed in the notes to Helaba's financial statements. Home finance loans to members of the Supervisory Board (persons within the meaning of Section 34 (2) sentence 1 alternative 2 RechKredV) amount to € 201,000 (31 December 2021: € 38,000).

Remuneration paid to LBS Advisory Board members totalled € 26,000 (2021: € 25,000).

LBS employed 187 people on average in 2022, 116 of them female and 71 male.

Currently there are no other significant events to report after the reporting date.

Frankfurt am Main / Erfurt, 28 February 2023

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Independent Auditor's Report

To Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen – Girozentrale – Frankfurt am Main / Erfurt)

Audit Opinions

We have audited the annual financial statements of Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen – Girozentrale – Frankfurt am Main/Erfurt), Frankfurt am Main/Erfurt, which comprise the balance sheet as at 31 December 2022 and the income statement for the financial year from 1 January 2022 to 31 December 2022 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen Girozentrale – Frankfurt am Main/Erfurt), for the financial year from 1 January 2022 to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 01 January 2022 to 31 December 2022 in compliance with German generally accepted accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company'sCompany's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB 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 annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other Information

The executive directors are responsible for the other information. The other information includes the disclosures received by us in draft form prior to issuing our auditor's report and contained in the "Advisory Board of Landesbausparkasse Hessen-Thüringen" and "Landesbank Hessen-Thüringen Addresses" sections of the Annual Report.

Our opinions on the annual financial statements and on the 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 annual financial statements, with the 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 annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets , liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they have determined necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatements due to fraud (that is to say manipulation of accounting and asset misappropriation) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the annual management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements due to fraud or error, and whether the management report as a whole provides an appropriate view of the Institution's position and, in all material respects, is consistent with the annual 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 audit opinions on the annual financial statements and on the 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 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 annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements in the annual financial statements and management report 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 audit opinions. The risk of material misstatements resulting from fraud not being detected is greater than the risk of material misstatements resulting from error not being detected because fraud may involve collusion, forgery, intentional omissions, misrepresentations and/or the overriding of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Institution.

- 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 Institution'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 annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinion. 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German generally accepted accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the 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 audit 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.

Stuttgart, 28 February 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Frey	Alt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Advisory Board of Landesbausparkasse Hessen-Thüringen

for financial year 2022

Chairman

Stefan Reuß
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen

Vice Chairman

Bernd Woide
Chief Administrative Officer
County District of Fulda

Members

Wolfgang Asche
Until 31 March 2022
Chairman of the Board of Managing Directors
Kreissparkasse Nordhausen

Michael Baumann
Member of the Board of Managing Directors
Nassauische Sparkasse
Wiesbaden

Thomas Fügmann
Chief Administrative Officer
County District of Saale-Orla

Sven Hauschild
Member of the Board of Managing Directors
Sparkasse Arnstadt-Ilmenau
Ilmenau

Andreas Hohlfeld
Since 1 April 2022
Member of the Board of Managing Directors
Sparkasse Altenburger Land

Jochen Johannink
Vice-Chairman of the Board of Managing Directors
Kasseler Sparkasse

Josef Kraus
Chairman of the Board of Managing Directors
Sparkasse Laubach-Hungen

Frank Matiaske
Chief Administrative Officer
County District of Odenwald

Dr. Sven Matthiesen
Executive Managing Director
Frankfurter Sparkasse

Torsten Priemer
Chairman of the Board of Managing Directors
Kreissparkasse Schlüchtern

Johannes Erich Schulz
Since 22 March 2022
Chairman of the Board of Managing Directors
Sparkasse Bensheim

Thomas Schütze
Member of the Board of Managing Directors
Sparkasse Jena-Saale-Holzland
Jena

Marc Semmel
Chairman of the Board of Managing Directors
Sparkasse Werra-Meissner
Eschwege

Manfred Vögtlin
Until 28 February 2022
Member of the Board of Managing Directors
Sparkasse Bensheim

Helaba Addresses

Helaba Addresses

Head Offices	**Frankfurt am Main**	Neue Mainzer Strasse 52 – 58 60311 Frankfurt am Main Germany	T + 49 69 / 91 32-01
	Erfurt	Bonifaciusstrasse 16 99084 Erfurt Germany	T + 49 3 61 / 2 17-71 00
Bausparkasse	**Landesbausparkasse Hessen-Thüringen**		
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	Erfurt	Bonifaciusstrasse 19 99084 Erfurt Germany	T + 49 3 61 / 2 17-6 02
Development Bank	**Wirtschafts- und Infrastrukturbank Hessen**		
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	Wiesbaden	Gustav-Stresemann-Ring 9 65189 Wiesbaden Germany	T + 49 6 11 / 7 74-0
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	Stockholm	Kungsgatan 3, 2nd Floor 111 43 Stockholm Sweden	T + 46 / 86 11 01 16
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	Munich	Lenbachplatz 2a 80333 Munich Germany	T +49 89/5 99 88 49-0
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	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 Zurich Switzerland	T +41 44/2 65 44 44
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	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
	GGM Gesellschaft für Gebäude-Management mbH	Speicherstrasse 55 60327 Frankfurt am Main Germany	T +49 69/9 17 32-9 00

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Concept and design

3st kommunikation, Mainz

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