Half-Yearly Financial Report 2022

Helaba

Values with impact.

Half-Yearly Financial Report 2022

The Helaba Group

Helaba ratings (As at: August 2022)

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

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

	Moody's	Fitch Ratings
Long-term ratings	Aaa	AAA

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

Stakes in Helaba's share capital

1) represented by DSGV e. V. as the trustee.

68.85 % Sparkassen- und Giroverband Hessen-Thüringen

8.10 % State of Hesse

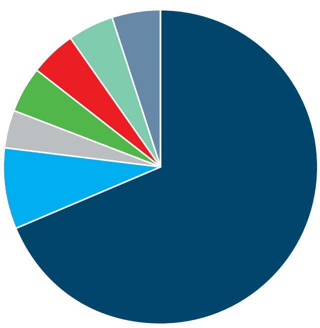
4.05 % State of Thuringia

4.75 % Sparkassenverband Westfalen-Lippe

4.75 % Rheinischer Sparkassen- und Giroverband

4.75 % FIDES Alpha GmbH[1)]

4.75 % FIDES Beta GmbH[1)]



The Helaba Group in figures

		1.1.–30.6.2022	1.1.–30.6.2021		Change
Performance Figures		**in € m**	**in € m**	**in € m**	**in %**
Net interest income before loss allowances		666	643	24	3.7
Net fee and commission income		269	223	45	20.2
General and administrative expenses, including depreciation and amortisation		–869	–782	–88	–11.2
Profit or loss before tax		327	293	34	11.6
Consolidated net profit		**223**	**201**	**22**	**10.9**
Return on equity	in %	**8.7**	**7.8**		
Cost-income ratio	in %	**61.7**	**60.1**		

	30.6.2022	31.12.2021		Change
Balance Sheet Figures	**in € m**	**in € m**	**in € m**	**in %**
Measured at amortised cost				
Loans and advances to banks	13,983	15,686	–1,703	–10.9
Loans and advances to customers	115,658	113,939	1,718	1.5
Trading assets	**12,458**	**15,308**	**–2,850**	**–18.6**
Financial assets measured at fair value (not held for trading)	**23,595**	**27,099**	**–3,505**	**–12.9**
Measured at amortised cost				
Deposits and loans from banks	63,574	60,116	3,458	5.8
Deposits and loans from customers	64,432	63,411	1,021	1.6
Securitised liabilities	42,628	44,363	–1,735	–3.9
Trading liabilities	**15,132**	**13,301**	**1,831**	**13.8**
Financial liabilities measured at fair value (not held for trading)	**16,097**	**19,069**	**–2,972**	**–15.6**
Equity	**9,622**	**9,222**	**400**	**4.3**
Total assets	**213,797**	**212,341**	**1,456**	**0.7**

	30.6.2022	31.12.2021
Key indicators for regulatory purposes	**in %**	**in %**
CET1 capital ratio	13.9	14.3
Tier 1 capital ratio	14.5	15.1
Total capital ratio	17.7	18.1

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dear customers, dear business partners,

In the first half of 2022, Helaba generated consolidated profit before taxes (in accordance with IFRS) of € 327 m. This exceeded the corresponding prior-year figure of € 293 m. Consolidated net profit, i.e. after taxes, amounted to € 223 m, € 22 m more than in the corresponding prior-year period.

The first half of the year was shaped to a large extent by the complex ramifications of the war in Ukraine. Against this background, we are satisfied with our half-year earnings. The continued growth in the operating business was reflected in an impressive 20 percent rise in net fee and commission income combined with an 8.7 percent increase in return on equity (RoE).

At the same time, we drove forward the modernisation of our IT and successfully established our Sustainable Lending Framework. In line with our conservative risk policy and in the face of rising uncertainty, we once again augmented our loss allowances. In the first half of 2022, these amounted to a net addition (i.e. expense) of € 85 m (2021: net addition of € 141 m). Helaba continues to benefit from a high-quality portfolio. There have been hardly any appreciable loan defaults to date. Helaba's capital adequacy, which has remained sound, led to a stable CET1 capital ratio of 13.9 percent.

We have been able to keep the cost trend at Helaba Bank largely stable. There was a sharp increase overall in general and administrative expenses from € 782 m to € 869 m, mainly as a result of significantly higher mandatory contributions totalling approximately € 55 m and growth programmes in the subsidiaries.

The tense geopolitical situation and the negative effects of energy shortages combined with rapidly increasing inflation, supply bottlenecks and higher interest rates are obstructing economic development and generating uncertainty in the markets. Nevertheless, thanks to our broadly diversified business model and the continued consistent implementation of our strategic agenda, we find ourselves well placed to engage with the challenges ahead. We expect our earnings before taxes to exceed € 500 m for the whole of 2022, provided that there are no more major upheavals resulting in a sharp economic downturn in the near future.

On behalf of the whole of the Executive Board, I would like to extend our thanks to you our customers and business partners for your enduring trust and to our corporate bodies for their constructive involvement. We extend our heartfelt thanks to our employees for their extraordinary efforts, their innovative strength and the appreciative, respectful attitude they demonstrate in their dealings with one another. As a team, we do our utmost every day to be a reliable partner to our customers.

We will continue to pursue our ambitious sustainability targets in the ongoing fiscal year, helping to ensure truly sustainable development for current and future generations and supporting our customers in their transition to sustainable economic activity. Our objective is to conduct banking business on a sustainable basis, paying due regard to the environment, climate and social responsibility with exemplary corporate governance.

Yours sincerely,

Thomas Groß
CEO

Interim Group Management Report

Interim Group Management Report

Basic Information About the Group

Business model of the Group

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a credit institution organised under public law; its long-term strategic business model is that of a full-service bank with a regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkassen-Finanzgruppe. One key aspect of Helaba's business model is its legal form as a public-law institution. Helaba operates as a for-profit entity in line with the applicable provisions of the Charter and the Treaty of the Formation of a Joint Savings Banks Association Hesse-Thuringia. The Treaty and the Charter establish the legal framework for Helaba's business model. Other factors central to this business model are Helaba's status as part of the Sparkassen-Finanzgruppe with its institutional protection scheme, the distribution of tasks between Sparkassen, Landesbanken and other S-Group companies, the large stake in Helaba owned by the Sparkassen organisation, and Helaba's retention and expansion of its activities in the S-Group and public development and infrastructure business.

Helaba serves its clients in three functions: as a commercial bank, as a Sparkasse central bank and as a development bank.

As a commercial bank, Helaba operates in Germany and abroad. Helaba's hallmarks include stable, long-term customer relationships. It works with companies, institutional clients and the public sector.

Helaba is a Sparkasse central bank and S-Group bank for the Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg and, therefore, for around 40 % of all Sparkassen in Germany. It operates as a partner to the Sparkassen rather than as a competitor

Helaba and the S-Group Sparkassen in Hesse and Thuringia together constitute the Sparkassen-Finanzgruppe Hessen-Thüringen, which follows a business model based on economic unity and a joint S-Group rating. Comprehensive co-operation and business agreements have been entered into with the Sparkassen and their associations in North Rhine-Westphalia. In addition, there are sales co-operation agreements with the Sparkassen in Brandenburg. The agreements with the Sparkassen in North Rhine-Westphalia and Brandenburg complement the S-Group Concept of the Sparkassen-Finanzgruppe Hessen-Thüringen.

In its capacity as the central development institution for Hesse, Helaba administers public-sector development programmes through Wirtschafts- und Infrastrukturbank Hessen (WIBank). As a dependent institution within Helaba, WIBank enjoys a direct statutory guarantee from the State of Hesse, which is in compliance with applicable European Union (EU) law. WIBank's business activities are guided by the development objectives of the State of Hesse. Helaba also has stakes in a number of other development institutions in Hesse and Thuringia.

In addition to Helaba, the business model includes further strong, well-known brands (in some cases, legally independent subsidiaries) that complement the Group's product portfolio.

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

Frankfurter Sparkasse, a wholly owned subsidiary of Helaba organised under German public law, is the leading retail bank in the Frankfurt am Main region. Frankfurter Sparkasse has also successfully established a presence in the direct banking market across Germany through 1822direkt.

Frankfurter Bankgesellschaft (Schweiz) AG (FBG) and its wholly owned subsidiary Frankfurter Bankgesellschaft (Deutschland) AG provide Helaba's products and services for Sparkassen in private banking and in the wealth and asset management businesses. FBG, which operates as the private bank of the Sparkassen-Finanzgruppe, acquires high-net-worth customers in Germany through Sparkassen in the S-Group with which it has a collaboration agreement. In its role as a central partner for the Sparkassen, Frankfurter Bankgesellschaft offers the Family Office service, enhancing its range of professional advisory services in connection with all asset-related matters. Frankfurter Bankgesellschaft offers consulting services for family-owned businesses in connection with mergers and acquisitions (M&A) through the investment in IMAP M&A Consultants AG (Deutschland).

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

The GWH Group manages around 52,000 residential units and is therefore one of the largest housing organisations in Hesse. The group focuses on developing housing projects, managing and optimising residential property portfolios, and initiating and supporting residential real estate funds.

The OFB Group is a full-service group of companies in the fields of real estate project development, land development and the construction and project management of high-value commercial real estate. It operates throughout Germany with a particular focus on the Rhine-Main region.

Helaba's registered offices are situated in Frankfurt am Main and Erfurt, and it also has branches in Düsseldorf, Kassel, Paris, London, New York and Stockholm. The branches allow Helaba to strengthen its local presence close to customers and Sparkassen. The foreign branches also provide Helaba with access to the funding markets based on the US dollar and pound sterling. The organisation also includes representative and sales offices, subsidiaries and affiliates.

Management instruments and non-financial performance indicators

As part of managing the Bank as a whole, Helaba has integrated systems in place for business and profitability management which are firmly embedded in an overarching management framework. This is based on a multi-level margin accounting system. Controlling comprises both the management of absolute income and costs and the integrated management of contribution margins. The annual planning process, from which a budgeted statement of financial position and income statement are derived, also follows this system. Besides the annual planning process, there is also a multi-year planning process covering a five-year planning horizon. Additional forecasts are produced during the year.

Regular plan/actual comparisons are generated and variances analysed based on a management income statement produced in the margin accounting system at regular intervals in the course of the financial year. Profitability analyses and the results of cross-selling are also produced. In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

The target is to achieve a cost-income ratio below 70 % at the level of the Helaba Group. This figure is the ratio of general and administrative expenses including depreciation and amortisation (expenses for the bank levy and protection schemes are included on a pro rata basis) to total profit/loss before taxes net of general and administrative expenses including depreciation and amortisation and of loss allowances for loans and advances. The calculation has been adjusted (see Note (1)).

One key indicator used to manage portfolios is the volume of new medium- and long-term business (defined as new business with a funding term of more than one year). Systematic preliminary costings are carried out for loan agreements, in particular to ensure that new business is managed with a focus on risk and profitability.

Profitability targets are managed on the basis of, for example, return on equity (RoE) as the economic return on equity (ratio of profit/loss before taxes, in which expenses for the bank levy and protection schemes are included on a pro rata basis, to average capital employed in the financial year determined in accordance with IFRSs). The calculation has been adjusted (see Note (1)). For 2022, the Helaba Group set a target range of 6 % to 8 % for economic return on equity before taxes.

Equity is managed through the allocation of regulatory and economic limits and through the capital ratio. When the target capital ratios are set, the targets take into account the additional own funds requirements specified by the European Central Bank (ECB). Taking into account the capital buffer requirements applicable at 30 June 2022, the minimum Common Equity Tier 1 (CET1) capital ratio (including capital buffer requirements) required to be maintained by the Helaba Regulatory Group (as defined by the German Banking Act (Kreditwesengesetz, KWG) and the Capital Requirements Regulation (CRR)) under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 8.52 %.

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

9.75 % (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 will be 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. as at 30 June 2022, banks were 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 MREL for the Helaba Regulatory Group, based on figures as at 31 December 2020, is 21.60 % of RWAs (or 24.86 % of RWAs including the combined capital buffer requirements of 3.26 %) 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 24.17 % of RWAs including the combined capital buffer requirements of 3.26 %) 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 2022 and has been complying with the requirement since 1 January 2022.

To fund itself, Helaba draws on different sources and products, focusing in particular on the sources of funding available through the Sparkassen (proprietary and customer transactions) as a result of belonging to a strong association of financial institutions. 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.

As the central S-Group bank in the Sparkassen-Finanzgruppe, Helaba is continuously expanding its business relationships with Sparkassen throughout Germany. The Helaba Group has many divisions and subsidiaries that work in partnership with the Sparkassen with the objective of generating the greatest possible benefit for the Sparkassen from this collaboration (S-Group benefit).

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

Helaba's sustainability principles specify the detail of the Bank's mission to serve the public interest. These principles acknowledge the Helaba Regulatory Group's environmental and social responsibilities and establish standards of conduct regarding business activities, business operations, staff and corporate social responsibility. Sustainability in the sense of environmental and social responsibility is therefore an integral part of the binding Group-wide business strategy, as is sustainability in the sense of fair corporate management, which means that business activities are systematically oriented around these requirements.

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

The Helaba Regulatory Group's understanding of sustainability encompasses the three ESG dimensions, environment, social and corporate governance. The Helaba Regulatory Group has set itself five specific ESG objectives:

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

- Social
  - Promote diversity
  - Invest in employees and society

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

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

1. In its business strategy, Helaba commits to the objectives of the Paris Agreement and supports the climate objectives of the German federal government and the European Union. In the first half of the year, Helaba signed the Principles for Responsible Banking (PRB) established by the United Nations Environment Programme Finance Initiative (UNEP FI) with the aim of further underscoring its sustainability efforts. The exclusion criteria integrated into the risk strategy provide Helaba with an effective tool for preventing ESG risks in new business. The filter for ESG risks at Helaba is therefore already tightly meshed on a qualitative basis and implemented as a mandatory part of the standard risk management process. Also in the first half of 2022, Helaba implemented a Sustainable Lending Framework, which specifies criteria for classifying sustainable finance and thus serves as a compass in orienting its lending business around sustainability. The Sustainable Lending Framework enables Helaba to both identify transactions that qualify as "green" under the EU Taxonomy and assess social aspects with a view to supporting the transformation of the real economy.

2. The social aspects of the sustainability criteria are addressed in the mission statement, corporate values, through Helaba's membership of the UN Global Compact and through its commitment to the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO). With this step, the Bank recognises international standards for environmental protection, human and labour rights, and anti-corruption measures.

3. The governance framework and the Code of Conduct document Helaba's rules on proper corporate management. Together with more than 170 Sparkassen and three other Landesbanken, Helaba was also one of the first signatories to the "Commitment by German Savings Banks to climate-friendly and sustainable business practices".

In lending operations, Helaba has established mandatory Group-wide sustainability criteria that have been incorporated into the risk strategies and are reviewed each year. Its aim is to use the risk management system to minimise sustainability risks, including the transitional and physical risks caused by climate change, that may arise from its financing activities. For critical sectors of the economy, it has developed specific lending criteria that rule out controversial business practices in particular, and take into account sector-specific risk issues.

The Helaba Group's sustainability performance is regularly rated by sustainability rating agencies. The ratings are a core component in the process of analysing and refining Helaba's sustainability profile. Helaba is constantly upgrading its range of sustainability management tools with the aim of achieving continuous improvement in these third-party ratings.

The Helaba Group has a stable rating in the upper average range for the global industry and the upper midrange among the comparison group of German banks and Landesbanken from all relevant sustainability rating agencies.

Employees

- HR strategy
  The basic principles of Helaba's HR activities are derived from its business strategy. These principles incorporate social, economic and regulatory changes. The core tasks include, for example, strategy-oriented and needs-based recruitment of suitable employees, the provision of professional services, attractive remuneration and ancillary benefits (such as occupational pensions), and continuing professional development that focuses on sustainability aspects (including the management of young talent and employees with high potential). Helaba focuses particularly on health management, the development of its corporate culture and diversity management. Various indicators, such as a low staff turnover rate, average length of service and low absenteeism, confirm that employees are satisfied and highly committed.

- Remuneration principles
  The business strategy and risk strategy specify the degree of flexibility available to employees. Helaba's remuneration strategy and remuneration principles set out the relationship between business strategy, risk strategy and remuneration strategy, taking account of the corporate culture 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 young talent and high-potential employees
  Demographic change and ongoing digitalisation will have an impact on Helaba's competitiveness in the long term. The recruitment, development and retention of young talent and high-potential employees is therefore correspondingly important. Based on vocational training and general trainee programmes, plus internships for students, Helaba offers those at the start of their careers the opportunity to become familiar with banking practice and acquire basic skills. To reach the young target group, recruitment is making greater use of digital media channels. In addition, Helaba is focusing internally on the development of existing employees with high potential, to provide the individuals concerned with the foundations for a career as a technical specialist or executive manager. A systematic, structured process for identifying high-potential employees helps managers to identify such employees within Helaba and provide them in good time with the specific grounding they need to take on new positions with greater responsibility. This is achieved through customised development plans or as part of a programme for high-potential employees.

- Health management
  Helaba operates an occupational health management system and a company sports programme, helping employees to maintain their physical and mental well-being and nurturing an awareness of the need for a healthy lifestyle. It also provides an employee assistance programme, an advisory service for employees and managers, which staff can use to obtain help in connection with professional, family, health or other personal issues. In addition, Helaba offers virtual training aimed at helping employees work in a healthy manner.

- Transformation support
  The objective of the "Scope – Growth through Efficiency" transformation project, which has been implemented throughout the Group, is to safeguard Helaba's long-term future and create scope for innovation. This project brings together various growth initiatives, the efforts to advance the digitalisation of the business and the transformation of the corporate culture. The latter aims to move the corporate culture towards new approaches in terms of ways of working, processes and forms of collaboration. In addition, mobile technology is used to provide key infrastructure for remote working, thereby facilitating concentrated job activities and smooth operation of virtual teamwork. Hybrid working arrangements are also considered to be of equal value to working solely in the office. In all these transformation projects, the HR unit plays a key role as adviser and partner for employees and managers in the implementation of the various activities and also ensures that the transformation is supported by appropriate change management. A comprehensive change management toolbox helps management deal with specific day-to-day challenges.

- Diversity management
  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. At the moment, Helaba is concentrating on aspects such as gender, age and inclusion. The aim is to purposefully incorporate diversity into the working environment from a number of perspectives and make greater use of internal potential. Particular attention is being paid to the advancement of women. In a voluntary commitment, Helaba aims to ensure that more than 30 % of all management positions are occupied by women in the future and that the proportion of women in Helaba's young talent and professional development programmes is increased to 50 %. These efforts are supported by dedicated seminars for women and appropriate mentoring. Helaba has also created conditions in which it is possible for employees to achieve a work/life balance. This includes the offer of childcare places and the use of flexible types of working and working-time models.

Ukraine War / COVID-19 Pandemic

COVID-19 is still in evidence around the globe. The operating environment for banks has also deteriorated as a result of the outbreak of war in Ukraine. The level of uncertainty remains just as high as the level of volatility on the capital markets. Rising energy and commodity prices are weighing on the global economy. A complete and sustained stoppage of gas deliveries from Russia would aggravate the situation yet further.

The current macroeconomic environment is one of considerable uncertainty due to factors such as the Ukraine war, COVID-19 and their respective consequences. The manifold effects of the Ukraine war continue to determine global economic and financial market performance.

- 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 the first half of 2022. The measures implemented by the ECB, notably the targeted longer-term refinancing operations (TLTRO) III and the pandemic emergency purchase programme (PEPP), which have substantially improved market liquidity, continue to provide 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. The financing particularly affected at present includes financing in the corporate customers and commercial real estate portfolios. Helaba has responded by, for example, taking action in respect of both new and existing business to reduce the risk.

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

  More information on the economic impact is presented in the "Financial Position and Financial Performance" section of the management report and in Note (32) 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.

  The number of requests that Helaba received from customers for payment deferrals or the suspension of repayments as a consequence of the crises, together with the number of rating deteriorations and defaults, remained manageable in the first half of 2022, reflecting the high quality of the lending portfolio and a low ratio of non-performing loans (NPL ratio) in the Helaba Regulatory Group of only about 0.7 % as at 30 June 2022.

  The ratio of forbearance measures fell slightly in the first half of 2022 and therefore remained at a low level. Loss allowances slightly exceeded the prorated budget figure due especially to precautionary management measures. In 2020, Helaba established a system whereby customers and transactions particularly affected by the COVID-19 crisis are actively managed and closely monitored, as are any critical sub-portfolios that have been identified. This has now been further developed and also takes into account the additional uncertainties in identifying critical sub-portfolios.

  Depending on factors such as the further course of the pandemic and the war in Ukraine, Helaba cannot rule out the possibility of rating deteriorations or defaults in the further course of the year. Helaba's corporate clients are also applying for assistance from government support programmes. In this case, Helaba is accordingly integrating support programmes into its range of services for customers. Further details on credit risk are presented in the risk report and in Note (32) of the consolidated financial statements.

- Operational impact of the COVID-19 crisis
  Most of the regulatory relief measures instituted by standard setters and supervisory authorities as a result of the COVID-19 pandemic had been discontinued by 30 June 2022. The requirement for banks to provide separate COVID-19-related reporting in the SSM was likewise lifted on 1 January 2022.

  In the first half of 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.

  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). In this period, Helaba forwarded a total of 4,721 applications for COVID-19 assistance programmes with a total value of around € 1,238 m. The deadline for applications for special KfW programmes and the KfW Schnellkredit was 30 April 2022.

Economic Report

Macroeconomic and sector-specific conditions in Germany

In Europe, COVID-19 has recently receded into the background. The repercussions of supply chain bottlenecks continue to act as a drag, however. These are compounded by the war in Ukraine, which is fuelling energy and commodity price inflation in particular. German economic output lost all momentum in the second quarter of 2022. Due to the low prior-year base and the solid growth at the beginning of the year, however, gross domestic product rose by 2.5 % in the first half of 2022. German consumers are unnerved and exercising restraint. Capital equipment spending is recovering only slowly. Construction activity is being depressed by shortages of materials. Rising mortgage rates and construction costs are holding back residential construction. Foreign trade is acting as a brake, as imports are rising faster than exports in 2022. Despite the negative factors, German economic growth is likely to be 1.5 % in 2022 due to the very low prior-year base. In 2023, the growth rate is likely to be just 0.4 %, although this will be accompanied by stronger momentum in the course of the year. The negative factors should gradually become less significant.

Price pressures in Germany have increased appreciably. Inflation is likely to reach around 7.5 % in 2022 and still be significantly higher than the ECB's target at 5 % in 2023. Stemming initially from energy and commodities, price pressures have now 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.

Digitalisation is still among the key strategic action areas in corporate management. Experiences of the COVID-19 pandemic have shown how important digitalisation is in terms of safeguarding customer business and banking operations. In light of the economic consequences of the Ukraine war, 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.

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 will put 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 will be 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 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.

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. The new rules are scheduled to be applied from 1 January 2025. Trilogue negotiations with the European Parliament and Council will probably start at the beginning of 2023. Helaba regularly takes part in impact studies and factors the results from these studies into its medium-term planning on an ongoing basis. Key developments in the regulatory framework were as follows:

- German Risk Reduction Act
  The German Risk Reduction Act (RiG) is an omnibus act in which a total of 13 German acts are revised. The main additions and amendments are being applied to the German Banking Act (Kreditwesengesetz, KWG) and the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG). Most of the RiG provisions came into force back in December 2020 and on 28 June 2021; the effective date of the remaining requirements is 1 January 2023. Any measures that are necessary at Helaba are being implemented by the relevant deadlines.

- EU "Action Plan: Financing Sustainable Growth"
  June 2021 saw the publication of the final delegated act relating to the economic activities forming the subject matter of the Taxonomy Regulation. This delegated act establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation (the first two environmental objectives). The delegated act intended to cover environmental objectives three to six is expected at the end of 2022. 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.

- ECB Guide on climate-related and environmental risks
  The ECB Guide sets out the ECB's thirteen expectations as to how significant institutions should consider climate-related and environmental risks. It is intended to provide guidance on how significant institutions can integrate climate-related and environmental risks into their governance and internal management and how they should consider those risks in determining and implementing their business strategy. In the first half of 2022, the ECB once again called on banks to carry out a self-assessment based on its recommendations for handling climate-related and environmental risks. In addition, the ECB conducted a climate risk stress test in the first half of the year and is monitoring the implementation of the Guide at banks through a multi-stage thematic review process where it looks more closely at the management of climate-related and environmental risks in the credit process, for example. The findings of the climate risk stress test were published on 8 July 2022; Helaba expects the findings of the thematic review in the third quarter of 2022. Helaba is taking the required action arising from the ECB Guide and the EU action plan as part of its HelabaSustained programme.
  The findings of the climate risk stress test will feed into the SREP in a qualitative way, but not lead to any additional capital requirements.

- Corporate Sustainability Reporting Directive (CSRD
  In July 2022, the European Parliament's Committee on Legal Affairs adopted the new Corporate Sustainability Reporting Directive (CSRD). The scope of the CSRD has been extended significantly, making it mandatory for many more companies to report on sustainability. 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 details are being worked out in cooperation with the European Financial Reporting Advisory Group (EFRAG). The CSRD is first required to be applied by Helaba as at 31 December 2024. Preparations for its implementation are under way as part of the HelabaSustained programme.

Business performance

In the first half of 2022, the market environment was shaped by the manifold implications of the Ukraine war. The volume of new medium- and long-term business in the Group (excluding the WIBank development business, which does not form part of the competitive market) was above the prior-year level at € 10.5 bn (H1 2021: € 8.4 bn). Loans and advances to customers (financial assets measured at amortised cost) remained almost unchanged at € 115.7 bn. Added to these were loans and advances to Sparkassen (financial assets measured at amortised cost) in the amount of € 8.2 bn (31 December 2021: € 6.7 bn). The focus on lending in core business areas and to the Sparkassen as S-Group partners is in line with the customer-centric orientation of Helaba's business model.

The market environment for funding business for financial institutions proved to be very mixed in the first half of 2022. Although the COVID-19 pandemic ceased to have a significant impact, the Ukraine war and the resulting market turmoil in particular brought turbulence to the financial markets. There was also an appreciable rise in interest rates due to the trend in inflation. Financial institutions' credit spreads returned to levels comparable with the time around the start of the COVID-19 pandemic in the second quarter, and ten-year euro swap rates rose to their highest level since early 2014. Despite this market turbulence, Helaba was able to raise inexpensive medium- and long-term funding from institutional and private investors in the first half of 2022.

As in previous years, the Helaba Group was aided in these efforts by its strategic and well-diversified business model as well as by its sound income and business performance.

In the first half of 2022, Helaba raised medium- and long-term funding of around € 8.4 bn (H1 2021: € 5.8 bn). As well as successfully placing two dual tranche Pfandbrief benchmark issues (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.

Due to the changing interest rate environment, sales of retail issues placed through the Sparkasse network were significantly higher year on year at € 1.9 bn (H1 2021: € 1.3 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 € 0.9 bn (H1 2021: € 0.8 bn).

The cost-income ratio for the Helaba Group was 61.7 % as at 30 June 2022 compared with 60.1 % as at 30 June 2021 (prior-year figure adjusted; see Note (1)). Return on equity rose to 8.7 % (30 June 2021: 7.8 %; prior-year figure adjusted, see Note (1)).

As at 30 June 2022, the Helaba Regulatory Group's CET1 capital ratio was 13.9 % (31 December 2021: 14.3 %) and its total capital ratio 17.7 % (31 December 2021: 18.1 %). Helaba therefore has a comfortable capital position and satisfies all the regulatory requirements that have currently been published.

Based on supervisory requirements that are currently known, any new provisions are included in the multi-year planning and appropriately taken into account when assessing capital adequacy.

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

As at 30 June 2022, the Helaba Regulatory Group's leverage ratio was 4.4 % (31 December 2021: 5.7 %) and therefore above the required minimum ratio.

The liquidity coverage ratio (LCR) for the Helaba Regulatory Group was 170.7 % as at 30 June 2022 (31 December 2021: 183.8 %). As at 30 June 2022, the NSFR for the Helaba Regulatory Group was well above the target figure at 119 % (31 December 2021: 118 %).

The NPL ratio for the Helaba Regulatory Group (in accordance with EBA risk indicator code AQT_3.2) was 0.7 % as at 30 June 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 31 March 2022) was already very low by European standards.

As at 30 June 2022, the MREL ratio for the Helaba Regulatory Group stood at 61.9 % based on RWAs and 19.0 % based on LRE. In the Helaba Regulatory Group's MREL portfolio, regulatory own funds accounted for 17.7 %, subordinated (i.e. non-preferred) debt 25.7 % and non-subordinated (i.e. preferred) debt 18.5 %, based on RWAs. Based on LRE, the composition of the portfolio was as follows: 5.4 % regulatory own funds, 7.9 % subordinated debt and 5.7 % non-subordinated debt. Consequently, the ratio of subordinated instruments was 43.4 % based on RWAs and 13.3 % based on LRE.

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

The specified MREL requirement applicable from 1 January 2022 is 21.60 % of RWAs (or 24.86 % of RWAs including the combined capital buffer requirements of 3.26 %) and 7.11 % of LRE. The specified requirement for subordinated instruments is 20.91 % of RWAs (or 24.17 % of RWAs including the combined capital buffer requirements of 3.26 %) and 7.11 % of LRE.

The specified requirements from 1 January 2024, both for the regular MREL requirement and the subordinated instruments requirement, are 21.69 % of RWAs (or 24.96 % of RWAs including the combined capital buffer requirements of 3.26 %) and 7.82 % of LRE.

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

In the Asset Finance business, Helaba structures projects in the renewable energy and social & digital infrastructure segments. It is also successfully implementing its sustainable finance advisory service, in which it offers a broadly based range of information across sectors and products around the theme of sustainable finance covering all financial instruments (loans, promissory notes, bonds, leases, guarantees, etc.). Helaba continues to be involved in the syndication of green, social and ESG-linked finance and promissory notes.

In the sustainable promissory note segment of the market, Helaba is one of the leading arrangers and supported or arranged further ESG-linked transactions in the first half of 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.

The issue proceeds from the green bond issued in 2021 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 now processes promissory notes over their whole life cycle entirely by using the vc trade digital platform. Helaba has now become one of the platform's shareholders along with two other financial institutions and will work with the other shareholders to support digitalisation in a debt capital context.

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

The implementation of the strategic agenda continues to progress well and on schedule. In particular, the business model for Helaba and the Group as a whole is to be diversified across a broader base in order to strengthen non-interest-related business with little capital tie-up and to achieve a better balance across all the sources of income. The strategic agenda now includes investments in the updating of IT infrastructure, the aim of which is also to give further impetus to digital transformation. Another strategic area of activity is the promotion of diversity, which is closely associated with the efforts to tighten and strengthen the sustainability profile of the business. This is one of the foundation stones for greater creativity and innovative capability, especially in connection with the development of new product approaches.

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

In addition, the Helaba Regulatory Group intends to expand its ESG expertise across its entire range of products and services so that it can make the most of future growth opportunities and have the necessary capability to support its customers with sustainable finance products. In mid-2021, Helaba joined the ECORE – ESG Circle of Real Estate initiative, thereby pursuing the Bank's aim of contributing to the standardisation of the data landscape around the question of whether real estate is sustainable and compliant with the EU Taxonomy and developing an ESG scoring model for real estate.

Since mid-2022, Helaba has also been offering its employees a comprehensive ESG basic training module with a view to nurturing knowledge and expertise in this field throughout the Bank.

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 transformation project "Scope – Growth through Efficiency" adds a new dimension to the strategic agenda. The objective of the project is to counter the anticipated increase in costs and downward pressure on income. The efficiency measures are being implemented successfully and this is once again reflected in general and administrative expenses. The flexibility thus created is facilitating investment in future growth. Whereas beneficial effects from the project continued to materialise in 2022, there was once again a significant rise in costs caused by external factors, primarily the costs of the bank levy.

Financial Position and Financial Performance

Financial performance of the Group

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

	1.1.–30.6.2022	1.1.–30.6.2021	Change	
	in € m	in € m	in € m	in %
Net interest income	666	643	24	3.7
Loss allowances	–85	–141	56	39.9
Net interest income after loss allowances and modifications	**582**	**502**	**80**	**15.9**
Net fee and commission income	269	223	45	20.2
Income/expenses from investment property	119	118	1	1.1
Gains or losses on measurement at fair value	137	185	–48	–25.9
Net trading income	299	108	191	>100.0
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–162	78	–239	>–100.0
Share of profit or loss of equity-accounted entities	0	5	–4	–96.4
Other net income/expense	89	41	48	>100.0
General and administrative expenses, including depreciation and amortisation	–869	–782	–88	–11.2
Profit or loss before tax	**327**	**293**	**34**	**11.6**
Taxes on income	–105	–93	–12	–13.0
Consolidated net profit	**223**	**201**	**22**	**10.9**

In a challenging market environment, the Helaba Group generated profit before taxes of € 327 m in the first half of 2022, thereby exceeding profit in the prior-year period (€ 293 m) by a clear margin. The key factors influencing financial performance were a very sharp rise in net fee and commission income and the consolidation of the other components of operating income at the high prior-year level. With loss allowances showing a large balance, the loss allowance requirement was smaller than in the prior-year period. This also included a further addition to portfolio-based loss allowances as part of the management adjustment. Gains or losses on measurement at fair value likewise made a clearly positive contribution to profit before taxes even though, as expected, the net gain was down on the prior-year figure, which had been driven by positive remeasurement effects. Conversely, general and administrative expenses rose sharply due to substantial charges arising from the European bank levy and the deposit guarantee scheme.

While net interest income after loss allowances and total income from the operating business, comprising net interest income, net fee and commission income and net income from investment property, slightly exceeded budget, loss allowances and general and administrative expenses (including depreciation and amortisation) came in markedly above budget, and gains or losses on measurement at fair value and other net income / expense exceeded the budgeted amounts by a very significant margin. This produces a consolidated profit before taxes that is well above budget. The changes in the individual items in the income statement were as described below.

Net interest income amounted to € 666 m, a rise of 3.7 % compared with the prior-year period (H1 2021: € 643 m). A slight increase in the assets-side portfolio in combination with a stable average margin resulted in a minor improvement in the net interest income generated in the operating business. Slightly higher earnings from Treasury's interest rate management activities also had a positive impact.

Loss allowances amounted to a net addition of € 85 m (H1 2021: net addition of € 141 m). The breakdown of this net addition to loss allowances by stage in accordance with IFRS 9 (including the provisions for loan commitments and financial guarantees) was as follows: stage 1, net reversal of € 3 m (H1 2021: net reversal of € 10 m); stage 2, net addition of € 87 m (H1 2021: net addition of € 113 m); stage 3, net addition of € 2 m (H1 2021: net addition of € 37 m). Direct write-offs, loss allowances on financial assets measured at fair value through other comprehensive income and recoveries on loans and receivables previously written off amounted to a balance of € 0 m (H1 2021: € 1 m). The net addition to loss allowances at stage 2 included a portfolio-based loss allowance component amounting to a net addition of € 57 m (H1 2021: net addition of € 79 m). For further details, please refer to Note (32) of the consolidated interim financial statements.

After taking into account the loss allowances, net interest income was up from € 502 m in the first half of the previous year to € 582 m in the current reporting period.

The very sharp rise in net fee and commission income of € 45 m to € 269 m was driven by all operating divisions. In particular, fee and commission income from asset management in the FBG Group and at Helaba Invest saw a very significant uptick. There was also a very marked increase in fees and commissions from account management and payment transactions business at Helaba and Frankfurter Sparkasse as well as from securities and securities deposit business at Helaba.

Most of the net income from investment property is generated by the GWH Group and amounted to € 119 m (H1 2021: € 118 m). This figure comprises the balance of rental income, operating costs and the net gains or losses on disposals. In the current reporting period, an increase in rental income contrasted with a lower net gain on disposals.

Despite the volatile market environment, net trading income was on a strong upward trajectory in the first half of 2022. This was due to a marked change in valuation adjustments on derivatives (XVAs) that increased income, stronger demand for hedging instruments as a result of the sharp rise in interest rates, high turnover in primary and secondary market trading in securities, and remeasurement gains on derivatives that significantly more than offset remeasurement losses attributable to the increase in credit spreads in credit trading. Thanks to the sharp increase in customer demand for capital market products across all customer groups, customer business improved markedly year on year, exceeding expectations despite the high level of uncertainty over future economic performance.

Net income from hedge accounting and other financial instruments measured at fair value (not held for trading) amounted to a net expense of € 162 m (H1 2021: net income of € 78 m). The main drivers of this net expense were charges arising from hedging XVA risks, which were set against compensatory income contained within net trading income, and a remeasurement loss on fund investments of € 57 m compared with a remeasurement gain of € 16 m in the prior-year period.

Other net income / expense increased from net income of € 41 m to net income of € 89 m. The very sharp rise is due, firstly, to the derecognition of financial instruments not measured at fair value through profit or loss. This generated income of € 21 m (H1 2021: € 0 m). Secondly, the prior-year figure was adversely affected by an addition of € 17 m to restructuring provisions at Frankfurter Sparkasse (current reporting period: € 0 m). Other net income / expense also included dividend income of € 6 m (H1 2021: € 6 m).

General and administrative expenses (including depreciation and amortisation) rose by € 88 m to € 869 m. These expenses comprised personnel expenses of € 362 m (H1 2021: € 352 m), other administrative expenses of € 438 m (H1 2021: € 368 m), and depreciation and amortisation charges of € 69 m (H1 2021: € 62 m). Other administrative expenses were impacted by a very sharp increase in the European bank levy of € 20 m to € 94 m and a very strong rise in expenses for the association overhead allocation and the reserve funds of € 35 m to € 80 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.

Profit before taxes amounted to € 327 m (H1 2021: € 293 m).

After taking into account an income tax expense of € 105 m (H1 2021: € 93 m), consolidated net profit came to € 223 m (H1 2021: € 201 m). Of this amount, net profit of € 0 m was attributable to non-controlling interests in consolidated subsidiaries (H1 2021: € 0 m).

Comprehensive income rose from € 173 m to € 491 m. This figure includes other comprehensive income in addition to the consolidated net profit/loss for the period as reported in the income statement. Other comprehensive income amounted to € 268 m (H1 2021: loss of € 28 m). One of the components was the remeasurement of the net liability under defined benefit plans caused by the increase in the discount rate. This remeasurement amounted to a gain of € 569 m before taxes (H1 2021: € 121 m). A discount rate of 3.25 % (31 December 2021: 1.25 %) was used to determine pension provisions for the main pension obligations in Germany. Credit-risk-related changes in the fair value of financial liabilities designated voluntarily at fair value accounted for a net gain of € 171 m before taxes (H1 2021: net loss of € 79 m). Conversely, debt instruments measured at fair value through other comprehensive income depressed other comprehensive income by contributing a net loss of € 428 m before taxes (H1 2021: net loss of € 73 m). This was due to the general rise in interest rates. The cross currency basis spread in the measurement of derivatives accounted for a net gain of € 55 m before taxes within comprehensive income (H1 2021: net loss of € 18 m).

Statement of financial position

Assets

	30.6.2022	31.12.2021	Change	
	in € m	in € m	in € m	in %
Cash on hand and demand deposit balances with central banks and banks	40,991	34,039	6,952	20.4
Financial assets measured at amortised cost	130,982	130,014	969	0.7
Bonds	1,342	389	953	>100.0
Loans and advances to banks	13,983	15,686	–1,703	–10.9
Loans and advances to customers	115,658	113,939	1,718	1.5
Trading assets	12,458	15,308	–2,850	–18.6
Financial assets measured at fair value (not held for trading)	23,595	27,099	–3,505	–12.9
Investment property	3,095	2,994	100	3.4
Income tax assets	578	788	–210	–26.6
Other assets	2,098	2,097	0	–
Total assets	**213,797**	**212,341**	**1,456**	**0.7**

Equity and liabilities

	30.6.2022	31.12.2021	Change	
	in € m	in € m	in € m	in %
Financial liabilities measured at amortised cost	171,067	168,256	2,811	1.7
Deposits and loans from banks	63,574	60,116	3,458	5.8
Deposits and loans from customers	64,432	63,411	1,021	1.6
Securitised liabilities	42,628	44,363	–1,735	–3.9
Other financial liabilities	432	365	67	18.3
Trading liabilities	15,132	13,301	1,831	13.8
Financial liabilities measured at fair value (not held for trading)	16,097	19,069	–2,972	–15.6
Provisions	1,378	1,877	–499	–26.6
Income tax liabilities	95	106	–12	–11.0
Other liabilities	407	510	–103	–20.3
Equity	9,622	9,222	400	4.3
Total equity and liabilities	**213,797**	**212,341**	**1,456**	**0.7**

Helaba's consolidated total assets were on a par with the prior-year figure at € 213.8 bn (31 December 2021: € 212.3 bn).

On the assets side of the statement of financial position, loans and advances to customers continued to dominate, accounting for a large proportion of total assets (54.1 %; 31 December 2021: 53.7 %). These assets rose by € 1.7 bn to € 115.7 bn. Of the loans and advances to customers reported at amortised cost, commercial real estate loans accounted for € 35.8 bn (31 December 2021: € 34.8 bn) and infrastructure loans for € 27.0 bn (31 December 2021: € 28.1 bn).

The cumulative loss allowances recognised in respect of financial assets measured at amortised cost amounted to € 795 m (31 December 2021: € 714 m).

The most significant change on the assets side resulted from the rise of € 7.0 bn in cash on hand and demand deposit balances with central banks and banks to € 41.0 bn. This rise is due in part to an increase in bank and customer deposits payable on demand. In addition, the general rise in interest rates led to a reduction in cash collateral provided by the Helaba Group. Cash on hand and demand deposit balances with central banks and banks included an amount of € 24.2 bn (31 December 2021: € 24.2 bn) attributable to Helaba's participation in the ECB's targeted longer-term refinancing operations (TLTRO III), which provide funding at favourable rates.

Trading assets recognised at fair value amounted to € 12.5 bn at the reporting date (31 December 2021: € 15.3 bn). The reason for this decrease lay with the positive fair values of derivatives, which declined by € 2.7 bn to € 8.6 bn due mainly to interest-rate-related measurement effects. The portfolio of bonds and other fixed-income securities also contracted by € 0.3 bn to € 2.0 bn.

Of the financial assets measured at fair value (not held for trading) amounting to € 23.6 bn (31 December 2021: € 27.1 bn), assets of € 16.2 bn (31 December 2021: € 16.5 bn) comprised bonds and other fixed-income securities measured through other comprehensive income. Non-trading derivatives also decreased by € 2.6 bn to € 2.1 bn, meaning that the positive fair values of all derivatives fell by € 5.3 bn overall to € 10.7 bn.

The structure of the equity and liabilities side of the statement of financial position is characterised by a high proportion of financial liabilities measured at amortised cost (80.0 % of total equity and liabilities; 31 December 2021: 79.2 %). These liabilities increased by € 2.8 bn to € 171.1 bn. The rise is due mainly to deposits and loans from banks, which went up by € 3.5 bn to € 63.6 bn. Deposits and loans from customers also increased by € 1.0 bn to € 64.4 bn. Securitised liabilities showed a downward trend, falling by € 1.7 bn to € 42.6 bn. In this regard, the volume of new business was exceeded by the value of maturing contracts.

Trading liabilities recognised at fair value amounted to € 15.1 bn at the reporting date (31 December 2021: € 13.3 bn). Whereas deposits and loans increased by € 3.4 bn to € 7.6 bn, the negative fair values of derivatives fell by € 1.2 bn to € 7.4 bn. As on the assets side of the statement of financial position, the fair values of derivatives were reduced by interest-rate-related measurement effects.

Financial liabilities measured at fair value (not held for trading) included non-trading derivatives of € 4.8 bn (31 December 2021: € 6.8 bn), meaning that the negative fair values of all derivatives fell by € 3.2 bn overall to € 12.2 bn.

Equity

The Helaba Group's equity amounted to € 9.6 bn as at 30 June 2022 (31 December 2021: € 9.2 bn). Equity was pushed higher by the comprehensive income of € 491 m for the first half of 2022. Accumulated OCI for the Group amounted to a loss of € 261 m (31 December 2021: cumulative net loss of € 529 m). Within this figure, a cumulative loss of € 67 m (31 December 2021: cumulative loss of € 583 m) is related to items that will not be reclassified to profit or loss in future periods (i.e. they will not be recycled). This loss included remeasurements in connection with pension obligations. These remeasurements amounted to a cumulative loss of € 171 m (31 December 2021: cumulative loss of € 573 m). The change was mainly attributable to an increase in the discount rate to 3.25 % (31 December 2021: 1.25 %). Accumulated OCI was also positively impacted by significant remeasurement gains on financial liabilities to which the fair value option (FVO) is applied due to a change in Helaba's own credit risk. The balance of accumulated OCI amounting to a cumulative net loss of € 194 m (31 December 2021: cumulative net income of € 54 m) is related to items that will be reclassified to profit or loss in future periods. This included the cumulative gains and losses on debt instruments measured at fair value through other comprehensive income amounting to a loss of € 214 m (31 December 2021: gain of € 78 m). The change is the result of the general rise in interest rates. Equity was negatively impacted by a loss of € 6 m (31 December 2021: loss of € 43 m) arising from the cross currency basis spread in the measurement of derivatives, which must be recognised in accumulated OCI in accordance with IFRS 9. Exchange rate factors resulted in an increase of € 7 m in the currency translation reserve for foreign operations to € 44 m. An amount of € 90 m was distributed from the consolidated net profit for 2021 to the owners based on their shareholdings and capital contributions.

Please refer to the risk report and Note (31) in the Notes for information on the regulatory capital ratios.

Financial performance by segment

In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

The contributions of the individual segments to the profit before taxes of € 327 m for the first half of 2022 (H1 2021: € 293 m) were as follows:

in € m

	1.1.–30.6.2022	1.1.–30.6.2021[1]
Real Estate	145	123
Corporates & Markets	291	115
Retail & Asset Management	78	113
WIBank	23	14
Other	–229	–93
Consolidation / reconciliation	19	21
Group	**327**	**293**

[1] Prior-year figures adjusted: The Other segment previously included components of income and expense from economic hedges that were set against net trading income in the Corporates & Markets segment and had an offsetting effect. Net income was adjusted by a negative amount of € 18 m in the Corporates & Markets segment and by a positive amount of € 18 m in the Other segment.

Real Estate segment

The Real Estate Lending business line is reported in the Real Estate segment. Its core business consists of financing major commercial real estate projects and existing properties.

In the first half of 2022, the volume of new medium- and long-term business in Real Estate Lending rose by 14 % year on year to € 4.2 bn (H1 2021: € 3.7 bn). Net interest income showed a slight decline of € 10 m because of other components of the net figure (early termination fees, among others) that were higher in the prior-year period. Net interest income for the segment amounted to € 207 m (H1 2021: € 217 m).

As at the reporting date, loss allowances had decreased very sharply compared with the prior-year period. In the period to 30 June 2022, they amounted to a net reversal of € 2 m (H1 2021: net addition of € 30 m).

Net fee and commission income came to € 10 m, an increase of € 3 m on the prior-year figure.

General and administrative expenses in the segment were almost unchanged at € 68 m.

Profit before taxes for the segment amounted to € 145 m, exceeding the prior-year figure of € 123 m by a clear margin.

Corporates & Markets segment

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

At € 5.4 bn, new medium- and long-term business in the segment showed a very sharp increase of 43 % on the prior-year figure (€ 3.8 bn).

Net interest income in the segment came to € 248 m, a year-on-year increase of € 3 m, and was generated mainly by the Corporate Banking and Asset Finance units. Net interest income at Asset Finance was appreciably higher, whereas Corporate Banking posted a slight decrease. Net interest income for Capital Markets was almost unchanged, although the contributions from public sector and Sparkasse business showed a slight rise. Loss allowances amounted to a net addition of € 4 m, a significant decrease (H1 2021: net addition of € 44 m).

Net fee and commission income amounted to € 91 m compared with € 78 m in the prior-year period, with more than half of the rise attributable to stronger business in the Savings Banks and SME division, particularly card processing business.

The segment's net trading income for the reporting period was € 294 m (H1 2021: € 105 m). The critical factors in the significant measurement gains were the rise in interest rates and the path of credit spreads. Hedges in net income from hedge accounting and other financial instruments measured at fair value (not held for trading) had an offsetting effect.

General and administrative expenses in the segment declined by € 20 m year on year to € 236 m. This decrease was mainly caused by lower internal cost allocations between the segments.

Profit before taxes for the segment came to € 291 m compared with € 115 m in the prior-year period, the main contributing factor being the very strong trend in net trading income.

Retail & Asset Management segment

The Retail & Asset Management segment offers retail banking, private banking and asset management products through the subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft and Helaba Invest as well as through Landesbausparkasse Hessen-Thüringen. The Portfolio and Real Estate Management business and the real estate subsidiaries of the GWH Group also form part of this segment.

The segment's net interest income of € 112 m (H1 2021: € 115 m) was mostly attributable to Frankfurter Sparkasse. No new loss allowances had to be recognised in the segment in the reporting period (H1 2021: net addition of € 8 m).

Net fee and commission income in the segment was generated by Frankfurter Sparkasse, Helaba Invest and Frankfurter Bankgesellschaft and totalled € 143 m, a significant year-on-year increase of € 12 m.

Net income from investment property is generated by GWH, mainly in the form of rental income from residential real estate. This held steady at € 119 m.

Net income from hedge accounting and other financial instruments measured at fair value (not held for trading) deteriorated sharply, amounting to a net expense of € 53 m (H1 2021: net income of € 5 m) due predominantly to the rise in interest rates and the widening of credit spreads at FSP special funds.

General and administrative expenses amounted to € 290 m, which was on a par with the prior-year figure (H1 2021: € 285 m).

Profit before taxes for the segment amounted to € 78 m compared with € 113 m in the prior-year period.

WIBank segment

Helaba performs public development functions for the State of Hesse through Wirtschafts- und Infrastrukturbank Hessen (WIBank).

In the first half of 2022, WIBank generated new business (lending and subsidy business) of around € 1.6 bn. The growth in new business stemmed primarily from municipal loans for infrastructure (municipal finance) and loans provided for the construction of housing for rental. The approved volume of municipal finance rose by € 30 m year on year to € 215 m.

At € 34 m, net interest income was up slightly on the prior-year figure. Net fee and commission income is shaped by the service business. In the reporting period, this income increased sharply year on year to € 31 m (H1 2021: € 25 m) due to the expansion of the subsidies development business.

The rise in other net income / expense to net income of € 3 m (H1 2021: net income of € 1 m) was attributable to the reversal of provisions. General and administrative expenses came to € 45 m. The anticipated rise compared with the previous year (€ 44 m) was primarily the result of the planned rise in personnel expenses (caused by an increase in the number of jobs) and higher expenses for third-party services.

Profit before taxes for the segment amounted to € 23 m compared with € 14 m in the prior-year period.

Other segment

The Other segment contains the contributions to income and expenses that cannot be attributed to the operating segments. These items include the net income from centrally consolidated equity investments, such as those from the OFB Group, as well as the costs of the central units that cannot be allocated to the individual segments in line with the user-pays principle. The net income or expense from Treasury activities, from central own funds investing activities and from the centrally held securities in the liquidity portfolio are also recognised under this segment.

The rise in the segment's net interest income to € 68 m (H1 2021: € 43 m) was primarily the result of a greater contribution from the Treasury's interest rate management activities and the

ECB's tender operations (TLTRO III). The balance in the segment also included centrally recognised liability markups for subordinated debt and the pension provision additions for Corporate Centre employees included in the interest.

The very sharp increase in loss allowances to a net addition of € 82 m (H1 2021: net addition of € 59 m) reflected geopolitical uncertainties.

The main factor affecting net income from hedge accounting and other financial instruments measured at fair value (not held for trading) was the absence of positive remeasurement effects compared with the previous year. The net expense of € 5 m (H1 2021: net income of € 89 m) represented a very significant year-on-year decline of € 94 m.

The segment's other net income / expense came to net income of € 48 m (H1 2021: net income of € 19 m) and was driven, among other things, by sales of bonds held in the portfolio of liquid investments and changes in provisions.

General and administrative expenses amounted to € 250 m in the first half of 2022 (H1 2021: € 172 m). The bank levy and the contribution to the reserve funds were already fully included at the end of the first half of the year; they showed a very significant increase on the prior-year figure, rising by € 56 m to a total of € 148 m.

The segment incurred a loss before taxes of € 229 m compared with a loss before taxes of € 93 m in the prior-year period. This change is primarily attributable to net expense from hedge accounting and other financial instruments measured at fair value (not held for trading) and higher general and administrative expenses.

Consolidation / reconciliation

Effects arising from consolidation and intragroup adjustments between the segments are reported under consolidation / reconciliation. Effects that arise from the reconciliation between the segment figures and the consolidated income statement, in particular in relation to net interest income, are also presented under consolidation / reconciliation.

Profit before taxes under consolidation / reconciliation amounted to € 19 m (H1 2021: € 21 m).

Risk Report

The Executive Board is responsible for all of the risks to which the Helaba Regulatory Group is exposed and for defining a risk strategy consistent with the business strategy. Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities and with the Rules of Procedure for the Executive Board, the risk strategy lays down the principal elements of the approach adopted to dealing with risk, the objectives of risk containment and the measures employed to achieve these objectives within the Helaba Regulatory Group. The risk strategy covers all of the main business units in the Helaba Regulatory Group as defined by the KWG and the CRR. Once adopted by the Executive Board, the risk strategy is presented to and discussed with the Supervisory Board and the Board of Public Owners.

The business strategy and risk strategy of the Helaba Regulatory Group are integrally linked to the business strategy and risk strategy of Sparkassen-Finanzgruppe Hessen-Thüringen.

The principal objectives of the Helaba Regulatory Group's risk strategy are to uphold the organisation's conservative overall risk profile and maintain risk-bearing capacity at all times while ensuring that all regulatory requirements are satisfied. The risk management system accordingly plays a central role in the management of the company.

Risk types

The primary risk types for the purposes of containment in the Helaba Regulatory Group result directly from its business activities. The structured risk inventory process, which is implemented annually and, where necessary, in response to relevant developments, examines which risks have the potential to damage the Helaba Regulatory Group's financial position (including capital resources), financial performance or liquidity position to a material degree. The following primary risk types have been identified:

- default risk (including equity risk),
- market risk,
- liquidity and funding risk,
- non-financial risk (NFR),
- business risk and
- real estate risk.

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 risk appetite framework (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 the second quarter of 2022 once again exceeded the quantified risk exposures by a substantial margin, underlining the conservative risk profile. Helaba had a capital buffer of € 4.3 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 Reserve Fund 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 directly integrated into this protection scheme.

The general meeting of members of the German Savings Banks Association (DSGV) adopted a resolution concerning the refinement of the Sparkassen-Finanzgruppe's protection scheme on 27 August 2021. The resulting changes implemented ECB and BaFin requirements and made the protection scheme more efficient. A more effective set of decision-making structures was introduced, for example, and it was affirmed in principle that the organisation was prepared to expand its resources with an additional fund to be built up from 2025.

The Sparkassen-Finanzgruppe scheme includes a deposit guarantee scheme to protect qualifying deposits up to a value of € 100,000 per customer as well as safeguarding the viability of the affiliated institutions themselves. The deposits thus protected in the Helaba Group amount to € 17.9 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 Joint Liability Scheme. It covers the liabilities of Helaba and Frankfurter Sparkasse to customers, including banks, insurance companies and other institutional investors, and their securitised liabilities. Liabilities that serve or have served at the institutions as components of own funds pursuant to section 10 KWG, such as asset contributions of dormant shareholders, liabilities under profit participation rights and subordinated liabilities, are not covered irrespective of their remaining term. The total volume of the fund is equal to 0.5 %

of the affiliated institutions' total risk exposure amount as defined by Article 92(3) CRR and stood at € 673 m at the end of 2021 (31 December 2020: € 622 m).

The Sparkassen- und Giroverband Hessen-Thüringen has undertaken to make up the shortfall between the amount actually paid in and the full amount should the fund be required before such time as the full amount has been contributed.

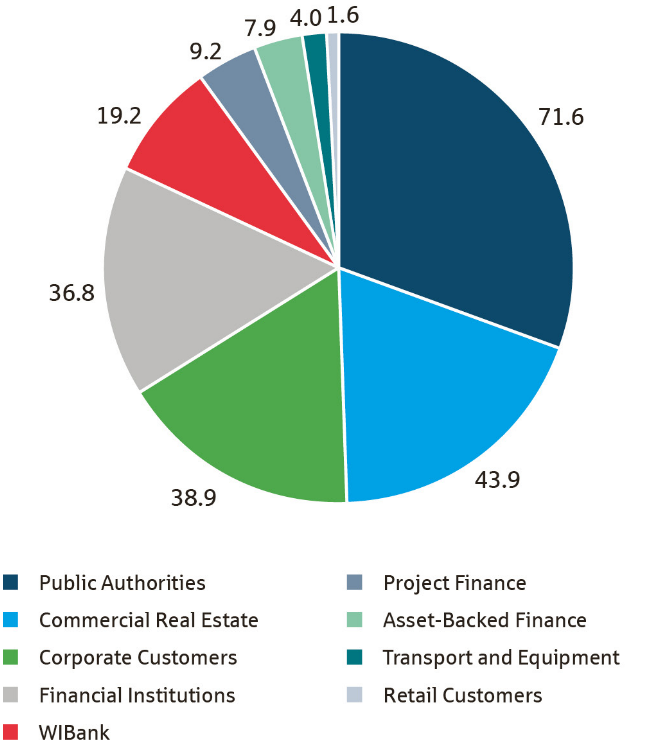
Rheinischer Sparkassen- und Giroverband (RSGV) and Sparkassenverband Westfalen-Lippe (SVWL) have each also unilaterally set up an additional regional reserve fund for Helaba.

Development institution WIBank, which is organised as a dependent institution within Helaba, enjoys the direct statutory guarantee of the State of Hesse as regulated by law and as permitted under EU law on state aid.

Default Risk

Chart 1 shows the total volume of lending (comprising drawdowns and unutilised lending commitments) in the narrow Group companies (Helaba plus subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG and Helaba Asset Services) of € 221.2 bn as at 30 June 2021 (31 December 2020: € 215.2 bn) broken down by portfolios. The total volume of lending is the risk exposure value calculated in accordance with the legal provisions applicable to large exposures before applying the exemptions in relation to calculating utilisation of the large exposure limit and before applying credit mitigation techniques.

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



The lending activities in the narrow Group companies as at 30 June 2022 focused on the following portfolios: public sector, commercial real estate and corporate customers.

The summary below provides an overview of the regional breakdown of the total lending volume in the narrow Group companies by borrower's country of domicile.

Region		in € bn
	30.6.2022	31.12.2021
Germany	160.2	152.9
Rest of Europe	50.3	47.5
North America	21.2	19.2
Oceania	0.6	0.5
Other	0.9	0.6

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

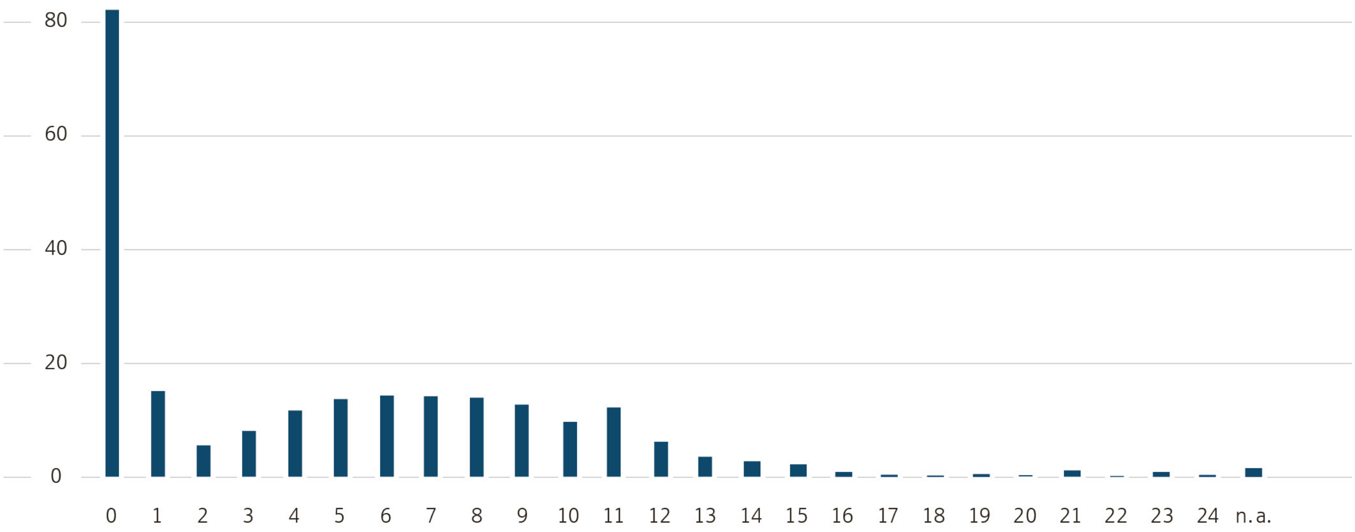
Creditworthiness / risk appraisal

Helaba employs 16 rating systems developed together with DSGV or other Landesbanken and two rating systems developed internally. Based on statistical models, these systems classify loan exposures, irrespective of the customer or asset group, by the fixed probability of default (PD) using a 25-point cardinal default rating scale.

Chart 2 shows the total volume of lending in the narrow Group companies (Helaba plus subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG and Helaba Asset Services) of € 233.1 bn (31 December 2021: € 220.8 bn) broken down by default rating category.

Total volume of lending by default rating category (narrow Group companies)

Chart 2 in € bn



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 € 1,535 m (31 December 2021: € 1,496 m). The change in risk exposure in the first half of 2022 was driven largely by an increase in exposures in Corporate Banking and in the banking sector. The resulting increase in risk was partly offset by a reduction in business with a customer in Global Markets representing a concentration of exposures.

Critical sub-portfolios / Ukraine war / COVID-19

In general, the standardised risk management framework extended in 2020 in the context of the COVID-19 pandemic provides Helaba with a risk management tool with which to identify, assess, report and manage risks arising as a result of the Ukraine war.

In the first half of 2022, 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 sub-portfolios 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.). The sub-portfolios were flagged in the Bank's systems and, where necessary, changes were made to the risk classification and / or the respective exposure strategy.

Net exposure to the sub-portfolios classified as affected amounted to around € 1.3 bn as at 30 June 2022 (of which around € 0.2 bn had been classified as critical sub-portfolios) and related predominantly to companies / customers in the corporate customers portfolio. Helaba's net exposure in the narrow Group companies to borrowers in the Russian Federation, Ukraine and Belarus amounted to around € 22 m in total as at the reporting date (31 December 2021: around € 27 m).

The situation around the Ukraine war and the related turmoil and geopolitical tensions represent a rapidly increasing risk for the Bank. Against this background, the Bank has implemented appropriate precautionary and risk-mitigating measures. Credit risk in the narrow Group companies continues to undergo close monitoring and regular assessment, as a result of which further effects of the war and additional economic sanctions will also be continuously monitored and assessed along with the ongoing COVID-19 pandemic.

In the first half of 2022, 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.

The analyses carried out identified critical sub-portfolios with a total lending volume of around € 11.7 bn as at 30 June 2022 (31 December 2021: € 12.5 bn, only sub-portfolios affected by the COVID-19 pandemic) in the commercial real estate, corporate customers and transport and equipment portfolios.

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

Portfolio	Critical sectors	Watchlist
Commercial Real Estate	€ 6.4 bn	€ 0.8 bn
Corporate Customers	€ 3.5 bn	€ 1.9 bn
Transport and Equipment	€ 1.8 bn	€ 0.4 bn

Overall, the lending portfolio for the narrow Group companies again proved to be stable for the most part in the first half of 2022, just as would be expected given its high quality. Heightened risk materialised as a result of rating deteriorations and, to a lesser extent, default events. The actual rating deteriorations and default events remain well below the increase in default risk anticipated by management.

Depending on factors such as the further course of the COVID-19 pandemic and the war in Ukraine, Helaba cannot rule out the possibility of further rating deteriorations or defaults in the course of the year.

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 a potential stoppage of gas deliveries, 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 (32) of the consolidated financial statements.

Country risks

Country risk (transfer, conversion and sovereign default risks) from Helaba loans issued by the narrow Group companies to borrowers based outside Germany amounted to € 66.7 bn (31 December 2021: € 61.9 bn), most of which was accounted for by borrowers in Europe (67.6 %) and North America (30.4 %). As at 30 June 2022, 50.5 % (31 December 2021: 75.6 %) of these risks were assigned to country rating classes 0 and 1 and a further 49.3 % (31 December 2021: 24.3 %) came from rating categories 2-15. Just 0.2 % (31 December 2021: 0.1 %) fell into rating class 16 or worse. The change in the risk structure is due especially to the migration of the United States of America from rating class 1 to rating class 2.

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.

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.

The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows a slightly increased economic risk exposure of € 147 m (31 December 2021: € 140 m) for the Helaba Group from equity risk. The slight increase in equity risk is due to new equity investments in the portfolio and capital calls made by fund investments.

Market Risk

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 30 June 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 93 % (31 December 2021: 91 %) of the linear interest rate risk for the overall portfolio of the narrow Group companies, US dollar positions 4 % (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 risk is attributable to US dollar positions. Residual risk amounted to € 10 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 € 271 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 € 1,291 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	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Trading book	21	9	20	8	–	1	1	–
Banking book	104	37	88	31	–	–	16	6
Total	**122**	**45**	**106**	**38**	**1**	**1**	**15**	**6**

The risk measuring systems are based on a modified variance-covariance approach or a Monte Carlo simulation. The latter is used in particular for mapping complex products and options. Non-linear risks in the currency field, which are of minor significance at Helaba, are monitored using sensitivity analyses.

Internal model in accordance with the CRR

Helaba calculates the regulatory capital required for the general interest rate risk using an internal model in accordance with the CRR. This model, which consists of the risk measurement systems MaRC² (linear interest rate risk) and ELLI (interest rate option risk), has been approved by the banking regulator.

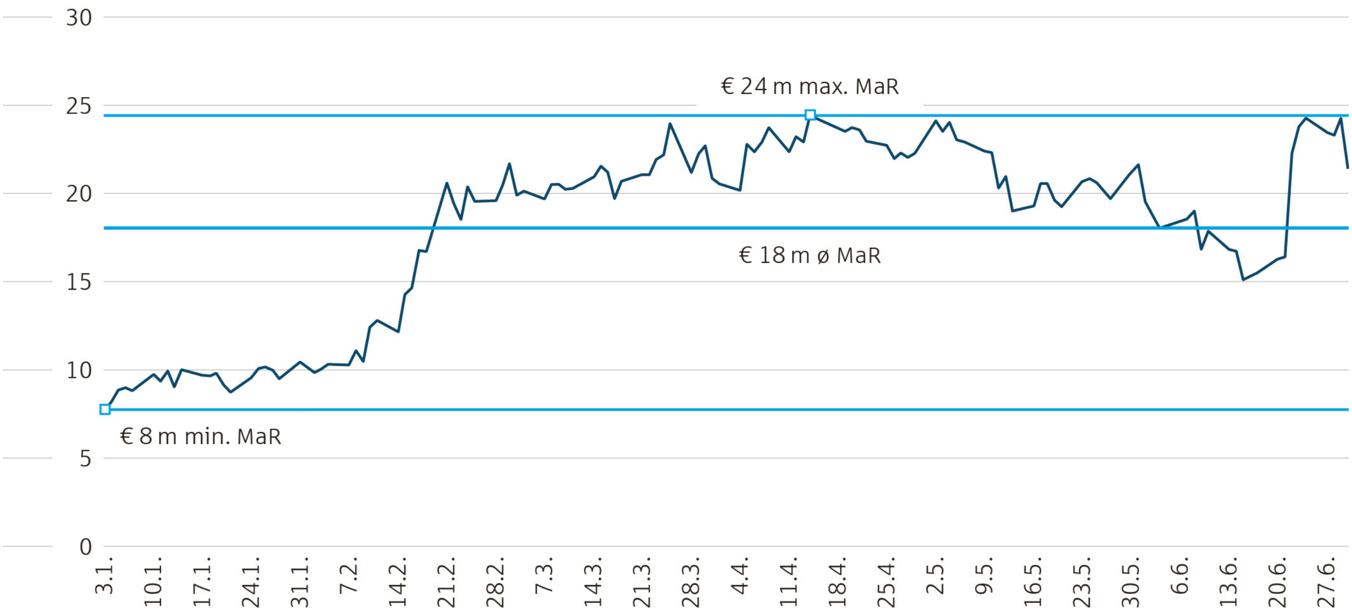
The MaR in the internal model amounted to € 20 m as at 30 June 2022 (31 December 2021: € 8 m).

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 first half of 2022. The average MaR for the first half of 2022 was € 18 m (2021 as a whole: € 15 m), the maximum MaR was € 24 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 the first half of 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 the first half of 2022, and to a normal level of reallocated exposures.

Daily MaR of the trading book in the first half of 2022

Chart 3 in € m



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 at 30 June 2022, such an interest rate shock would, in the unfavourable scenario, have resulted in a negative change of € 580 m in the value of the Helaba Group banking book (31 December 2021: € 109 m). Of this figure, € 579 m (31 December 2021: € 101 m) would have been attributable to local currency and € 1 m (31 December 2021: € 8 m) to foreign currencies. The change compared with the end of 2021 was mainly due to the higher level of interest rates in conjunction with the regulatory requirements for a maturity-related interest rate floor. Helaba carries out an interest rate shock test at least once every quarter.

Performance measurement

Risk-return comparisons are conducted at regular intervals to assess the performance of individual organisational units. Other aspects, including qualitative factors, are also included in the assessment in acknowledgement of the fact that the short-term generation of profits is not the sole objective of the trading units.

Liquidity and Funding Risk

Ensuring liquidity so as to safeguard its short-term solvency and avoid cost risks in procuring medium-term and long-term funding is a top priority at Helaba, which accordingly employs a comprehensive set of constantly evolving tools to record, quantify, contain and monitor liquidity and funding risks in the internal liquidity adequacy assessment process (ILAAP). The processes, tools and responsibilities in place for managing liquidity and funding risks have clearly demonstrated their value both in the COVID-19 pandemic and over recent years in the face of the global crisis in the financial markets and the resultant turmoil in the money and capital markets. Helaba's liquidity was fully assured at all times in the first half of 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.

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 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 five days up to one year depending on the specific scenario. Monitoring the limits is the responsibility of the Risk Controlling unit. In 2021, the presentation of liquidity was switched to an economic liquidity coverage ratio in order to expand the dovetailing between regulatory and economic perspectives required in the ILAAP. The coverage in the most relevant scenario (30 day solvency) was 156 % as at 30 June 2022 as a result of the excellent level of liquidity adequacy (31 December 2021: 180 %). This increases to 160 % (31 December 2021: 188 %) if Frankfurter Sparkasse is included. The average coverage ratio in the first half of 2022 was 161 % (2021: 180 %), reflecting the excellent liquidity situation.

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 Group stood at 171 % on 30 June 2022 (31 December 2021: 184 %). 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 makes 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.

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 30 June 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 30 June 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 30.6.2022	Reporting date 31.12.2021
	VaR 99.9 %	VaR 99.9 %
Helaba	198	192
Frankfurter Sparkasse, Helaba Invest and other companies included in risk management at the level of individual risks	95	98
Total	**293**	**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 € 284 m (31 December 2020: € 278 m) for the Helaba Regulatory Group from operational risk. The increase is largely attributable to a lack of precision in the simulation and to the “other companies” item.

COVID-19 pandemic

Business continuity management (BCM) measures were implemented in response to the COVID-19 pandemic in 2020 and continued in 2021. These measures included a greater level of remote working to ensure the health and safety of employees and maintain the availability of operating processes.

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

The analysis as at the 30 June 2021 reporting date under the economic internal perspective for the calculation of risk-bearing capacity indicates that, compared with the position as at the end of 2020, business risks increased by € 48 m to € 204 m (31 December 2020: € 156 m). This increase is largely attributable to adjustments made to the methodology used for determining business risk.

Real estate risk

The Portfolio and Real Estate Management department in cooperation with the Group companies handles risk containment for the real estate projects and real estate portfolios. Risk containment encompasses all of the measures implemented in order to reduce, limit and avoid risks and to keep intentional risk exposure compliant with the risk strategy and the specified limits adopted by the Executive Board. The Risk Controlling unit’s activities in relation to real estate risks focus on risk quantification and risk monitoring. Risk quantification includes determining the capital necessary to ensure that risk-bearing capacity is maintained.

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

The analysis as at the reporting date under the economic internal perspective shows a risk of € 210 m (31 December 2020: € 174 m) from real estate projects and real estate portfolios. The increase resulted primarily from the expansion of the real estate project portfolio and the real estate portfolio in one of the Regulatory Group entities and a larger real estate portfolio at Helaba. These risks continue to be fully covered by the expected income from the associated transactions.

Outlook and Opportunities

Economic conditions

The momentum gained by the global economy as the pandemic subsides is being curbed by capacity shortages as well as the price and confidence shock triggered by the Ukraine war. China continues to battle the virus by imposing lockdowns. Inflation and bottlenecks are acting as a drag and monetary policy is becoming less expansionary. The US economy will grow by around 2 % in 2022 and expand by just 1.5 % next year.

Although, in principle, the euro zone faces the same problems as Germany, economic growth in this currency area in 2022 will be higher than in Germany, at 3 %. Firstly, important countries such as Italy and Spain are benefiting from the European recovery programme NextGenerationEU. Secondly, tourism – which has now got going again – plays a greater role in these countries, whereas industry – currently acting as a brake – is less significant. In 2023, economic growth in the euro zone is likely to drop to around 1 %.

The ECB has stopped its net bond-buying and in July raised key interest rates for the first time in eleven years. By the middle of next year, the deposit rate will likely have been lifted from – 0.5 % to 1.5 %, and the main refinancing rate from 0.0 % to 2.0 %. To prevent risk premiums in the euro zone from rising, the ECB intends to actively intervene in the bond market if necessary, to which end it has created a new asset purchase tool, the Transmission Protection Instrument. If there is a recession in the euro zone, however, the trajectory of interest rate rises is likely to be flatter. The US Federal Reserve has changed course by embarking on a path of aggressive tightening. Due in part to its excessively generous injections of liquidity in the past, it now has considerable problems bringing inflation under control. By the beginning of 2023, the benchmark rate in the USA is likely to rise to just over 3.5 %. Yields on capital markets on both sides of the Atlantic will probably climb 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.

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

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

To counter the upward pressures on costs in recent years, Helaba continues to pursue the "Scope – Growth through Efficiency" transformation project with full vigour and will largely complete the measures under the project by the end of 2022.

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

Helaba sees particular opportunities for growth in sustainable finance. It has been structuring projects in the renewable energy and digital infrastructure fields successfully for many years and its involvement in the structuring and syndication of green, social and ESG-linked finance and promissory notes increased again in the first half of 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 aims here to build up its ESG expertise across the whole of the Group so that it can offer customers a truly holistic advisory service.

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

The digital transformation is marching on and will continue to bring huge changes to the banking industry as well as to attract other competitors to the market. Helaba, too, will continue to systematically shape and drive this digital transformation.

In implementing its existing digitalisation strategy, Helaba continuously identifies, assesses and prioritises trends in digitalisation so that it can initiate and coordinate strategically relevant initiatives. 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. Helaba pursues collaborative partnerships with fintechs, or makes equity investments in such entities, through its equity investment company Helaba Digital. It intends to continue expanding the portfolio of strategic equity investments and thereby proactively help to shape the development of the markets concerned. 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 has since been extended 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.

Further opportunities for enhancing efficiency at Helaba are also presenting themselves in the form of blockchain applications and artificial intelligence technologies. One specific initiative is the “Marco Polo” blockchain platform to develop new working capital and foreign trade financing processes. The ongoing development of payment transactions in the direction of programmable payments and programmable money could also present 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.

The latest available technology already enables providers to offer innovative and significantly more efficient payments solutions in B2B transactions by integrating these solutions directly into customer business processes (embedded finance). In addition to the use of distributed ledger technology for programmable payments, 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 a “digital euro” and draw up use cases for programmable payments in 2020 and 2021. The challenge now is to develop specific solutions for ongoing use by customers.

Technological progress is opening up new possibilities for data analysis and use too, prompting Helaba to become a partner in the Financial Big Data Cluster (FBDC) initiative. In a project that will run for a number of years, the initiative and its members aim to build up an extensive resource of data relevant to the financial sector and to develop applications drawing on artificial intelligence for use in analysing this data. Helaba is particularly interested in the sustainable finance element of the initiative.

Our 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.

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 the Bank 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.

As at the reporting date, 13 separate programmes were in train to implement the first wave of the overall programme. The programme has achieved some major milestones since it began in that the core implementation partners have been selected and started work, requirements have been recorded and the implementation phase has started.

Long-term customer relationships combined with a sustainable business policy in the carefully selected domestic and international target markets have formed the basis for the growth in new business in the Real Estate segment over the last few years. Even during periods of increasing competition and downward pressure on margins, Helaba believes that there are good opportunities for the Bank to assert and continue to consolidate its market position in real estate lending based on its product expertise and on its well-established presence in the markets over many years. Helaba has identified particular opportunities in real estate lending business in areas including the provision of attractive sustainable financing products, the digitalisation of customer-facing processes and interfaces and the enhancement of its regional presence. In mid-2021, Helaba joined the ECORE initiative, thereby pursuing the Bank's aim of contributing to the standardisation of the data landscape around the question of whether real estate is sustainable and compliant with the EU Taxonomy. The initiative has left the design phase and the ECORE scoring model is now in the pilot phase. Scoring is scheduled to be applied in practice in 2022. At the same time as developing and delivering the scoring model, ECORE is also embarking on a change of governance structure. By establishing an association and separating the technical development and operation of the scoring model, it intends to ensure its independence from economic interests, which will further increase market acceptance of ECORE..

The Corporates & Markets segment encompasses the customer-driven wholesale business. Helaba is broadening its activities in corporate finance business with targeted product initiatives that include the development and expansion of sustainable products and the strengthening of development loan structuring activities. Another key component of Helaba's activities is the provision of finance for infrastructure and infrastructure-related services in the form of project and transport finance. It has identified opportunities associated with the digitalisation and optimisation of processes and systems throughout the value chain as well as with closer integration of corporate banking activities with the FBG Group.

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

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 in a market shaped by persistently high competitive pressure and regulatory requirements. The associated opportunities are being systematically exploited with the aim of generating fees and commissions to counter the ongoing significant downward pressure on margins in a world still shaped by negative interest rates.

Helaba recognised the underlying change processes in the payment transactions market at an early stage and has already developed a number of different initiatives over the last few years in response to the new technical possibilities and evolving customer requirements typical of the digital age, not least co-operative arrangements with selected fintechs.

Helaba has assumed a leading role in the Sparkassen-Finanzgruppe in connection with the introduction and implementation of instant payments. The ongoing expansion of the girocard in e-commerce is just one of the steps being taken in response to the digital structural change in cash management business. The addition of the co-badged Debit MasterCard and Visa Debit card to the girocard product range combines the global payment options at the point of sale with the extended internet capability of the card. Helaba is also working to safeguard its leading role in payment transaction processing in the future by ensuring that it is well-positioned in the current #DK initiative (German Banking Industry Committee) and the European Payments Initiative (EPI 2.0), which aim to provide a secure, demand-based and efficient wallet payment system in Germany and, optionally, in Europe. Helaba is continuing to systematically advance the digitalisation of its payment transactions services.

A sustainability-led regional universal bank and market leader in private customer business, Frankfurter Sparkasse enjoys particular opportunities in the Retail & Asset Management segment thanks to its strong local roots. Its network of local branches is in a state of flux, but still represents the cornerstone of its sales organisation and has been augmented by digital advisory units for private and business customers. Customers also have the option of other user-friendly access channels (online, mobile, chat, telephone) if they prefer. Frankfurter Sparkasse is stepping up work to develop these additional channels to help it compete effectively as a genuine multi-channel provider. The targeted transformation of Frankfurter Sparkasse, shifting its focus more onto lending and fee and commission business, will open up new opportunities for the institution. Sustainability concerns are becoming more and more important in investment and lending business too.

Frankfurter Sparkasse's digital sales platform, 1822direkt, once again received multiple awards in 2022 for the quality of its products, advice and service, highlighting the appeal of its offering. It also received the accolade of "Best bank" in the overall rating resulting from Germany's largest assessment of banking services. Frankfurter Sparkasse intends to make even greater use of existing market opportunities by stepping up its expansion of securities business and home finance for private customers.

Further business potential can be leveraged with the subsidiary Helaba Invest through the even tighter integration within the Helaba Regulatory Group. Helaba Invest's strategic focus on its three main pillars – AM Liquid, AM Illiquid and Administration (master investment company) – presents opportunities for it to build on its position as the leading provider of special funds both within and outside the Sparkassen-Finanzgruppe. Helaba Invest's position continues to strengthen as the development of its sustainability agenda at company level and its holistic sustainability approach in own asset management (including ESG reporting for customers and the adoption of defined ESG minimum standards across the entire product range for all the investment processes established in Helaba Invest's portfolio management activities) gathers pace. Helaba Invest has been carbon-neutral as a site and in its business travel since 2020.

In the first half of 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. Further sustainability-linked products are planned. These products anticipate regulatory requirements with the aim of creating an offering in line with market requirements. Corporate social responsibility activities are also being expanded as part of a holistic approach to sustainability. In 2022, the high quality of Helaba Invest's ESG offerings was confirmed when it was awarded 'platinum' classification in the TELOS ESG Company

Check for the very professional and dynamic integration of sustainability factors at an organisational level and at the level of the investment solutions.

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

Potential exists for the GWH Group to continue growing its portfolio of managed residential units through the real estate funds business line and also by buying and building new housing portfolios, especially in regions of strong economic performance. Progress in this area is being supported by expanding (on a modest scale) residential real estate project development, increasing depth in the portfolio value chain and optimising the existing portfolio. These activities pay due regard to ongoing, sustainable optimisation of the energy and carbon footprint of residential buildings.

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

In the development business segment, there are more opportunities and potential available from the further expansion of the product portfolio, in particular the accelerated integration of sustainability objectives. Ongoing digitalisation and process optimisation also remain a priority, as does improving the online service 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 hub Fluxum, an accelerator that offers an optimum environment for the technical and commercial development of green tech innovations. 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), Fitch Ratings (Fitch) and Standard & Poor's (S&P). 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 and S&P (until 30 June 2022), Helaba is rated jointly with the Sparkassen in Hesse and Thuringia in the form of an S-Group rating. Fitch confirmed its ratings for the Sparkassen-Finanzgruppe Hessen-Thüringen at "A+/F1+" and continued to rate the outlook as "stable" in the first half of 2022. The Sparkassen-Finanzgruppe Hessen-Thüringen had its S&P rating upgraded by one notch to "A/A-1", with the outlook maintained at "stable".

The strategically significant funding instruments "public Pfandbriefe" and "mortgage Pfandbriefe" both have AAA ratings. Thanks to its excellent standing among institutional and private investors and its diversified product range, Helaba has consistently enjoyed direct access to the funding markets over the last few years. Helaba's status as part of a strong association of financial institutions also underpins its ongoing ability to access funding in the money and capital markets.

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

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

Physical foreign notes and coins and precious metals business for Sparkassen and their customers will in future be processed through Helaba. As a leading service provider in foreign notes and coins and precious metals business, Helaba already supports the majority of the Sparkassen in Germany and is keen to further develop this working partnership with the Sparkassen. The transfer of international documentary business and international payment transactions to Helaba opens up further opportunities to strengthen Helaba's role as a central correspondent and provider of payment transaction processing services for the S-Finanzgruppe.

Because of the challenging nature of the prevailing economic conditions, the banking sector finds itself in a continuous process of adjustment, with increasing pressure to consolidate. Inorganic growth is an option for public-sector banks too as a way of putting their business model on an even sounder footing, facilitating sustainable growth and exploiting new opportunities in the market. Helaba will remain open to the idea of partnerships and possible mergers in future.

Overall, Helaba finds itself well placed to meet the challenges of the future over the long term with its established strategic business model. The fundamental business strategy is sound and the broad diversification of the business model has acted as a stabilising factor, particularly in the current market situation. The Bank has also identified development opportunities involving broader diversification and the ongoing expansion of business areas in non-interest income business. Sustainable finance 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.

Probable development of the Group

The forecasts for 2022 contained in the 2021 Annual Financial Report are being impacted by the further effects of the Ukraine war, which in many respects are as yet unforeseeable. The forecasts for operating income can largely be confirmed. Loss allowances will be well below the prior-year figure, but reflect a prudent allocation and a further addition to the management adjustment. Overall, the Bank expects loss allowances for the year as a whole to be relatively stable compared with the budgeted figure. In the first half of the year, the very strong upward trend in net trading income was partly neutralised by the net expense from hedge accounting and other financial instruments measured at fair value (not held for trading) due to offsetting economic hedges.

In view of the performance in the first half of the year, Helaba expects that the overall volume of medium- and long-term new business budgeted for the whole of the year will be achievable. However, within the overall figure, some shifts are apparent between the segments.

Net interest income is expected to be slightly lower than the prior-year figure and at the budgeted level. In line with expectations for loss allowances, net interest income after loss allowances will likewise be almost unchanged from the budgeted amount and on a par with the prior-year figure.

Net fee and commission income is projected to be at the budgeted level for the year as a whole and therefore markedly higher than the prior-year level.

Net income from investment property appears to be running in line with budget and will therefore probably be significantly higher than the prior-year figure.

Based on the current trend in interest rates and continued stability in customer business, net trading income for the year as a whole is expected to be very much higher than the prior-year figure and the budgeted level.

In this context, it is also anticipated that net income from hedge accounting and other financial instruments measured at fair value (non-trading) will be very much lower than the budgeted and prior-year figures at year-end due in part to offsetting economic hedges.

Other net income / expense was impacted by one-time items in the first half of the year, as a result of which the overall figure for the year as a whole is also expected to be well above budget.

General and administrative expenses are expected to be slightly higher than budgeted overall due to the very sharp increase in costs for the European bank levy and the reserve funds compared with both the prior-year figure and the budgeted level. These expenses include extensive project activities, including work to upgrade the IT infrastructure. Measures are being implemented to counter the uptrend in costs, including those forming part of the “Scope – Growth through Efficiency” transformation programme.

The consolidated profit before taxes budgeted at the prior-year level is achievable from a current perspective, but subject to a high degree of uncertainty due to the geopolitical environment.

The key risk to Helaba’s operating activities is the further severe economic turmoil that could result from the Ukraine war or a substantial increase in the constraints on energy supply.

Overall assessment

Helaba generated consolidated profit before taxes of € 327 m in the first half of 2022. The operating business continues to perform well; in particular, the further very sharp rise in net fee and commission income is very encouraging. Net interest income is underpinned by the ECB’s tender operations (TLTRO III).

An adequate addition to loss allowances was recognised, although no appreciable level of defaults has occurred to date. General and administrative expenses, which also reflect the very sharp increase in the bank levy and contributions to the reserve funds, show a slight rise overall.

The manifold effects of the Ukraine war are leading to a high degree of uncertainty and continue to determine global economic and financial market performance. The strains attributable to energy shortages, rapid rises in inflation, supply chain bottlenecks and higher interest rates are a brake on economic performance. If deliveries of Russian natural gas stop altogether, Germany will probably experience a deep economic recession. Thanks to its well-diversified business model and the consistent implementation of the strategic agenda, Helaba finds itself well placed to engage with the challenges to come in 2022 and currently believes that the net profit budgeted for the year can be achieved – provided that there is no further severe turmoil that results in an economic downturn in the near term.

Frankfurt am Main / Erfurt, 9 August 2022

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Consolidated Interim Financial Statements

Consolidated Income Statement

for the period 1 January to 30 June 2022

		1.1.–30.6.2022	1.1.–30.6.2021	Change
	Notes	in € m	in € m	in %
Net interest income	(3)	666	643	3.7
Interest income		1,765	1,647	7.2
thereof: Calculated using the effective interest method		993	961	3.3
Interest expenses		–1,099	–1,004	–9.5
Loss allowances	(4)	–85	–141	39.9
Gains or losses from non-substantial modification of contractual cash flows	(5)	0	–	–
Net interest income after loss allowances and modifications		**582**	**502**	**15.9**
Dividend income	(6)	6	6	1.5
Net fee and commission income	(7)	269	223	20.2
Fee and commission income		348	288	20.7
Fee and commission expenses		–79	–65	–22.4
Net trading income	(8)	299	108	>100.0
Gains or losses on other financial instruments mandatorily measured at fair value through profit or loss	(9)	–1,528	–168	>–100.0
Gains or losses on financial instruments designated voluntarily at fair value	(10)	1,358	246	>100.0
Net income from hedge accounting	(11)	8	–0	>100.0
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	(12)	21	–0	>100.0
thereof: From financial assets measured at amortised cost		0	–	–
Share of profit or loss of equity-accounted entities	(13)	0	5	–96.4
Other net operating income	(14)	182	154	18.1
General and administrative expenses	(15)	–800	–720	–11.1
Depreciation	(16)	–69	–62	–12.3
Profit or loss before tax		**327**	**293**	**11.6**
Taxes on income		–105	–93	–13.0
Consolidated net profit		**223**	**201**	**10.9**
thereof: Attributable to non-controlling interests		–0	0	>–100.0
thereof: Attributable to shareholders of the parent		223	200	11.2

Consolidated Statement of Comprehensive Income

for the period 1 January to 30 June 2022

	1.1.–30.6.2022	1.1.–30.6.2021	Change
	in € m	in € m	in %
Consolidated net profit according to the consolidated income statement	**223**	**201**	**11**
Items that will not be reclassified to the consolidated income statement:	**516**	**33**	**>100.0**
Remeasurement of net defined benefit liability	569	121	>100.0
Change in fair value of equity instruments measured at fair value through other comprehensive income	–4	2	>–100.0
Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	171	–79	>100.0
Taxes on income on items that will not be reclassified to the consolidated income statement	–221	–11	>–100.0
Items that will be subsequently reclassified to the consolidated income statement:	**–248**	**–61**	**>–100.0**
Share of profit or loss of equity-accounted entities	0	0	–74.6
Unrealised gains (+)/losses (–) recognised in the reporting period	0	0	–74.6
Change in fair value of debt instruments measured at fair value through other comprehensive income	–428	–73	>–100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	–407	–74	>–100.0
Gains (–)/losses (+) reclassified to the consolidated income statement in the reporting period	–21	0	>–100.0
Gains or losses from currency translation of foreign operations	7	2	>100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	7	2	>100.0
Gains or losses from fair value hedges of currency risk	55	–18	>100.0
Unrealised gains (+)/losses (–) recognised in the reporting period	55	–18	>100.0
Taxes on income on items that will be subsequently reclassified to the consolidated income statement	118	29	>100.0
Other comprehensive income after taxes	**268**	**–28**	**>100.0**
Comprehensive income for the reporting period	**491**	**173**	**>100.0**
thereof: Attributable to non-controlling interests	–0	0	>–100.0
thereof: Attributable to shareholders of the parent	491	173	>100.0

Consolidated Statement of Financial Position

as at 30 June 2022

Assets

	Notes	30.6.2022 in € m	31.12.2021 in € m	Change in %
Cash on hand, demand deposits and overnight money balances with central banks and banks	(18), (32)	40,991	34,039	20.4
Financial assets measured at amortised cost	(19), (32)	130,982	130,014	0.7
Trading assets	(20)	12,458	15,308	−18.6
Other financial assets mandatorily measured at fair value through profit or loss	(21)	3,213	5,702	−43.6
Financial assets designated voluntarily at fair value	(22)	3,114	3,661	−15.0
Positive fair values of hedging derivatives under hedge accounting	(23)	308	541	−43.0
Financial assets measured at fair value through other comprehensive income	(24), (32)	16,959	17,194	−1.4
Shares in equity-accounted entities	(25)	42	40	5.8
Investment property	(26)	3,095	2,994	3.4
Property and equipment	(27)	707	669	5.8
Intangible assets	(28)	164	161	1.9
Income tax assets		578	788	−26.6
Current income tax assets		113	193	−41.2
Deferred income tax assets		465	596	−21.9
Other assets	(29)	1,184	1,228	−3.6
Total assets		**213,797**	**212,341**	**0.7**

Equity and liabilities

	Notes	30.6.2022 in € m	31.12.2021 in € m	Change in %
Financial liabilities measured at amortised cost	(19)	171,067	168,256	1.7
Trading liabilities	(20)	15,132	13,301	13.8
Negative fair values of non-trading derivatives	(21)	3,433	4,850	–29.2
Financial liabilities designated voluntarily at fair value	(22)	11,302	12,268	–7.9
Negative fair values of hedging derivatives under hedge accounting	(23)	1,363	1,951	–30.1
Provisions	(30)	1,378	1,877	–26.6
Income tax liabilities		95	106	–11.0
Current income tax liabilities		77	98	–22.1
Deferred income tax liabilities		18	8	>100.0
Other liabilities	(29)	407	510	–20.3
Equity	(31)	9,622	9,222	4.3
Subscribed capital		2,509	2,509	–
Capital reserves		1,546	1,546	–
Additional Tier 1 capital instruments		354	354	–
Retained earnings		5,471	5,338	2.5
Accumulated other comprehensive income (OCI)		–261	–529	50.7
Non-controlling interests		3	4	–25.3
Total equity and liabilities		**213,797**	**212,341**	**0.7**

Consolidated Statement of Changes in Equity

for the period 1 January to 30 June 2022

in € m

	Subscribed capital	Capital reserves	Additional Tier 1 capital instruments	Retained earnings	Accumulated other comprehensive income	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
As at 1.1.2021	**2,509**	**1,546**	**354**	**4,942**	**–511**	**8,839**	**2**	**8,842**
Dividend payment				–90		–90		–90
Comprehensive income for the reporting period				201	–28	173	0	173
thereof: Consolidated net profit				201		201	0	201
thereof: Other comprehensive income after taxes					–28	–28	–	–28
As at 30.6.2021	**2,509**	**1,546**	**354**	**5,052**	**–539**	**8,922**	**3**	**8,925**
Dividend payment				–14		–14	–	–14
Comprehensive income for the reporting period				299	10	309	2	311
thereof: Consolidated net profit				299		299	2	301
thereof: Other comprehensive income after taxes					10	10	–	10
As at 31.12.2021	**2,509**	**1,546**	**354**	**5,338**	**–529**	**9,218**	**4**	**9,222**
Dividend payment				–90		–90	–1	–91
Comprehensive income for the reporting period				223	268	491	–0	491
thereof: Consolidated net profit				223		223	–0	223
thereof: Other comprehensive income after taxes					268	268	–	268
Reclassifications within equity				0	–0	–		–
As at 30.6.2022	**2,509**	**1,546**	**354**	**5,471**	**–261**	**9,619**	**3**	**9,622**

Consolidated Cash Flow Statement

for the period 1 January to 30 June 2022 – condensed

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Cash and cash equivalents as at 1.1.	**34,039**	**26,429**
Cash flow from operating activities	8,074	8,165
Cash flow from investing activities	–1,231	2,810
Cash flow from financing activities[1]	11	–44
Effect of exchange rate changes, measurement changes and changes in basis of consolidation	97	–28
Cash and cash equivalents as at 30.6.	**40,991**	**37,332**
thereof: Cash on hand	68	66
thereof: Demand deposits and overnight money balances at central banks and banks	40,923	37,266

[1] Non-cash changes in subordinated liabilities amounted to a decrease of € 4 m (30 June 2021: decrease of € 17 m) and were attributable to accrued interest and measurement effects.

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Notes

Accounting Policies

(1) Basis of Presentation

Basis of accounting

The consolidated interim financial statements of the Helaba Group for the period ended 30 June 2022 have been prepared pursuant to section 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). They also take into consideration the requirements of IAS 34 Interim Financial Reporting. The consolidated cash flow statement is presented in a condensed version; only selected information is disclosed in the notes. The consolidated interim financial statements should be read in conjunction with the Helaba Group's IFRS consolidated financial statements for the year ended 31 December 2021.

The reporting currency of the consolidated financial statements is the euro (€). Euro amounts are generally rounded to the nearest million. Minor discrepancies may arise in totals or in the calculation of percentages in this report due to rounding. If a figure is reported as "0", this means that the amount has been rounded to zero. If a figure is reported as "–", this means that the figure is zero.

The IFRSs and International Financial Reporting Standards Interpretations (IFRICs) that were in force as at 30 June 2022 have been applied in full. The relevant requirements of German commercial law as specified in section 315e HGB have also been observed.

The accounting policies applied in the preparation of the condensed consolidated interim financial statements and the assumptions, estimates and assessments made are generally the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2021. Exceptions are the standards and interpretations described in the following section that have been applied in the Helaba Group since 1 January 2022.

The Ukraine war and the resulting sanctions, including a potential stoppage of gas deliveries, disruption to global supply chains and the COVID-19 pandemic have significantly heightened the uncertainty surrounding the assumptions, estimates and assessments necessary in applying accounting policies. The main areas of uncertainty are the assessment about future macroeconomic conditions and the analysis of whether there has been a significant rise in credit risk. Helaba has taken into account its assessment of future macroeconomic conditions that was not yet fully reflected in the loss allowance models as at the reporting date by recognising a portfolio-based loss allowance. For further details, please refer to Note (32).

For further information on the organisation of risk management, the individual risk types and risk concentrations, including in connection with COVID-19, the Ukraine war and disruption to global supply chains, as well as on further risks arising in connection with financial instruments, please refer to the risk report, which forms an integral part of the management report.

IFRSs applied for the first time

The 2022 financial year was the first year in which mandatory application was required for the following IFRSs and IFRICs adopted by the EU:

- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

  Under IAS 16, the cost of an item of property, plant and equipment includes all costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. One example of directly attributable costs are costs of testing whether the asset is functioning properly. The amendments to IAS 16 that have now been issued prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating (such as proceeds from selling samples produced when testing equipment). In future, the proceeds from selling such samples, and the cost of those samples, will be required to be recognised in profit or loss.

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

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

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

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

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

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

  The amendments change the reference in IFRS 3 to refer to the IFRS Conceptual Framework updated in 2018. In order to ensure that merely updating the reference does not result in any material changes, no further minor amendments were made to IFRS 3. A provision added to IFRS 3 specifies that, in identifying liabilities assumed that fall within the scope of IAS 37 or IFRIC 21, an acquirer should refer to IAS 37 or IFRIC 21 rather than the Conceptual Framework. Without this new exception, an entity may have recognised liabilities in a business combination that it would not be allowed to recognise under IAS 37 or IFRIC 21. These amendments are required to be applied to business combinations for which the acquisition date is on or after 1 January 2022.

- Annual Improvements to IFRSs – 2018–2020 Cycle

  The annual improvements include changes to IFRSs with an impact on recognition, measurement and reporting of transactions, and also terminology and editorial adjustments. The following standards were affected by the improvements in this cycle:

  - IAS 41 Agriculture
  - IFRS 1 First-Time Adoption of International Financial Reporting Standards
  - IFRS 9 Financial Instruments

The adoption of the new or amended standards and interpretations had little or no impact on the consolidated financial statements.

Implementation of the IBOR Reform at Helaba

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

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

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

Unmodified contracts held by the Bank that were still in existence at 30 June 2022 but nevertheless affected by the switch in benchmark interest rates related primarily to USD LIBOR and where applicable to EURIBOR.

in € m

	Non-derivative financial assets		Non-derivative financial liabilities		Derivatives (notional amounts)	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
EONIA	–	400	–	3,723	–	–
EURIBOR	22,595	22,497	2,990	3,074	512,093	446,969
LIBOR						
USD	11,112	11,327	254	442	52,998	53,110
GBP	527	3,212	–	17	531	8,155
CHF	50	140	–	–	51	152

Overall, there were no material effects on financial circumstances from the contractual changeovers, nor are any material effects currently anticipated from outstanding modifications, changeovers or amendments to other market parameters used in valuations. The impact and market changes arising from the outstanding switch away from USD LIBOR rates and from existing hedges structured on this basis are currently still being analysed.

New financial reporting standards for future financial years

The standards and interpretations listed below have been issued by the IASB and the IFRS IC (IFRS Interpretations Committee), but have only been partially adopted by the EU and will only become mandatory in later financial years, and have thus not been applied early by Helaba, nor is any early application planned. These standards and interpretations are expected to have little or no impact on the consolidated financial statements.

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts

Amendments to recognised amounts, changes to estimates, adjustment of prior-year figures, correction of errors

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

Presentation changes or adjustments have been applied to prior-year figures within the disclosures in Notes (17) and (33). Please refer to the relevant Notes for details. Among other things, the calculation of the CIR and RoE has been adjusted such that expenses for the bank levy and the SGVHT and DSGV protection schemes are in each case included on a pro rata basis. In prior-year interim financial statements, they were included in full. The prior-year figures were adjusted accordingly. There has been no impact on the figures for consolidated net profit or equity from these changes.

(2) Basis of Consolidation

In addition to the parent company Helaba, a total of 120 entities are consolidated in the Helaba Group (31 December 2021: 121). Of this total, 89 (31 December 2021: 90) entities are fully consolidated and 31 (31 December 2021: 31) entities are included using the equity method. The fully consolidated companies are subsidiaries and special purpose entities in accordance with IFRS 10, including collective investment undertakings.

The consolidated financial statements do not include 23 (31 December 2021: 24) subsidiaries, 17 (31 December 2021: 17) joint ventures and eleven (31 December 2021: ten) associates that are of minor significance for the presentation of the financial position and financial performance of the Helaba Group. The shares in these entities are reported under financial assets measured at fair value through other comprehensive income if they constitute material strategic equity investments; otherwise, they are reported under financial assets mandatorily measured at fair value through profit or loss.

The changes in the basis of consolidation during the reporting period were related to the subsidiaries shown below.

Changes in the group of fully consolidated entities

Entities added	
GWH Projekt Lyoner Gärten GmbH & Co. KG, Frankfurt am Main	Entity established in January 2022

Entities removed	
BHT Baugrund Hessen-Thüringen GmbH, Frankfurt am Main	Merged with OFB Projektentwicklung GmbH in March 2022
Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG, Pullach	MAIN TOWER held by the entity acquired by Helaba and entity closed in April 2022

Consolidated Income Statement Disclosures

(3) Net Interest Income

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Interest income from	**1,765**	**1,647**
Financial assets measured at amortised cost	**979**	**949**
thereof: Calculated using the effective interest method	948	914
Bonds and other fixed-income securities	3	0
Loans and receivables	975	949
Non-trading financial assets mandatorily measured at fair value through profit or loss	**398**	**304**
Bonds and other fixed-income securities	4	4
Loans and receivables	2	2
Derivatives not held for trading	393	298
Financial assets designated voluntarily at fair value	**13**	**14**
Bonds and other fixed-income securities	1	1
Loans and receivables	12	12
Financial assets measured at fair value through other comprehensive income	**44**	**47**
thereof: Calculated using the effective interest method	44	47
Bonds and other fixed-income securities	40	44
Loans and receivables	4	3
Hedging derivatives under hedge accounting	**106**	**118**
Financial liabilities (negative interest)	**191**	**179**
Financial liabilities measured at amortised cost	191	179
Other	**34**	**36**
Cash on hand and demand deposit balances	1	0
thereof: Calculated using the effective interest method	1	0
Commitment fees	33	36

Table continued on next page.

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Interest expense on	**–1,099**	**–1,004**
Financial liabilities measured at amortised cost	**–444**	**–430**
Securitised liabilities	–142	–131
Deposits and loans	–301	–298
Other financial liabilities	–1	–1
Derivatives not held for trading	**–268**	**–208**
Financial liabilities designated voluntarily at fair value	**–80**	**–82**
Securitised liabilities	–28	–25
Deposits and loans	–52	–57
Hedging derivatives under hedge accounting	**–170**	**–156**
Financial assets (negative interest)	**–133**	**–115**
Financial assets measured at amortised cost	–132	–114
Financial assets measured mandatorily at fair value through profit or loss	–0	–1
Financial assets designated voluntarily at fair value	–0	–0
Financial assets measured at fair value through other comprehensive income	–0	–0
Provisions and other liabilities	**–4**	**–12**
Unwinding of discount on provisions for pension obligations	–9	–11
Unwinding of discount on other provisions	6	–0
Sundry liabilities	–1	–1
Net interest income	**666**	**643**

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

Interest income and expenses relating to trading activities are reported under net trading income.

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

The Helaba Group's total borrowing under the ECB's TLTRO III programme amounted to € 24.2 bn as at 30 June 2022 (31 December 2021: € 24.2 bn). Receipt of the additional interest benefit for the special additional reporting period from 24 June 2021 to 23 June 2022 was confirmed on 10 June 2022. In the reporting period, interest income from financial liabilities included a TLTRO III bonus amount totalling € 60 m (H1 2021: € 62 m).

(4) Loss Allowances

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Financial assets measured at amortised cost	**–76**	**–131**
Demand deposits and overnight money balances at central banks and banks	–0	–0
Additions to cumulative loss allowances	–0	–0
Reversals of cumulative loss allowances	0	0
Bonds and other fixed-income securities	–0	–0
Additions to cumulative loss allowances	–0	–0
Reversals of cumulative loss allowances	0	0
Loans and receivables	–76	–131
Additions to cumulative loss allowances	–206	–266
Reversals of cumulative loss allowances	130	134
Direct write-offs	–2	–1
Recoveries on loans and receivables previously written off	2	2
Financial assets measured at fair value through other comprehensive income	**0**	**–1**
Bonds and other fixed-income securities	–0	0
Additions to cumulative loss allowances	–0	–0
Reversals of cumulative loss allowances	0	0
Loans and receivables	0	–1
Additions to cumulative loss allowances	–0	–2
Reversals of cumulative loss allowances	0	1
Loan commitments	**–7**	**–5**
Additions to provisions	–46	–33
Reversals of provisions	39	28
Financial guarantees	**–2**	**–3**
Additions to provisions	–14	–12
Reversals of provisions	13	9
Total	**–85**	**–141**

See Note (32) for further disclosures relating to loss allowances.

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

In the reporting period, there was a small gain from non-substantial modifications of contractual cash flows from loans and receivables measured at amortised cost. In the comparative period, there were no such modifications.

(6) Dividend Income

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Related to financial assets mandatorily measured at fair value through profit or loss	**4**	**5**
Equity shares and other variable-income securities	1	1
Shares in unconsolidated affiliates	1	1
Other equity investments	2	2
Related to financial assets measured at fair value through other comprehensive income	**2**	**1**
Other equity investments	2	1
Total	**6**	**6**

Dividend income from shares in unconsolidated affiliates encompasses dividends as well as income from profit and loss transfer agreements.

Dividend income relating to trading activities is recognised under net trading income.

(7) Net Fee and Commission Income

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Lending and guarantee business	42	34
Account management and payment transactions	76	65
Asset management	77	66
Securities and securities deposit business	29	22
Management of public-sector subsidy and development programmes	29	24
Other fees and commissions	15	13
Total	**269**	**223**

Fees and commissions relating to trading activities are recognised under net trading income.

Disclosures regarding revenue from contracts with customers

The following table shows income items in the reporting period that included revenue as defined in IFRS 15, broken down by type of service and segment:

in € m

	Real Estate	Corporates & Markets	Retail & Asset Management	WIBank	Other	Consolidation / reconciliation	Group
Fee and commission income	**9**	**124**	**191**	**31**	**–**	**–7**	**348**
Lending and guarantee business	8	40	1	–	–	–3	46
Account management and payment transactions	–	38	40	–	–	–1	78
Asset management	–	–	83	–	–	–1	82
Securities and securities deposit business	–	46	28	–	–	–1	72
Management of public-sector subsidy and development programmes	–	–	–	29	–	–	29
Other	0	0	39	2	–	–1	40
Revenue in accordance with IFRS 15 under other operating income	**–**	**1**	**82**	**0**	**32**	**–59**	**56**
Total	**9**	**125**	**273**	**31**	**32**	**–66**	**404**

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

in € m

	Real Estate	Corporates & Markets	Retail & Asset Management	WIBank	Other	Consolidation / reconciliation	Group
Fee and commission income	**7**	**95**	**171**	**26**	**–**	**–11**	**288**
Lending and guarantee business	7	34	1	–	–	–2	39
Account management and payment transactions	–	32	36	–	–	–0	67
Asset management	–	–	72	–	–	–3	69
Securities and securities deposit business	–	28	30	–	–	–3	55
Management of public-sector subsidy and development programmes	–	–	–	24	–	–	24
Other	0	2	33	2	–	–2	34
Revenue in accordance with IFRS 15 under other operating income	**–**	**0**	**34**	**0**	**39**	**–4**	**69**
Total	**7**	**95**	**205**	**26**	**39**	**–15**	**358**

(8) Net Trading Income

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Equity-/index-related transactions	**1**	**0**
Equity shares and other variable-income securities	–4	–3
Equities	–4	–3
Investment units	0	0
Equity/index derivatives	–2	7
Issued equity/index certificates	7	–4
Interest-rate-related transactions	**284**	**106**
Bonds and other fixed-income securities	–200	–69
Loans and receivables	–132	–7
Repayable on demand and at short notice	–0	–0
Securities repurchase transactions (reverse repos)	–1	–1
Other fixed-term loans	–135	–6
Other receivables not classified as loans	3	–0
Short sales	1	–1
Issued money market instruments	0	1
Deposits and loans	25	10
Payable on demand	4	3
Securities repurchase transactions (repos)	21	7
Other financial liabilities	0	–0
Interest-rate derivatives	590	172
Currency-related transactions	**2**	**13**
Foreign exchange	4	16
FX derivatives	–2	–3
Credit derivatives	**16**	**–8**
Commodity-related transactions	**12**	**9**
Net fee and commission income or expense	**–16**	**–12**
Total	**299**	**108**

Interest rates were significantly higher than in the prior-year period, resulting in remeasurement gains on interest-rate-related transactions. The main drivers behind the improvement in net trading income were remeasurement gains on interest-rate derivatives.

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

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Derivatives not held for trading	**–1,414**	**–168**
Equity/index derivatives	2	7
Interest-rate derivatives	–1,456	–177
Cross-currency derivatives (FX derivatives)	40	2
Credit derivatives	–0	–0
Bonds and other fixed-income securities	**–99**	**–4**
Loans and receivables	**–28**	**–8**
Equity shares and other variable-income securities	**5**	**14**
Shareholdings	**7**	**–1**
Shares in unconsolidated affiliates	0	–0
Shares in non-equity-accounted joint ventures	–0	0
Shares in non-equity-accounted associates	0	–0
Other equity investments	7	–1
Receivables from the purchase of endowment insurance policies	**0**	**0**
Total	**–1,528**	**–168**

The gains or losses on interest rate derivatives mandatorily measured at fair value through profit or loss largely resulted from hedges in connection with financial instruments designated voluntarily at fair value. These, in turn, were subject to significantly higher interest rates than in the first half of the previous year. The gains or losses on remeasurement of the hedged items are reported under gains or losses on financial instruments designated voluntarily at fair value (Note (10)).

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

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Bonds and other fixed-income securities	–17	–5
Loans and receivables	–474	–142
Securitised liabilities	834	127
Deposits and loans	1,015	266
Total	**1,358**	**246**

Gains or losses on financial instruments designated voluntarily at fair value are largely driven by changes in interest rates and partially neutralised by the offsetting measurement effects from associated economic hedges. The figure for 2022 was heavily impacted by measurement effects resulting from the rise in interest rates.

The measurement of the liabilities-side business to which the fair value option was applied was also affected by the change in Helaba's own credit risk. The resulting measurement effects are recognised in comprehensive income

(11) Net Income from Hedge Accounting

The net income from hedge accounting comprises the remeasurement gains or losses on the hedged items and hedging instruments under hedge accounting.

in € m

	Consolidated income statement: Recognised ineffective portion of hedges		Comprehensive income: Recognised hedge costs	
	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–30.6.2022	1.1.–30.6.2021
Fair value hedges – micro hedges	**–9**	**0**	**–20**	**–**
Interest rate hedges	–16	0	–	–
Change in fair value of hedging derivatives in the reporting period	–269	58	–	–
Interest-rate-related change in fair value of hedged items in the reporting period	252	–58	–	–
Combined hedge of interest rate and currency risk	8	–	–20	–
Change in fair value of hedging derivatives in the reporting period	51	–	–20	–
Interest-rate-related change in fair value of hedged items in the reporting period	–44	–	–	–
Fair value hedges – group hedges	**17**	**–0**	**74**	**–18**
Foreign currency hedges	17	–0	74	–18
Change in fair value of hedging derivatives in the reporting period	–945	–596	74	–18
Spot-rate-related change in fair value of hedged items in the reporting period	962	596	–	–
Total	**8**	**–0**	**55**	**–18**

Micro hedges are used to hedge both interest rate risk and combined interest rate and currency risk. Group hedges are used to hedge currency risk. Net income from hedge accounting in the consolidated income statement is largely offset.

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

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Related to financial assets measured at amortised cost	**0**	**–**
Bonds and other fixed-income securities	–0	–
Loans and receivables	0	–
Related to financial assets measured at fair value through other comprehensive income	**21**	**–0**
Bonds and other fixed-income securities	21	–0
Related to financial liabilities measured at amortised cost	**–**	**0**
Deposits and loans	–	0
Total	**21**	**–0**

(13) Share of Profit or Loss of Equity-Accounted Entities

The share of profit or loss of equity-accounted entities comprises the earnings contributions of equity-accounted joint ventures and associates, which are recognised in the income statement.

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Share of profit or loss of equity-accounted joint ventures	**–1**	**2**
Share of profit or loss	0	4
Impairment losses or impairment loss reversals	–1	–1
Share of profit or loss of equity-accounted associates	**1**	**2**
Share of profit or loss	2	2
Impairment losses or impairment loss reversals	–1	–
Total	**0**	**5**

(14) Other Net Operating Income

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Gains (+) or losses (–) from the disposal of non-financial assets	**38**	**54**
Investment property	15	25
Property and equipment	0	–0
Intangible assets	–0	–
Inventories	23	29
Impairment losses (–) or reversals of impairment losses (+) on non-financial assets	**–6**	**–6**
Property and equipment	–	–0
Inventories	–6	–6
Additions (–) to or reversals (+) of provisions	**10**	**2**
Provisions for off-balance sheet liabilities (excluding loan commitments and financial guarantees)	0	0
Restructuring provisions	–	–17
Provisions for litigation risks and tax proceedings	–1	–0
Sundry provisions	11	18
Income from the deconsolidation of subsidiaries	**–0**	**–**
Other net operating income	**120**	**105**
Investment property	105	93
Property and equipment	7	8
Inventories	8	5
Rental income under non-cancellable subtenancy arrangements	**0**	**0**
Income from non-banking services	**11**	**11**
Profit transfer expenses	**–1**	**–**
Sundry other operating income and expenses	**10**	**–12**
Total	**182**	**154**

The sundry other operating income and expenses include revenue in accordance with IFRS 15. Please refer to Note (7) for further disclosures.

The income and expenses from investment property included in other net operating income are shown in the following breakdown:

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Income from investment property	**226**	**216**
Rental and lease income	208	187
Gains on derecognition	15	25
Other income	4	4
Expenses from investment property	**–107**	**–98**
Operating and maintenance expenses	–105	–96
thereof: From property leased out	–105	–96
Losses on derecognition	–	–0
Miscellaneous expenses	–2	–2
Total	**119**	**118**

(15) General and Administrative Expenses

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Personnel expenses	**–362**	**–352**
Wages and salaries	–283	–273
Social security	–45	–43
Expenses for pensions and other benefits	–34	–36
Other administrative expenses	**–438**	**–368**
Business operating costs	–58	–55
Audit and consultancy services	–44	–37
IT expenses	–126	–126
Expenses for business premises	–16	–15
Cost of advertising, public relations and representation	–10	–8
Mandatory contributions	–184	–127
thereof: Contributions to SGVHT and DSGV protection schemes	–64	–29
thereof: Mandatory contributions to the European Single Resolution Fund	–94	–73
Total	**–800**	**–720**

(16) Depreciation and Amortisation

in € m

	1.1.–30.6.2022	1.1.–30.6.2021
Investment property	**–25**	**–23**
Buildings leased out	–25	–23
Vacant buildings	–	–0
Property and equipment	**–30**	**–28**
Owner-occupied land and buildings	–21	–20
Operating and office equipment	–8	–7
Machinery and technical equipment	–1	–1
Intangible assets	**–15**	**–11**
Concessions, industrial and similar rights	–0	–0
Purchased software	–14	–10
Internally generated software	–0	–0
Other intangible assets	–0	–0
Total	**–69**	**–62**

(17) Segment Reporting

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

in € m

	Real Estate	Corporates & Markets	Retail & Asset Management	WIBank	Other	Consolidation/reconciliation	Group
Net interest income	207	248	112	34	68	–3	666
Loss allowances	2	–4	–0	0	–82	–0	–85
Net interest income after loss allowances	**208**	**245**	**112**	**34**	**–14**	**–3**	**582**
Net fee and commission income	10	91	143	31	–7	1	269
Income/expenses from investment property	–	–	119	–	–	–	119
Gains or losses on measurement at fair value	–	189	–49	1	–5	–	137
Net trading income	–	294	4	–	–	0	299
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–	–105	–53	1	–5	–0	–162
Share of profit or loss of equity-accounted entities	–	–2	2	–	–0	–	0
Other net income/expense	–5	3	41	3	48	–0	89
Total income	**213**	**527**	**369**	**69**	**22**	**–2**	**1,197**
General and administrative expenses, including depreciation and amortisation	–68	–236	–290	–45	–250	21	–869
Profit or loss before tax	**145**	**291**	**78**	**23**	**–229**	**19**	**327**
Assets (€ bn)	34.4	68.7	34.9	25.5	74.5	–24.2	213.8
Risk-weighted assets (€ bn)	17.3	30.0	7.0	1.4	8.2	–	63.9
Allocated capital (€ m)	2,199	3,667	2,266	170	1,049	0	9,351
Return on equity (%)	13.2	15.9	7.3	27.8	–	–	8.7
Cost-income ratio (%)	32.3	44.5	77.4	65.7	–	–	61.7

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

in € m

	Real Estate	Corporates & Markets[1]	Retail & Asset Management	WIBank	Other[1]	Consolidation/reconciliation	Group
Net interest income	217	245	115	32	43	−10	643
Loss allowances	−30	−44	−8	−0	−59	−0	−141
Net interest income after loss allowances	**186**	**201**	**107**	**32**	**−15**	**−10**	**502**
Net fee and commission income	7	78	131	25	−16	−1	223
Income/expenses from investment property	–	–	118	–	–	–	118
Gains or losses on measurement at fair value	–	88	8	−1	89	–	185
Net trading income	–	105	4	–	–	−1	108
Net income from hedge accounting and other financial instruments measured at fair value (not held for trading)	–	−16	5	−1	89	1	78
Share of profit or loss of equity-accounted entities	–	−0	2	–	3	–	5
Other net income/expense	−1	3	31	1	19	−12	41
Total income	**192**	**371**	**398**	**58**	**80**	**−24**	**1,075**
General and administrative expenses, including depreciation and amortisation	−69	−256	−285	−44	−172	44	−782
Profit or loss before tax	**123**	**115**	**113**	**14**	**−93**	**21**	**293**
Assets (€ bn)	33.8	65.2	33.9	25.6	69.3	−10.7	217.2
Risk-weighted assets (€ bn)	18.4	26.6	7.5	1.2	8.8	–	62.5
Allocated capital (€ m)	2,170	3,023	2,450	135	1,034	0	8,812
Return on equity (%)[2]	11.4	7.6	9.7	20.6	–	–	7.8
Cost-income ratio (%)[3]	30.9	61.8	68.9	76.0	–	–	60.1

1) Prior-year figures adjusted: The Other segment previously included components of income and expense from economic hedges (gains or losses on measurement at fair value (non-trading)) that were set against net trading income in the Corporates & Markets segment and had an offsetting effect. The allocation was changed so that presentation in the segment reporting more appropriately reflects presentation for management purposes. Net income from hedge accounting and other financial instruments measured at fair value (not held for trading) was adjusted by a negative amount of € 18 m in the Corporates & Markets segment and by a positive amount of € 18 m in the Other segment. The respective total lines were adjusted accordingly.
2) Prior-year figures adjusted: The calculation of return on equity has been adjusted (see Note (1)). Together with the reclassification of € 18 m (see footnote 1)), there were the following changes: Corporates & Markets segment from 8.8 % to 7.6 %, Retail & Asset Management segment from 9.2 % to 9.7 %, WIBank segment from 20.5 % to 20.6 %, Group from 6.7 % to 7.8 %.
3) Prior-year figures adjusted: The calculation of the cost-income ratio has been adjusted (see Note (1)). Together with the reclassification of € 18 m (see footnote 1)), there were the following changes: Corporates & Markets segment from 59.2 % to 61.8 %, Retail & Asset Management segment from 70.2 % to 68.9 %, WIBank segment from 76.1 % to 76.0 %, Group from 64.3 % to 60.1 %.

The segment report is broken down into the four operating segments explained below.

- Products related to financing major commercial projects and existing properties are Helaba's particular speciality in the Real Estate segment. The product range includes traditional real estate loans in Germany and abroad, financing for open-ended real estate funds as well as development / portfolio financing. Office buildings, retail outlets and residential portfolios make up the bulk of the business in this area, although the segment also provides finance for retail parks and logistics centres.

- In the Corporates & Markets segment, Helaba offers products for all customer groups. The Asset Finance and Corporate Banking divisions provide specially tailored finance for companies, structured and arranged to specific customer requirements, through the constituent product groups Corporate Loans, Project Finance, Transport Finance, Foreign Trade Finance, Acquisition Finance, Asset Backed Finance, Investment and Leasing Finance and Tax Engineering. Helaba's activities in the Savings Banks & SME division concentrate on supporting Sparkassen and their customers with financing arrangements based on credit standing and cash flow (primarily jointly extended loans), trade finance business and cash management services. The Public Sector division provides advice and products for municipal authorities and their corporations. In addition to the lending products, this segment also includes the trading and sales activities from the Capital Markets division. The Capital Markets division also additionally includes the income and expenses from the depositary.

- The Retail & Asset Management segment encompasses retail banking, private banking, Landesbausparkasse Hessen-Thüringen and asset management activities. Frankfurter Sparkasse offers the conventional products of a retail bank. The Frankfurter Bankgesellschaft Group rounds off the range of private banking products available from Helaba. The asset management products at Helaba Invest Kapitalanlagegesellschaft mbH also include traditional asset management and administration, the management of special and retail funds for institutional investors and support for master investment trust clients. The Portfolio and Real Estate Management business, including the real estate subsidiaries such as the GWH Group and Helicon KG, also forms part of this segment. The range of products is broad, covering support for third-party and own real estate, project development and facility management.

- The WIBank segment mainly comprises the Wirtschafts- und Infrastrukturbank Hessen (WIBank) business line. In its capacity as the central development institution for Hesse, WIBank administers development programmes on behalf of the State of Hesse. This segment therefore brings together the earnings from the public-sector development and infrastructure business in the fields of housing, municipal and urban development, public infrastructure, business / enterprise and employment promotion, agriculture and environmental protection.

In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting. The presentation of income and expenses follows the reporting to management.

For internal management purposes, net interest income in the lending business is calculated using the market interest rate method from the difference between the customer interest rate and the market interest rate for an alternative transaction with a matching structure. Gains or losses on maturity transformation are reported as net interest income in Treasury.

Net income from investment property includes both income and expenses from the management of investment property and investment property project development. This net income is reported separately as part of other net operating income.

The net trading income, gains or losses on non-trading derivatives and financial instruments to which the fair value option is applied, net income from hedge accounting, gains and losses on bonds measured at fair value through other comprehensive income, gains and losses on debt instruments and equity instruments mandatorily measured at fair value through profit or loss and share of profit or loss of equity-accounted entities are determined in the same way as the figures for external financial reporting under IFRSs.

Other net income/expense consists of dividend income, other net operating income not attributable to net income from investment property, and gains or losses on derecognition of financial instruments not measured at fair value through profit or loss.

General and administrative expenses comprise the costs directly assignable to the segments plus the costs of internal services provided by other units. The costs of these services are allocated on the basis of arm's-length pricing agreements or volume drivers according to the user-pays principle. The final component is the allocation of corporate centre costs, generally also based on the user-pays principle.

The assets line shows the assets in the statement of financial position allocated to the relevant units. Contribution margin accounting is used for allocating these items to the operating segments. The risk exposure item comprises the risk exposure of the banking and trading book, including the market risk exposure in accordance with the Capital Requirements Regulation (CRR). The average equity stated in the statement of financial position for the divisions is distributed based on risk exposures and allocated for the subsidiaries and equity investments in relation to the equity stated in the statement of financial position (allocated capital).

The operating segments' return on equity is the ratio of profit/loss before taxes, in which expenses for the bank levy and protection schemes are included on a pro rata basis, to average allocated capital. The cost-income ratio is the ratio of general and administrative expenses including depreciation and amortisation (expenses for the bank levy and protection schemes are included on a pro rata basis) to total profit/loss before taxes net of general and administrative expenses including depreciation and amortisation and of loss allowances for loans and advances.

The Other segment contains the contributions to income and expenses that cannot be attributed to the operating segments. In particular, this column includes the net income from centrally consolidated equity investments such as the OFB Group as well as the costs of the central units that cannot be allocated to the individual segments in line with the user-pays principle. The net income or expense from Treasury activities, from central own funds investing activities, from strategic planning decisions and from the centrally held liquidity securities is also recognised under this segment. The Other segment also includes the additional requirement for loss allowances as a result of COVID-19 from the exceptional circumstance (because these allowances are unrelated to individual transactions) and the portfolio-based loss allowance.

Effects arising from consolidation and intragroup adjustments between the segments are reported under consolidation/reconciliation. Effects that arise from the reconciliation between the segment figures and the consolidated income statement, in particular in relation to net interest income, are also reported under consolidation/reconciliation. Since the contribution margin statement shows net interest income on the basis of the market interest rate method, differences also result in the case of non-recurring income and net interest income attributable to other periods.

Consolidated Statement of Financial Position Disclosures

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

in € m

	30.6.2022	31.12.2021
Cash on hand	**68**	**70**
Financial assets measured at amortised cost	**40,622**	**33,682**
Demand deposits at central banks	39,860	33,452
With Deutsche Bundesbank	38,572	32,061
With other central banks	1,288	1,391
Demand deposits and overnight money balances at banks	761	230
Financial assets mandatorily measured at fair value	**301**	**287**
Demand deposits and overnight money balances at banks	301	287
Total	**40,991**	**34,039**

(19) Financial Instruments Measured at Amortised Cost

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

in € m

	30.6.2022	31.12.2021
Bonds and other fixed-income securities	**1,342**	**389**
Medium- and long-term bonds	1,342	389
Loans and receivables	**129,640**	**129,625**
Repayable on demand and at short notice	7,454	9,805
Credit card receivables	16	13
Trade accounts receivable, including factoring	2,914	2,764
Other fixed-term loans	119,125	116,987
Promissory note loans	2,775	2,573
Registered bonds	1,159	1,064
Forwarding loans	9,645	9,248
Time deposits	6,033	4,738
Bausparkasse building loans	1,062	1,029
Sundry other fixed-term loans	98,451	98,336
Other receivables not classified as loans	131	56
Total	**130,982**	**130,014**

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

in € m

	30.6.2022	31.12.2021
Commercial real estate loans	35,749	34,821
Residential building loans	6,996	6,831
Consumer loans to private households	226	221
Infrastructure loans	26,968	28,071
Asset finance	6,048	6,149
Leasing funding	4,629	4,438
Import/export finance	2	19
Other financing purposes	38,507	36,437
Total	**119,125**	**116,987**

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

in € m

	30.6.2022	31.12.2021
Securitised liabilities	**42,628**	**44,363**
Issued money market instruments	3,649	3,402
Commercial paper (CP)	876	1,540
Certificates of deposit (CD)	2,472	1,862
Asset-backed commercial paper (ABCP)	300	–
Medium- and long-term bonds issued	38,979	40,961
Mortgage Pfandbriefe	6,300	7,342
Public Pfandbriefe	9,805	10,425
Structured (hybrid) bonds	914	1,168
Other medium- and long-term bonds	21,960	22,025
Deposits and loans	**128,007**	**123,528**
Payable on demand	48,952	43,842
With an agreed term	72,328	72,978
With an agreed period of notice	6,726	6,708
Other financial liabilities	**432**	**365**
Total	**171,067**	**168,256**

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

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Bonds and other fixed-income securities	**102**	**103**	**1,182**	**241**	**58**	**44**	**1,342**	**389**
Other banks	102	103	1,182	241	58	44	1,342	389
Other financial corporations	–	–	–	0	–	–	–	0
Loans and receivables	**83,674**	**82,197**	**25,695**	**25,890**	**20,272**	**21,538**	**129,640**	**129,625**
Central banks	54	56	–	–	–	–	54	56
Central giro institutions	290	322	–	–	–	–	290	322
Sparkassen	8,164	6,681	–	–	–	–	8,164	6,681
Other banks	2,180	2,132	1,759	2,385	1,536	4,109	5,475	8,627
Other financial corporations	6,010	5,557	3,769	3,331	1,735	1,557	11,514	10,445
Non-financial corporations	33,467	32,413	18,549	18,447	16,662	15,562	68,679	66,421
Government	25,274	26,963	1,594	1,704	153	127	27,022	28,794
Households	8,235	8,072	23	23	184	183	8,442	8,278
Total	**83,776**	**82,300**	**26,876**	**26,131**	**20,330**	**21,582**	**130,982**	**130,014**

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Deposits and loans	**115,671**	**116,058**	**4,450**	**1,411**	**7,886**	**6,059**	**128,007**	**123,528**
Central banks	23,744	23,865	–	–	–	–	23,744	23,865
Central giro institutions	1,155	1,009	–	–	–	–	1,155	1,009
Sparkassen	12,052	12,359	–	–	–	–	12,052	12,359
Other banks	22,173	20,941	2,662	544	1,788	1,399	26,623	22,883
Other financial corporations	19,964	20,155	1,287	523	4,322	3,213	25,574	23,890
Non-financial corporations	8,980	8,924	383	236	782	581	10,145	9,741
Government	6,012	7,882	0	0	766	649	6,778	8,531
Households	21,590	20,923	117	108	228	218	21,935	21,249
Other financial liabilities	**406**	**341**	**11**	**9**	**15**	**14**	**432**	**365**
Central giro institutions	2	3	–	–	–	–	2	3
Sparkassen	2	2	–	–	–	–	2	2
Other banks	2	2	–	–	–	–	2	2
Other financial corporations	55	66	–	–	11	10	66	77
Non-financial corporations	164	183	11	9	4	4	179	196
Government	51	29	–	–	–	–	51	29
Households	130	56	–	–	0	0	130	56
Total	**116,076**	**116,399**	**4,461**	**1,421**	**7,901**	**6,073**	**128,439**	**123,893**

(20) Trading Assets and Trading Liabilities

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

Loans and receivables held for trading mainly comprise promissory note loans and, to a lesser extent, repos and money trading transactions. Further disclosures on derivatives can be found in Note (34), and on issuing activities in Note (35).

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

in € m

	30.6.2022	31.12.2021
Positive fair values of derivatives held for trading	**8,567**	**11,309**
thereof: Traded OTC	8,567	11,304
thereof: Exchange-traded	0	5
Equity-/index-related transactions	206	192
Interest-rate-related transactions	7,221	10,442
Currency-related transactions	1,126	660
Credit derivatives	12	14
Commodity-related transactions	1	2
Bonds and other fixed-income securities	**1,994**	**2,256**
Money market instruments	–	28
Medium- and long-term bonds	1,994	2,228
Loans and receivables	**1,876**	**1,721**
Repayable on demand and at short notice	83	3
Receivables from securities repurchase transactions (reverse repos)	35	210
Other fixed-term loans	1,759	1,508
Equity shares and other variable-income securities	**21**	**22**
Equities	21	22
Trading assets	**12,458**	**15,308**

in € m

	30.6.2022	31.12.2021
Negative fair values of derivatives held for trading	**7,353**	**8,572**
thereof: Traded OTC	7,344	8,562
thereof: Exchange-traded	9	10
Equity-/index-related transactions	199	189
Interest-rate-related transactions	6,175	7,806
Currency-related transactions	967	564
Credit derivatives	10	13
Commodity-related transactions	2	0
Securitised liabilities	**106**	**264**
Issued money market instruments	80	230
Commercial paper (CP)	80	230
Issued equity/index certificates	26	33
Deposits and loans	**7,634**	**4,238**
Payable on demand	2,128	903
With an agreed term	5,506	3,335
Liabilities arising from short-selling	**39**	**227**
Other financial liabilities	**–**	**0**
Trading liabilities	**15,132**	**13,301**

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

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Bonds and other fixed-income securities	**621**	**972**	**698**	**872**	**675**	**412**	**1,994**	**2,256**
Central giro institutions	37	122	–	–	–	–	37	122
Sparkassen	5	78	–	–	–	–	5	78
Other banks	240	351	615	708	655	409	1,510	1,467
Other financial corporations	6	10	11	13	0	–	16	23
Non-financial corporations	58	32	12	16	1	4	70	52
Government	277	380	60	135	20	–	357	515
Loans and receivables	**1,726**	**1,551**	**146**	**146**	**4**	**25**	**1,876**	**1,721**
Central banks	35	210	–	–	–	–	35	210
Central giro institutions	71	193	–	–	–	–	71	193
Sparkassen	571	179	–	–	–	–	571	179
Other banks	572	502	0	0	–	–	572	502
Other financial corporations	89	5	–	–	4	3	93	8
Non-financial corporations	228	162	146	139	0	21	374	322
Government	160	300	0	7	–	–	160	307
Equity shares and other variable-income securities	**19**	**21**	**1**	**1**	**–**	**–**	**21**	**22**
Other banks	–	–	0	0	–	–	0	0
Other financial corporations	3	3	0	0	–	–	3	3
Non-financial corporations	17	18	1	1	–	–	17	19
Total	**2,366**	**2,544**	**846**	**1,019**	**679**	**437**	**3,891**	**4,000**

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

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Deposits and loans	**6,427**	**3,598**	**877**	**601**	**330**	**39**	**7,634**	**4,238**
Sparkassen	559	451	–	–	–	–	559	451
Other banks	32	21	18	0	80	39	129	60
Other financial corporations	1,090	971	367	128	250	–	1,707	1,099
Non-financial corporations	1,750	1,189	493	472	–	0	2,243	1,662
Government	2,995	966	–	–	–	–	2,995	966
Households	0	0	–	–	–	–	0	0
Liabilities arising from short-selling	**39**	**227**	**–**	**–**	**–**	**–**	**39**	**227**
Other financial corporations	2	–	–	–	–	–	2	–
Non-financial corporations	0	–	–	–	–	–	0	–
Government	37	227	–	–	–	–	37	227
Other financial liabilities	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**0**
Sparkassen	–	0	–	–	–	–	–	0
Total	**6,466**	**3,825**	**877**	**601**	**330**	**39**	**7,673**	**4,465**

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

in € m

	30.6.2022	31.12.2021
Positive fair values of non-trading derivatives	**1,771**	**4,161**
thereof: Traded OTC	1,771	4,161
Equity-/index-related transactions	3	1
Interest-rate-related transactions	1,559	4,036
Currency-related transactions	210	125
Bonds and other fixed-income securities	**799**	**903**
Medium- and long-term bonds	799	903
Loans and receivables	**233**	**272**
Repayable on demand and at short notice	1	1
Other fixed-term loans	232	271
Equity shares and other variable-income securities	**320**	**275**
Equities	0	0
Investment units	320	275
Shareholdings	**78**	**71**
Shares in unconsolidated affiliates	10	10
Shares in non-equity-accounted joint ventures	5	5
Shares in non-equity-accounted associates	4	4
Other equity investments	58	52
Receivables from the purchase of endowment insurance policies	**12**	**20**
Total	**3,213**	**5,702**

		in € m
	30.6.2022	31.12.2021
Negative fair values of non-trading derivatives	**3,433**	**4,850**
thereof: Traded OTC	3,430	4,849
thereof: Exchange-traded	2	1
Equity-/index-related transactions	2	1
Interest-rate-related transactions	3,233	4,677
Currency-related transactions	197	171
Credit derivatives	–	1
Total	**3,433**	**4,850**

The non-trading derivatives recognised in this item are derivative financial instruments used for economic hedging as part of hedge management (economic hedges); the documentation requirements for hedge accounting in accordance with IFRS 9 are not satisfied.

The following table shows the other non-derivative financial assets mandatorily measured at fair value through profit or loss by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Bonds and other fixed-income securities	**72**	**81**	**393**	**450**	**334**	**372**	**799**	**903**
Central giro institutions	1	1	–	–	–	–	1	1
Other banks	7	8	50	53	18	19	75	80
Other financial corporations	15	14	148	163	110	120	273	298
Non-financial corporations	47	56	194	234	206	233	448	523
Government	1	1	0	0	–	–	2	2
Loans and receivables	**223**	**259**	**–**	**–**	**10**	**13**	**233**	**272**
Other financial corporations	1	1	–	–	7	9	8	10
Non-financial corporations	81	92	–	–	3	4	85	95
Government	141	167	–	–	–	–	141	167
Equity shares and other variable-income securities	**122**	**110**	**181**	**148**	**18**	**16**	**320**	**275**
Other banks	–	–	0	–	–	–	0	–
Other financial corporations	121	110	181	148	18	16	320	275
Non-financial corporations	0	0	0	0	0	0	0	0
Shareholdings	**77**	**70**	**1**	**1**	**0**	**0**	**78**	**71**
Other banks	2	2	–	–	–	–	2	2
Other financial corporations	41	34	–	–	0	0	41	34
Non-financial corporations	34	34	1	1	0	0	35	35
Receivables from the purchase of endowment insurance policies	**12**	**20**	**–**	**–**	**–**	**–**	**12**	**20**
Other financial corporations	12	20	–	–	–	–	12	20
Total	**505**	**541**	**575**	**599**	**362**	**401**	**1,442**	**1,542**

(22) Financial Instruments Designated Voluntarily at Fair Value

The following table shows the fair values of financial assets designated voluntarily at fair value and the changes in fair value attributable to a change in credit risk:

in € m

	Carrying amount (fair value)		Changes attributable to credit risk: Reporting period		Changes attributable to credit risk: Cumulative	
	30.6.2022	31.12.2021	1.1.–30.6.2022	1.1.–30.6.2021	30.6.2022	31.12.2021
Bonds and other fixed-income securities	114	130	0	0	4	4
Loans and receivables	3,000	3,532	5	2	–8	–8
Total	**3,114**	**3,661**	**5**	**2**	**–4**	**–4**

The following table shows the fair values of financial assets designated voluntarily at fair value and the changes in fair value attributable to a change in credit risk:

in € m

	Carrying amount (fair value)		Cumulative changes attributable to credit risk	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Securitised liabilities	6,578	6,509	–49	21
Deposits and loans	4,724	5,759	–113	–12
Total	**11,302**	**12,268**	**–162**	**10**

For detailed disclosures on issuing activities, see Note (35).

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

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Bonds and other fixed-income securities	**114**	**130**	**–**	**–**	**–**	**–**	**114**	**130**
Government	114	130	–	–	–	–	114	130
Loans and receivables	**3,000**	**3,532**	**–**	**–**	**–**	**–**	**3,000**	**3,532**
Other financial corporations	2	0	–	–	–	–	2	0
Non-financial corporations	43	49	–	–	–	–	43	49
Government	2,955	3,483	–	–	–	–	2,955	3,483
Financial assets	**3,114**	**3,661**	**–**	**–**	**–**	**–**	**3,114**	**3,661**
Deposits and loans	**4,590**	**5,607**	**126**	**142**	**9**	**10**	**4,724**	**5,759**
Sparkassen	543	597	–	–	–	–	543	597
Other banks	84	91	–	–	9	10	92	101
Other financial corporations	3,685	4,588	126	142	–	–	3,811	4,730
Non-financial corporations	174	199	–	–	–	–	174	199
Government	104	133	–	–	–	–	104	133
Financial liabilities	**4,590**	**5,607**	**126**	**142**	**9**	**10**	**4,724**	**5,759**

(23) Hedge Accounting

The following table shows the notional amounts and the positive and negative fair values of the hedging derivatives used in hedge accounting:

in € m

	Notional amount		Positive fair values		Negative fair values	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Fair value hedges – micro hedges	**49,774**	**52,393**	**274**	**525**	**903**	**1,633**
thereof: Traded OTC	49,774	52,393	274	525	903	1,633
Interest rate hedges	49,253	51,872	274	525	660	1,282
Interest rate swaps	49,096	51,715	261	524	660	1,282
Cross-currency swaps	157	157	13	1	–	–
Combined hedge of interest rate and currency risk	521	521	–	–	243	351
Cross-currency swaps	521	521	–	–	243	351
Fair value hedges – group hedges	**14,680**	**14,530**	**35**	**16**	**460**	**318**
thereof: Traded OTC	14,680	14,530	35	16	460	318
Foreign currency hedges	14,680	14,530	35	16	460	318
Cross-currency swaps	14,680	14,530	35	16	460	318
Total	**64,454**	**66,923**	**308**	**541**	**1,363**	**1,951**

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

in € m

	30.6.2022	31.12.2021
Bonds and other fixed-income securities	**16,220**	**16,506**
Money market instruments	923	240
Medium- and long-term bonds	15,296	16,266
Loans and receivables	**711**	**656**
Other fixed-term loans	711	656
Shareholdings	**29**	**32**
Shares in unconsolidated affiliates	0	0
Other equity investments	28	32
Total	**16,959**	**17,194**

The financial assets reported in the shareholdings line item are equity instruments allocated to the measurement category "at fair value through other comprehensive income without recycling" (FVTOCI non-recycling).

The following table shows the financial assets measured at fair value through other comprehensive income by region and counterparty:

in € m

	Germany		European Union (excluding Germany)		World (excluding European Union)		Total	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Bonds and other fixed-income securities	**4,657**	**5,350**	**5,978**	**6,067**	**5,584**	**5,088**	**16,220**	**16,506**
Central giro institutions	608	595	–	–	–	–	608	595
Other banks	1,451	1,494	5,115	4,906	4,762	4,560	11,327	10,960
Other financial corporations	13	15	47	51	149	127	210	193
Non-financial corporations	66	50	52	71	64	62	182	182
Government	2,520	3,197	764	1,040	609	339	3,893	4,576
Loans and receivables	**525**	**500**	**143**	**117**	**43**	**39**	**711**	**656**
Other financial corporations	19	14	13	14	–	–	32	28
Non-financial corporations	506	486	130	104	43	39	679	628
Shareholdings	**29**	**32**	**–**	**–**	**–**	**–**	**29**	**32**
Other banks	15	19	–	–	–	–	15	19
Other financial corporations	13	13	–	–	–	–	13	13
Total	**5,210**	**5,882**	**6,122**	**6,185**	**5,627**	**5,127**	**16,959**	**17,194**

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

(25) Shares in Equity-Accounted Entities

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

The breakdown of equity-accounted investments is shown below:

in € m

	30.6.2022	31.12.2021
Investments in joint ventures	**38**	**37**
Non-financial corporations	38	37
Investments in associates	**5**	**3**
Other financial corporations	0	0
Non-financial corporations	5	3
Total	**42**	**40**

(26) Investment Property

in € m

	30.6.2022	31.12.2021
Land and buildings leased to third parties	2,687	2,635
thereof: Right-of-use assets under leases	47	49
Undeveloped land	13	13
Investment property under construction	395	347
Total	**3,095**	**2,994**

(27) Property and Equipment

in € m

	30.6.2022	31.12.2021
Owner-occupied land and buildings	620	577
thereof: Right-of-use assets under leases	115	122
Operating and office equipment	59	62
thereof: Right-of-use assets under leases	4	4
Machinery and technical equipment	29	30
thereof: Right-of-use assets under leases	0	0
Total	**707**	**669**

(28) Intangible Assets

in € m

	30.6.2022	31.12.2021
Goodwill	13	13
Concessions, industrial and similar rights	1	1
Software	147	143
thereof: Purchased	146	142
thereof: Internally generated	1	1
Other intangible assets	3	3
Total	**164**	**161**

(29) Other Assets and Liabilities

in € m

	30.6.2022	31.12.2021
Inventories	**702**	**695**
Property held for sale	694	688
Other inventories / work in progress	8	8
Advance payments and payments on account	**290**	**252**
Other taxes receivable	**5**	**1**
Defined benefit assets	**24**	**–**
Sundry assets	**163**	**280**
Other assets	**1,184**	**1,228**

Defined benefit assets resulted from a surplus of plan assets at the Frankfurter Sparkasse pension fund.

in € m	30.6.2022	31.12.2021
Advance payments/payments on account	201	193
Tax liabilities, other taxes	32	44
Employee benefits due in short term	76	94
Sundry liabilities	98	179
Other liabilities	**407**	**510**

(30) Provisions

in € m	30.6.2022	31.12.2021
Provisions for employee benefits	**989**	**1,540**
Pensions and similar defined benefit obligations	914	1,459
Other employee benefits due in the long term	75	80
Other provisions	**389**	**337**
Provisions for off-balance sheet liabilities	80	72
Provisions for loan commitments and financial guarantees	80	71
Provisions for other off-balance sheet obligations	0	1
Restructuring provisions	53	59
Provisions for litigation risks	14	14
Sundry provisions	241	192
Total	**1,378**	**1,877**

In the calculation of pension provisions, the main pension obligations in Germany were measured using a discount rate of 3.25 % (31 December 2021: 1.25 %).

(31) Equity

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

As at 30 June 2022, the share capital was attributable to the owners as follows:

	in € m	Share in %
Sparkassen- und Giroverband Hessen-Thüringen	405	68.85
State of Hesse	48	8.10
Rheinischer Sparkassen- und Giroverband	28	4.75
Sparkassenverband Westfalen-Lippe	28	4.75
Fides Beta GmbH	28	4.75
Fides Alpha GmbH	28	4.75
Free State of Thuringia	24	4.05
Total	**589**	**100.00**

The capital reserves comprise the premiums from issuing share capital to the owners.

In 2018, the Helaba Group raised Additional Tier 1 (AT1) capital externally through registered bonds in the amount of € 354 m. All AT1 bonds are unsecured subordinated Helaba bonds. The servicing of these bonds is based on an interest rate applied to the respective nominal amount. These bonds provide fixed interest rates for the period between the issue date and the first possible early repayment date. Afterwards, interest rates will be established for another period of ten years. According to the bond terms, Helaba may be obliged, but also has extensive rights, to take the sole decision to suspend interest payments at any time. Interest payments are not cumulative, which means that suspended interest payments will not be paid out in subsequent periods. These bonds have no maturity date, and may be terminated by Helaba at specific dates. If Helaba does not terminate a bond, it has additional termination options every ten years. Early terminations may be permissible provided that all tax-related and regulatory conditions are met. Every termination is subject to approval from the competent supervisory authority. The repayment as well as the nominal amount of the bonds may be reduced if a triggering event occurs. The decline of Helaba Group's Common Equity Tier 1 (CET1) capital ratio to under 5.125 % on a consolidated basis would be a triggering event. After the occurrence of a triggering event, any reduced bond amounts may be increased again under specific conditions. According to the applicable resolution stipulations, the competent supervisory authority may exercise a series of rights; for instance, the supervisory authority may decide to wholly or partially mark down entitlements to repayment of capital and/or to convert such entitlements into CET1 instruments. As at 30 June 2022, the bond amounts recognised in the consolidated statement of financial position stood at € 354 m (31 December 2021: € 354 m).

The retained earnings amounting to € 5,471 m (31 December 2021: € 5,338 m) comprise the profits retained by the parent company and the consolidated subsidiaries as well as amounts from the amortised results of acquisition accounting and from other consolidation adjustments. Retained earnings include reserves provided for by the Charter of € 296 m (31 December 2021: € 296 m). If it is necessary to use these reserves to cover losses, the net profit generated in subsequent years is used in full to restore the reserves required by the Charter to the required level.

An amount of € 90 m was distributed from the consolidated net profit for 2021 to the owners based on their shareholdings and capital contributions. The following table shows the changes in the individual components of accumulated other comprehensive income (OCI) in the reporting period:

in € m

	Items that will be subsequently reclassified to the consolidated income statement, net of tax			Items that will not be reclassified to the consolidated income statement, net of tax					Accumulated other comprehensive income
	Remeasurements of the net liability under defined benefit plans	Changes in fair value of equity instruments measured at fair value through other comprehensive income	Credit risk-related change in fair value of financial liabilities designated voluntarily at fair value	Share of other comprehensive income of equity-accounted entities	Changes in fair value of debt instruments measured at fair value through other comprehensive income	Gains or losses from hedges of a net investment in a foreign operation	Gains or losses from currency translation of foreign operations	Gains or losses from fair value hedges of currency risk	
As at 1.1.2021	**–701**	**–4**	**61**	**–1**	**163**	**–17**	**25**	**–37**	**–511**
Other comprehensive income for the reporting period	85	2	–54	0	–50	–	2	–12	–28
As at 30.6.2021	**–616**	**–2**	**7**	**–1**	**113**	**–17**	**26**	**–49**	**–539**
Other comprehensive income for the reporting period	43	–1	–13	–0	–34	–	10	6	10
As at 31.12.2021	**–573**	**–3**	**–6**	**–1**	**78**	**–17**	**36**	**–43**	**–529**
Other comprehensive income for the reporting period	402	–4	117	0	–292	–	7	37	268
Reclassifications within equity	–	–	–0						–0
As at 30.6.2022	**–171**	**–7**	**111**	**–1**	**–214**	**–17**	**44**	**–6**	**–261**

Capital Management

Helaba defines capital management as all processes directly or indirectly involved in ensuring that it upholds its risk-bearing capacity (both from a regulatory perspective in Pillar I and from an economic perspective in Pillar II) and that it is in a position to monitor its capital adequacy in a timely manner. The main components of capital management in the Helaba Group are planning regulatory own funds and own funds ratios as part of the planning process, allocating own funds, monitoring changes in risk exposures, complying with regulatory and economic capital limits, monitoring the remaining capital buffer as well as recognising a projected cost of capital as part of contribution margin accounting. The aim of capital management is to allocate capital over the various divisions of the Group, with due consideration being given to risk and return aspects, and also in line with the need to comply with regulatory requirements concerning capital adequacy.

Capital management focuses on both regulatory own funds and internal capital from a complementary economic management perspective.

The minimum regulatory requirements that need to be taken into account include Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR), the additional provisions in the German Banking Act (Kreditwesengesetz, KWG) and also the requirements specified under the European Single Supervisory Mechanism (SSM). Article 92 of the CRR specifies that institutions must at all times have adequate own funds in relation to their risk-weighted assets (RWAs). It makes a distinction between the following minimum ratios:

- Common Equity Tier 1 (CET1) capital ratio: 4.5 %
- Tier 1 capital ratio (where Tier 1 capital is the total of CET1 and Additional Tier 1 capital): 6.0 %
- Total capital ratio (based on the total of Tier 1 and Tier 2 capital): 8.0 %.

In addition, KWG requirements specify general and bank-specific capital buffers such as the capital conservation buffer, the countercyclical capital buffer and the buffers for global and other systemically important banks, which in each case relate to CET1 capital and ultimately increase the minimum CET1 capital ratio for each bank by at least 2.5 %.

To add to these generally applicable requirements, the ECB lays down further institution-specific requirements for institutions subject to the SSM. The minimum CET1 capital ratio required to be maintained by the Helaba Regulatory Group as at 30 June 2022 under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 5.48 % (31 December 2021: 5.48 %) plus the applicable capital buffer requirements. The CET1 capital ratio requirement as at 30 June 2022 therefore came to 8.52 % (31 December 2021: 8.51 %).

Within the risk appetite framework, the Executive Board of Helaba sets internal targets for the minimum ratios that include a sufficient buffer in respect of the regulatory minimum requirements so that Helaba is able to operate at all times without any restrictions on its business activities.

The regulatory own funds of the Helaba banking group are determined in accordance with Regulation (EU) No. 575/2013 (CRR) and the complementary provisions in sections 10 and 10a of the KWG. In accordance with the classification specified in the CRR, own funds comprise Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.

The regulatory own funds requirements and the capital ratios are also determined in accordance with the provisions of the CRR.

The following tables show the own funds (amounts after regulatory adjustments in each case), own funds requirements and capital ratios for the Helaba banking group:

in € m

	30.6.2022	31.12.2021
Tier 1 capital	**9,241**	**9,616**
Common Equity Tier 1 capital (CET1)	8,887	9,157
Additional Tier 1 capital	354	459
Tier 2 capital	**2,048**	**1,957**
Own funds, total	**11,289**	**11,573**

in € m

	30.6.2022	31.12.2021
Default risk (including equity investments and securitisations)	4,334	4,373
Market risk (including CVA risk)	475	469
Operational risk	302	268
Total own funds requirement	**5,111**	**5,110**
CET1 capital ratio	13.9 %	14.3 %
Tier 1 capital ratio	14.5 %	15.1 %
Total capital ratio	17.7 %	18.1 %

The Tier 1 and total capital ratios comply with the target ratios specified by Helaba in its capital management. The Helaba Group is complying with the regulatory requirements, including the requirements of the European SSM, regarding capital adequacy.

The leverage ratio measures the ratio between regulatory capital and the unweighted total of all on-balance sheet and off-balance sheet asset items including derivatives. The leverage ratio has for the first time become a mandatory capital requirement following the initial application of the CRR amendments from 28 June 2021. Under the CRR, banks have to comply with a leverage ratio of 3.0 %.

More detailed information on the structure and adequacy of Helaba's regulatory own funds, together with a reconciliation to the own funds in the IFRS consolidated statement of financial position, has been published in the Helaba Regulatory Group's disclosure report in accordance with section 26a KWG (offenlegung.helaba.de).

Disclosures on Financial Instruments and Off-Balance Sheet Transactions

(32) Credit Risks Attributable to Financial Instruments

The following section comprises the quantitative disclosures in line with IFRS 7 required for financial instruments within the scope of application of IFRS 9.

The following table shows the loss allowances recognised for financial instruments:

in € m

	30.6.2022	31.12.2021
Cumulative loss allowances	**798**	**718**
In respect of financial assets measured at amortised cost	795	714
Demand deposits and overnight money balances at central banks and banks	0	0
Bonds and other fixed-income securities	0	0
Loans and receivables	795	714
In respect of financial assets measured at fair value through other comprehensive income	3	3
Bonds and other fixed-income securities	2	2
Loans and receivables	1	1
Loan loss provisions	**80**	**71**
For loan commitments	34	27
For financial guarantees	46	44
Total	**878**	**789**

All parameters used to determine the expected credit loss (ECL) are subject to estimation uncertainty, meaning that the actual losses incurred at Helaba may be different from the expected losses reflected in loss allowances. The wider the time frame used for ECL projection purposes, the higher the estimation uncertainty. The list of factors that influence loss allowances and that are subject to uncertainty includes, for instance, the expected change in the credit quality of the borrower, economic conditions and changes in the fair value of the collateral held by the Helaba Group. All factors used to determine the ECL are subject to regular validation processes.

Consideration of the Ukraine war and the COVID-19 pandemic

As part of the credit process that has been implemented, very close monitoring is being carried out to identify potential effects of the COVID-19 pandemic and the Ukraine war on credit risk in the Helaba Group.

With regard to the COVID-19 pandemic, an analysis is carried out, taking into account the situation specific to the business and industry concerned, to establish whether the lockdown and consequential effects of the pandemic are not just temporary, i.e. whether a permanent deterioration in financial circumstances should be anticipated.

EU member states have agreed a comprehensive range of support measures to minimise the economic impact of the efforts to contain the COVID-19 pandemic. These measures include moratoriums on the settlement of loan obligations that apply for a broadly based group of borrowers and provide for standardised conditions relating to changes to payment schedules. The aim is to reduce short-term liquidity problems for borrowers. The Helaba Group was subject to the statutory moratorium for consumer loans, effective up to 30 June 2020, pursuant to article 240 section 3 of the Introductory Act to the German Civil Code (Einführungsgesetz zum Bürgerlichen Gesetzbuch, EGBGB) and opted into a non-legislative repayment moratorium applicable to commercial real estate finance under the auspices of the Association of German Pfandbrief Banks (vdp). The vdp repayment moratorium granted deferrals only in the form of a suspension of repayments. The suspended repayments must be repaid on the scheduled maturity date of the loan agreement concerned. Both moratoriums were believed to be in compliance with EBA requirements and did not therefore lead to classification of the action as a forbearance measure during the period in which the moratoriums applied. As at 30 June 2022, the gross carrying amount of loans that were subject to an approved EBA-compliant moratorium amounted to € 274 m (31 December 2021: € 284 m). All approved moratoriums had already expired as at the reporting date.

Since the outbreak of the COVID-19 pandemic, governments and institutions have been providing support with liquidity assistance, subsidies and aid programmes. As at 30 June 2022, Helaba was holding loans of € 724 m with COVID-19-related public-sector guarantees (KfW development bank programmes, federal state guarantees) (31 December 2021: € 740 m). The exemption from liability in the KfW programmes is 80 % or 90 %, depending on the programme. Programmes with full exemption from liability are recognised off the statement of financial position as fiduciary activities (see Note (37)).

In addition, as at 30 June 2022 there were exposures with a gross carrying amount of € 1,473 m (31 December 2021: € 1,608 m) for which COVID-19-related forbearance measures, in particular covenant waivers and individual deferral agreements, had been approved. For every forbearance action, the Helaba Group verifies whether this triggers a default event regarding the debt instrument concerned. If the forbearance action leads to a default event, the instrument is transferred to stage 3; otherwise it is transferred to stage 2.

In the context of the Ukraine war, exposures in the three countries directly affected, namely Russia, Ukraine and Belarus, are subject to very close monitoring. In addition, a cross-sector analysis of the first- and second-round effects of the Ukraine war has identified industries that are significantly affected. Among other things, this took into account downstream effects of restrictions on imports and exports of goods and energy, production constraints in the three countries affected and production downtime in other countries due to a lack of supplier products as well as effects of sharp rises in energy prices and increases in transport costs as a result of adjustments to supply chains.

Any contractual changes, including those in the COVID-19 context and in the context of the Ukraine war, are reviewed to establish whether they constitute a modification. According to IFRS 9, contract modifications of financial instruments comprise both the adjustment of contractual cash flows as well as changes in the legal situation with an effect on the cash flows associated with the financial instrument. However, unlike forbearance measures, the exercise of a provision or option stipulated in the original contract is not considered a contract modification within the meaning of IFRS 9. In addition, modifications in line with IFRS 9 are considered independently from any financial difficulties of the borrower.

The effects of the COVID-19 pandemic and the Ukraine war on loss allowances are outlined in the following sections on exceptional circumstances and portfolio-based loss allowances.

Exceptional circumstances

The current macroeconomic environment is one of considerable uncertainty due to factors such as COVID-19, the Ukraine war and their respective consequences. Forward-looking information is taken into account in the calculation of the lifetime ECL by generally including such information in the probability of default (PD) and loss given default (LGD) input parameters and by reviewing exceptional circumstances at sub-portfolio level. Exceptional circumstances are circumstances in which an adjustment of the risk parameters is required, for example because of exceptional macroeconomic circumstances. As part of the regular ECL calculation process, quarterly reviews are carried out on the basis of economic forecasts made by the Helaba Group to establish whether exceptional circumstances are present. Various macroeconomic parameters are analysed according to scenario to identify an exceptional circumstance. These parameters include gross domestic product, unemployment rate, oil price, consumer price and share price indices, together with trends in interest rates and exchange rates. Three internal macroeconomic scenarios at Helaba are used in the scenario-related evaluation. The exceptional circumstance is identified largely by means of a comparison between the current portfolio probability of default and the default rate forecast in the scenarios. If an exceptional circumstance is identified on this basis for one or more risk parameters, the parameters are adjusted at sub-portfolio level as part of the model.

The anticipated macroeconomic trend was assessed as an exceptional circumstance for certain sub-portfolios and factored into loss allowances. The various scenarios are based on different assumptions about global economic performance. In the baseline scenario, the global economy's recovery from the pandemic is held in check by shortages of materials and supply chain difficulties. These are compounded by the additional spike in commodity prices and uncertainty triggered by the Ukraine war. Although the war in Ukraine slows the economic recovery significantly, it does not interrupt it. In 2022, very high energy prices and the shortages that continue to affect a number of products lead to strong consumer price inflation in Germany and the euro zone. The effects of climate change still play a subordinate role in the forecast horizon at global economic level and only build over the long term. Impetus comes mainly from efforts to reduce greenhouse gases. This counteracts positive growth effects stemming from increasing investment in decarbonisation. The US Federal Reserve has changed monetary policy course and raises its benchmark rate to just over 3.5 % by the end of the year. The ECB also responds to very high inflation and raises the deposit rate. The high inflation rates and change of monetary policy course cause capital market rates to rise. In combination with the end of the ECB's asset-buying programmes, the subdued economic outlook as a result of the Ukraine war, supply chain bottlenecks and high commodity prices leads to higher risk premiums on corporate and bank bonds.

In the negative alternative scenario, the recovery from the pandemic is interrupted by the shock of the Ukraine war. The sharp rise in energy prices and disruption to supply chains lead to a recession in the second half of 2022, which in Europe especially brings a slump in economic activity. The Ukraine war increases competition for scarce commodities needed for the energy transition. In addition, geopolitical conflicts reduce global appetite for the cooperation that would help bring about a prompt reduction in greenhouse gas emissions. A rising level of defaults has an adverse impact on banks. Following an initially crisis-induced spike in inflation, the slump in demand once again leads to a lower oil price and an easing of supply bottlenecks. In the positive alternative scenario, the global recovery from the pandemic is not held noticeably in check by an only short-lived breakdown of confidence as a result of the Ukraine war. Pent-up demand drives economic activity. Shortages of materials and supply chain bottlenecks are more quickly overcome thanks to strong growth in capital investment. Successful global cooperation on climate issues reduces uncertainty in planning. The risk premium on commodity prices, particularly oil and gas prices, falls sharply. Efficiency gains in the economy and a reduction in protectionism also push down price pressures. As a result of this price easing, inflation is initially lower than in the baseline scenario, despite rising demand.

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

in %

	Positive		Base		Negative	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Gross domestic product	1.8	5.4	1.1	4.0	−3.5	−0.3
Unemployment rate	4.5	4.9	5.1	5.1	6.7	6.4
Rate of change consumer price index	4.7	4.0	5.9	2.7	7.0	1.4
Short term interest, 3 months	1.0	−0.2	1.2	−0.5	0.2	−0.7

Compared with 31 December 2021, macroeconomic parameters have deteriorated and the impact of the exceptional circumstances on loss allowances has increased from € 50 m as at 31 December 2021 to € 79 m. The war in Ukraine is having a substantial adverse effect on the already-sluggish recovery from the COVID-19 pandemic. As at 30 June 2022, the effect of the exceptional circumstances was therefore calculated on the basis of the impact in the negative scenario, which took account of the uncertainty in the macroeconomic environment. For comparison: The weighted scenario comprising baseline scenario (probability of 60 %), positive scenario (probability of 10 %) and negative scenario (probability of 30 %) results in loss allowances being € 26 m lower, and the positive scenario in loss allowances being € 40 m lower. The change in the scenarios' probability weighting compared with 31 December 2021 takes account of the anticipated probabilities of occurrence (31 December 2021: probability of occurrence of baseline scenario 75 %; probability of occurrence of negative scenario 10 %; probability of occurrence of positive scenario 15 %).

Portfolio-based loss allowances

As at 30 June 2022, there was a heightened risk of defaults. The effects of the COVID-19 pandemic and the Ukraine war, including the resulting macroeconomic repercussions, needed to be factored in. These risks were not fully reflected in the individual calculations of loss allowances as a result of rating deteriorations and default events. At € 9,596 m, the proportion of financial assets and off-balance sheet commitments at stage 2 equated to 4.2 % of the total volume (31 December 2021: € 10,264 m or 4.7 %). The overall volume of transactions at stage 3 and classified as POCI was € 1,284 m, equating to 0.6 % of the total volume (31 December 2021: € 1,312 m or 0.6 %). Actual rating deteriorations and default events were therefore well below the rise in default risk anticipated by management, as a result of which the stage 2 portfolio-based loss allowance of € 296 m recognised as at 31 December 2021 was increased by € 57 m.

The portfolio-based loss allowance includes an adjustment of € 169 m for critical sub-portfolios. This additional requirement was estimated based on critical sub-portfolios for which assumptions were made about rating deteriorations, collateral value markdowns and lifetime ECLs. As at 31 December 2021, critical sub-portfolios were defined with the focus on the COVID-19 pandemic. The method used to identify critical sub-portfolios has since been further developed so as to take adequate account of macroeconomic conditions as well as COVID-19 and as at 30 June 2022 included sub-portfolios with a relatively large proportion of non-performing loans and loans under intensive management. Critical sub-portfolios were identified within the following portfolios: commercial real estate, corporate customers and transport and equipment. Account is therefore taken of current and foreseeable risks and their potential effects on probability of default and the recoverability of collateral that cannot yet be quantified at individual transaction level.

As well as taking into account critical portfolios, and for the purposes of continuity in covering COVID-19 risks, a portfolio-based loss allowance of € 43 m was included for COVID-19-critical exposures. COVID-19-critical exposures relate to individually identified borrowers whose income statements and statements of financial position are being significantly impacted by the pandemic, or are likely to be so in the near future, and which have not yet been taken into account through a critical sub-portfolio.

A portfolio-based loss allowance of € 10 m (31 December 2021: € 15 m) was recognised in respect of directly affected exposures in order to take account of the risk of possible sanctions against Russia as a result of the Ukraine war. This was lower than the loss allowance recognised as at 31 December 2021 due to the reduction in directly affected exposures held by the Bank. Moreover, in 2022 a portfolio-based loss allowance of € 131 m was recognised for the first time to take account of the risk of a stoppage of gas deliveries. To this end, affected sub-portfolios were identified and a rating deterioration assumed for those portfolios.

The amount of the portfolio-based loss allowances is subject to significant estimation uncertainty. If the ratings deteriorate by one rating level less than expected, the portfolio-based loss allowance requirement falls by € 98 m; if they deteriorate by one rating level more than expected, however, the requirement rises by € 122 m.

Disclosures for financial assets measured at amortised cost

The following table shows a breakdown of the financial assets measured at amortised cost and the cumulative loss allowances recognised in respect of these assets by IFRS 9 impairment model stage as at 30 June 2022:

Financial assets measured at amortised cost in € m

	Gross carrying amount					Cumulative loss allowances				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Demand deposits and overnight money balances at central banks and banks	40,621	0	–	–	40,622	0	0	–	–	0
Bonds and other fixed-income securities	1,342	–	–	–	1,342	0	–	–	–	0
Loans and receivables	121,522	7,853	1,053	7	130,435	39	519	237	1	795
Total	**163,486**	**7,853**	**1,053**	**7**	**172,399**	**39**	**519**	**237**	**1**	**795**

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

Financial assets measured at amortised cost in € m

	Gross carrying amount					Cumulative loss allowances				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Demand deposits and overnight money balances at central banks and banks	33,682	0	–	–	33,682	0	0	–	–	0
Bonds and other fixed-income securities	389	0	–	–	389	0	–	–	–	0
Loans and receivables	120,804	8,411	1,119	6	130,339	36	437	240	1	714
Total	**154,874**	**8,411**	**1,119**	**6**	**164,410**	**36**	**437**	**240**	**1**	**714**

The following table shows the changes (broken down by stage) in the period under review in the loss allowances recognised in respect of financial assets measured at amortised cost:

Financial assets measured at amortised cost in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and receivables					
As at 1.1.2022	**36**	**437**	**240**	**1**	**714**
Total change in loss allowances due to transfers between stages	5	–5	0	–	–
Transfer to stage 1	6	–6	–0	–	–
Transfer to stage 2	–1	1	–0	–	–
Transfer to stage 3	–0	–0	1	–	–
Additions	38	131	37	0	206
Newly originated/acquired financial assets	15	7	0	–	22
Other additions	23	124	37	0	184
Interest effects in stage 3 from updates of gross carrying amount	–	–	5	0	5
Reversals	–41	–45	–44	–0	–130
Reversals from redemptions (derecognition)	–6	–3	–3	–	–12
Other reversals	–35	–42	–41	–0	–118
Utilisations	–	–	–4	–	–4
Changes due to currency translation and other adjustments	0	1	2	–	4
As at 30.6.2022	**39**	**519**	**237**	**1**	**795**

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

Financial assets measured at amortised cost in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and receivables					
As at 1.1.2021	**43**	**355**	**155**	**–0**	**553**
Total change in loss allowances due to transfers between stages	2	–13	10	–	–
Transfer to stage 1	5	–5	–0	–	–
Transfer to stage 2	–3	3	–0	–	–
Transfer to stage 3	–0	–10	11	–	–
Additions	25	181	59	2	266
Newly originated / acquired financial assets	7	7	0	–	15
Other additions	18	173	58	2	251
Interest effects in stage 3 from updates of gross carrying amount	–	–	3	0	3
Reversals	–32	–74	–26	–1	–134
Reversals from redemptions (derecognition)	–2	–11	–1	–	–14
Other reversals	–30	–64	–25	–1	–120
Utilisations	–	–	–5	–0	–5
Changes due to currency translation and other adjustments	0	1	1	0	2
As at 30.6.2021	**38**	**449**	**197**	**1**	**684**

Disclosures for financial assets measured at fair value through other comprehensive income

The following table shows the carrying amounts of financial assets measured at fair value through other comprehensive income and the cumulative loss allowances recognised in respect of these assets as at 30 June 2022:

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

	Carrying amount (fair value)					Cumulative loss allowances (recognised in OCI)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities	16,198	22	–	–	16,220	2	0	–	–	2
Loans and receivables	707	4	–	–	711	1	0	–	–	1
Total	**16,905**	**25**	**–**	**–**	**16,930**	**3**	**0**	**–**	**–**	**3**

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

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

	Carrying amount (fair value)					Cumulative loss allowances (recognised in OCI)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Bonds and other fixed-income securities	16,460	46	–	–	16,506	2	0	–	–	2
Loans and receivables	649	7	–	–	656	1	0	–	–	1
Total	**17,109**	**53**	**–**	**–**	**17,162**	**3**	**0**	**–**	**–**	**3**

Cumulative loss allowances on financial assets measured at fair value through other comprehensive income did not change significantly compared with the position as at 31 December 2021. In the prior-year period, they increased by € 1 m to a total of € 5 m as at 30 June 2021.

Disclosures for off-balance sheet commitments

The following table shows the nominal amounts of loan commitments and the maximum guarantee amounts of financial guarantees (subsequently referred to as nominal amount) as well as the related provisions as at 30 June 2022:

Off-balance sheet liabilities in € m

	Nominal amount					Provisions				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments	29,830	1,180	106	2	31,118	9	11	13	0	34
Financial guarantees	8,523	538	106	10	9,176	4	14	28	–	46
Total	**38,354**	**1,718**	**212**	**12**	**40,295**	**13**	**25**	**42**	**0**	**80**

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

Off-balance sheet liabilities in € m

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

The following table shows the change in provisions for loan commitments and financial guarantees during the reporting period:

Off-balance sheet liabilities in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2022	**8**	**12**	**6**	**0**	**27**
Total change in provision due to transfers between stages	2	–2	–0	–	–
Transfer to stage 1	2	–2	–0	–	–
Transfer to stage 2	–0	0	–0	–	–
Transfer to stage 3	–0	–0	0	–	–
Additions	15	21	10	0	46
New loan commitments originated	13	2	–	–	15
Other additions	2	19	10	0	31
Reversals	–16	–20	–3	–0	–39
Utilisations (drawdown under loan commitment)	–7	–7	–1	–0	–15
Other reversals	–9	–14	–2	–0	–24
Changes due to currency translation and other adjustments	0	0	–	–	0
As at 30.6.2022	**9**	**11**	**13**	**0**	**34**
Financial guarantees					
As at 1.1.2022	**4**	**15**	**26**	**–**	**44**
Total change in provision due to transfers between stages	1	–1	1	–	–
Transfer to stage 1	1	–1	–	–	–
Transfer to stage 2	–0	0	–	–	–
Transfer to stage 3	–0	–1	1	–	–
Additions	2	4	7	–	14
New financial guarantees originated	1	0	–	–	1
Other additions	2	4	7	–	13
Reversals	–3	–4	–6	–	–13
Changes due to currency translation and other adjustments	0	0	–	–	0
As at 30.6.2022	**4**	**14**	**28**	**–**	**46**

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

Off-balance sheet liabilities in € m

	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments					
As at 1.1.2021	**8**	**13**	**4**	**0**	**25**
Total change in provision due to transfers between stages	2	−3	2	–	–
Transfer to stage 1	2	−2	−0	–	–
Transfer to stage 2	−0	0	−0	–	–
Transfer to stage 3	−0	−2	2	–	–
Additions	8	15	9	1	33
New loan commitments originated	6	1	–	0	6
Other additions	2	15	9	1	26
Reversals	−10	−12	−6	−0	−28
Utilisations (drawdown under loan commitment)	−6	−6	−0	−0	−12
Other reversals	−4	−6	−6	−0	−16
Changes due to currency translation and other adjustments	0	0	–	–	0
As at 30.6.2021	**8**	**13**	**9**	**0**	**30**
Financial guarantees					
As at 1.1.2021	**3**	**14**	**13**	**–**	**30**
Total change in provision due to transfers between stages	1	−2	2	–	–
Transfer to stage 1	1	−1	–	–	–
Transfer to stage 2	−0	0	–	–	–
Transfer to stage 3	–	−2	2	–	–
Additions	2	7	3	–	12
New financial guarantees originated	1	–	–	–	1
Other additions	1	7	3	–	11
Reversals	−2	−4	−3	–	−9
Changes due to currency translation and other adjustments	0	0	−0	–	0
As at 30.6.2021	**4**	**15**	**15**	**–**	**34**

(33) Fair Values of Financial Instruments

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).

Measurement methods

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

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

In the case of financial instruments for which no quoted prices are available in active markets on the reporting date, the fair value is determined using generally accepted valuation techniques. The financial instruments are measured on the basis of the cash flow structure, taking into account estimated future cash flows, discount rates and volatility. These approaches use modelling techniques such as the discounted cash flow method or established option pricing models. Models with greater differentiation that use more detailed inputs such as correlations are used for more complex financial instruments.

The inputs for the models are usually observable in the market. If no market information is available for the required model inputs, these are derived from other relevant information sources, such as prices for similar transactions or historical data.

The following table provides an overview of the measurement models used for the financial instruments:

Financial instruments	Measurement models	Key inputs
Interest-rate swaps and interest-rate options	Discounted cash flow method, Black / Normal Black model, Markov functional model, SABR model, replication model, bivariate copula model, Hull-White / hybrid Hull-White model	Yield curves, interest-rate volatility, correlations
Interest-rate futures	Discounted cash flow method	Yield curves
Currency futures	Discounted cash flow method	Exchange rates, yield curves
Equity / index options	Black model, local volatility model	Equity prices, yield curves, equity volatilities, dividends
Currency options[1]	Black model, skew barrier model	Exchange rates, yield curves, FX volatilities
Commodity options	Black model, Turnbull / Wakeman	Commodity prices, yield curves, commodity volatilities / correlations
Credit derivatives	Black model	Yield curves, credit spreads, credit volatilities
Loans	Discounted cash flow method	Yield curves, credit spreads
Money market instruments	Discounted cash flow method	Yield curves
Securities repurchase transactions	Discounted cash flow method	Yield curves
Promissory note loans	Discounted cash flow method	Yield curves, credit spreads
Securities, forward securities transactions	Discounted cash flow method	Yield curves, credit spreads, securities prices
Fund units / shares	Fund valuation	Net asset values of the funds
Shareholdings	Dividend discount method, net asset value method	Discount rate, expected cash flows

[1] Precious metal options are measured in the same way as currency options. They are reported under commodity options.

Fund units / shares in the equity shares and other variable-income securities measurement category are measured on the basis of net asset values, which are mainly determined by the fund management companies and made available to the unitholders / shareholders. These values can be considered as representative of the fair value. If the latest fair value was determined as at a date other than the reporting date, such value is extrapolated to the reporting date, factoring in current information from the fund management company that has an impact on fair value.

In the case of purchased rights under endowment insurance policies, the fair value is measured on the basis of the surrender value notified by the insurance company. This value is then adjusted for contributions and other changes in value up to the reporting date.

Adjustments

Adjustments may be required in some cases, and these adjustments form an additional part of the measurement process. Depending on the complexity of the financial instrument involved, the use of a model to measure a financial instrument could involve some uncertainty in the selection of a suitable model, for example regarding the numeric implementation or the parametrisation / calibration of the model. When measuring a financial instrument using fair value principles, this uncertainty is taken into account by applying model adjustments, which can be subdivided into deficiency adjustments and complexity adjustments.

The purpose of a deficiency adjustment is to reflect model-related measurement uncertainty. Such model uncertainty arises if a financial instrument is measured using a model that is uncommon (or no longer common) or if there is a lack of clarity caused by an inadequate calibration process or by the technical implementation. Complexity adjustments are taken into account if there is no market consensus regarding the model to be used or the parametrisation for the model cannot be clearly derived from the market data. The problems in such cases are referred to as model risk. The measurement markdowns resulting from the various adjustments are taken into account in the form of a model reserve.

Generally speaking, derivatives are currently measured in front-office systems on a risk-free basis. In other words, it is specifically assumed that the counterparties involved will remain in place until the contractual maturity of the outstanding transactions. Credit risk is taken into account in the form of a measurement adjustment. The measurement adjustment is calculated on the basis of the net exposure and the exposure over time is estimated using a Monte Carlo simulation. The credit value adjustment (CVA) reflects the imputed loss risk to which the Helaba Group believes it is exposed in respect of its counterparty, based on a positive fair value from the Helaba Group's perspective. If the counterparty were to default, it would only be possible to recover a fraction of the fair value of the outstanding transactions in any insolvency or liquidation process (recovery rate). A debit value adjustment (DVA) mirrors the CVA and is defined as that imputed part of a negative fair value (from the perspective of the Group) that would be lost if the counterparty were to default. The CVA and DVA amounts are taken into account in the form of a measurement adjustment.

A funding valuation adjustment (FVA) is necessary to ensure that the measurement of derivative financial instruments takes into account the funding costs implied by the market. Funding costs are incurred in connection with the replicated hedging of unsecured customer derivatives with secured hedging derivatives in the interbank market. Whereas the volume to be funded is derived from an exposure simulation, the funding rates are set in line with the Euro Interbank Offered Rate (Euribor). Similar to a CVA/DVA, there are two types of FVA. A funding benefit adjustment (FBA) is applied in the case of a negative exposure, and a funding cost adjustment (FCA) for a positive exposure.

Validation and control

The measurement process is subject to continuous validation and control. In the trading business, part of the process of measuring exposures independently of the trading activity is to ensure that the methods, techniques and models used for the measurement are appropriate.

New measurement models are generally subject to comprehensive initial validation before they are used for the first time. The models are then regularly reviewed depending on materiality, the extent to which they are established in the market and on the complexity of the model in question. Ad hoc reviews are also carried out if, for example, significant changes are made to the model.

A process of independent price verification is also carried out to ensure that the inputs used for measuring the financial instruments are in line with the market.

Level 1

The market price is the best indicator of the fair value of financial instruments. If an active market exists, observable market prices are used to measure the financial instruments recognised at fair value. These are normally prices quoted on a stock exchange or market prices quoted on the interbank market. These fair values are reported as Level 1.

Level 2

If an observable market price does not exist for a financial instrument, recognised and customary valuation techniques are used for measurement purposes, with all input data being based on observable market data and taken from external sources. These valuation techniques are normally used for OTC derivatives (including credit derivatives) and for financial instruments that are recognised at fair value and not traded on an active market. In such cases, the fair values are reported as Level 2.

Level 3

In those cases in which not all input parameters are directly observable on the market, the fair values are calculated using realistic assumptions based on market conditions. This approach is required in particular for complex structured (derivative) basket products where correlations not directly observable in the market are significant to the measurement. If no market prices are available for non-derivative financial instruments, sector rating credit curves are used to determine the credit spreads; alternatively, if this is not possible, arranger prices are used. Inputs that cannot be observed, particularly the surpluses derived from corporate planning, are also used to measure unlisted shareholdings recognised at fair value and to test goodwill for impairment. In the case of investment property, fair values are determined on the basis of expected income and expenses, with the result that these fair values are also classified as Level 3.

At Helaba, transactions are generally allocated to Level 3 if no inputs observable in the market are used in the measurement. If the sole non-observable input is the internal credit rating for the customer and this has only an immaterial effect on fair value, the transaction is allocated to Level 2.

If an input material to the measurement of a financial instrument can no longer be classified under the same level used in the previous measurement, the instrument is reallocated to the relevant level.

The breakdown of financial instruments on the assets side measured at fair value according to the hierarchy of the inputs used was as follows:

in € m

	30.6.2022				31.12.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash on hand, demand deposits and overnight money balances with central banks and banks	**–**	**301**	**–**	**301**	**–**	**287**	**–**	**287**
Demand deposits and overnight money balances at banks	–	301	–	301	–	287	–	287
Trading assets	**1,821**	**9,995**	**642**	**12,458**	**2,197**	**12,764**	**348**	**15,308**
Positive fair values of derivatives	0	8,511	55	8,567	5	11,214	90	11,309
Bonds and other fixed-income securities	1,800	194	–	1,994	2,169	87	–	2,256
Loans and receivables	–	1,289	587	1,876	–	1,463	258	1,721
Equity shares and other variable-income securities	21	–	–	21	22	–	–	22
Other financial assets mandatorily measured at fair value through profit or loss	**760**	**1,890**	**564**	**3,213**	**859**	**4,234**	**610**	**5,702**
Positive fair values of derivatives	–	1,716	56	1,771	–	4,065	96	4,161
Bonds and other fixed-income securities	753	40	7	799	856	41	7	903
Loans and receivables	–	38	195	233	–	39	234	272
Equity shares and other variable-income securities	7	96	217	320	3	89	183	275
Shareholdings	–	–	78	78	–	–	71	71
Receivables from the purchase of endowment insurance policies	–	–	12	12	–	–	20	20
Financial assets designated voluntarily at fair value	**–**	**2,856**	**258**	**3,114**	**130**	**3,225**	**307**	**3,661**
Bonds and other fixed-income securities	–	114	–	114	130	–	–	130
Loans and receivables	–	2,742	258	3,000	–	3,225	307	3,532
Positive fair values of hedging derivatives under hedge accounting	**–**	**308**	**–**	**308**	**–**	**541**	**–**	**541**
Financial assets measured at fair value through other comprehensive income	**14,148**	**2,190**	**621**	**16,959**	**15,178**	**1,442**	**574**	**17,194**
Bonds and other fixed-income securities	14,148	2,007	65	16,220	15,178	1,280	48	16,506
Loans and receivables	–	183	527	711	–	162	494	656
Shareholdings	–	–	29	29	–	–	32	32
Financial assets	**16,729**	**17,540**	**2,086**	**36,354**	**18,363**	**22,492**	**1,839**	**42,695**

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

in € m

	30.6.2022				31.12.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2[1]	Level 3[1]	Total
Trading liabilities	**46**	**15,031**	**55**	**15,132**	**237**	**12,975**	**89**	**13,301**
Negative fair values of derivatives	9	7,289	55	7,353	10	8,473	89	8,572
Securitised liabilities	–	106	–	106	–	264	–	264
Deposits and loans	–	7,634	–	7,634	–	4,238	–	4,238
Liabilities arising from short-selling	37	2	–	39	227	–	–	227
Other financial liabilities	–	–	–	–	–	0	–	0
Negative fair values of non-trading derivatives	**2**	**3,268**	**162**	**3,433**	**1**	**4,811**	**38**	**4,850**
Financial liabilities designated voluntarily at fair value	**–**	**10,112**	**1,189**	**11,302**	**–**	**10,895**	**1,373**	**12,268**
Securitised liabilities	–	5,713	864	6,578	–	5,513	996	6,509
Deposits and loans	–	4,399	325	4,724	–	5,383	376	5,759
Negative fair values of hedging derivatives under hedge accounting	**–**	**1,363**	**–**	**1,363**	**–**	**1,951**	**–**	**1,951**
Financial liabilities	**48**	**29,775**	**1,406**	**31,229**	**238**	**30,632**	**1,500**	**32,369**

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

The following tables show transfers from Level 1 and Level 2 to other levels as a result of a change in fair value quality for financial instruments that were held in the portfolio of the Helaba Group as at the reporting date. Other changes in the portfolios at Levels 1 and 2 were attributable to additions, derecognition or measurement changes.

in € m

	30.6.2022				31.12.2021			
	From Level 1 to		From Level 2 to		From Level 1 to		From Level 2 to	
	Level 2	Level 3	Level 1	Level 3	Level 2	Level 3	Level 1	Level 3
Trading assets	**3**	**–**	**39**	**–**	**–**	**–**	**0**	**3**
Positive fair values of derivatives	–	–	–	–	–	–	–	3
Bonds and other fixed-income securities	3	–	39	–	–	–	0	–
Other financial assets mandatorily measured at fair value through profit or loss	**31**	**–**	**–**	**–**	**4**	**–**	**–**	**1**
Bonds and other fixed-income securities	12	–	–	–	4	–	–	–
Loans and receivables	–	–	–	–	–	–	–	1
Equity shares and other variable-income securities	19	–	–	–	–	–	–	–
Financial assets designated voluntarily at fair value	**114**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Bonds and other fixed-income securities	114	–	–	–	–	–	–	–
Financial assets measured at fair value through other comprehensive income	**115**	**–**	**0**	**5**	**11**	**–**	**69**	**3**
Bonds and other fixed-income securities	115	–	0	–	11	–	69	–
Loans and receivables	–	–	–	5	–	–	–	3
Financial assets	**263**	**–**	**39**	**5**	**15**	**–**	**69**	**7**

in € m

	30.6.2022				31.12.2021			
	From Level 1 to		From Level 2 to		From Level 1 to		From Level 2 to	
	Level 2	Level 3	Level 1	Level 3	Level 2	Level 3	Level 1	Level 3
Trading liabilities	**–**	**–**	**–**	**–**	**33**	**–**	**–**	**2**
Negative fair values of derivatives	–	–	–	–	–	–	–	2
Securitised liabilities	–	–	–	–	33	–	–	–
Financial liabilities designated voluntarily at fair value	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13**
Deposits and loans	–	–	–	–	–	–	–	13
Financial liabilities	**–**	**–**	**–**	**–**	**33**	**–**	**–**	**16**

The following tables show the changes in the portfolio of financial instruments measured at fair value and allocated to Level 3, on the basis of class of financial instrument regardless of measurement category. Transfers to or from Level 3 from/to other levels in the measurement hierarchy were made at the carrying amount on the date on which the transfer was carried out. The allocations to the various levels are reviewed quarterly. The tables show the gains and losses as well as the cash flows that have occurred since the beginning of the year or since the allocation to Level 3. The tables also show the net gains or losses on remeasurement of the financial instruments still held in the portfolio as at the reporting date:

in € m

	Positive fair values of derivatives	Bonds and other fixed-income securities	Loans and receivables	Equity shares and other variable-income securities	Shareholdings	Receivables from endowment insurance policies
As at 1.1.2022	**185**	**55**	**1,293**	**183**	**103**	**20**
Gains or losses recognised in the consolidated income statement	–12	–0	–118	11	7	–5
Net trading income	21	–	–49	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	–33	–0	–69	11	7	–5
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	–	0	–	–	–	–
Gains or losses recognised in other comprehensive income	–	–0	–29	–	–4	–
Additions	1	89	1,114	35	0	–
Disposals/liquidations	–15	–73	–731	–12	–0	–4
Changes due to currency translation	–	–	0	0	0	–
Changes in accrued interest	0	–0	1	–	–	–
Amortisation of premiums/discounts	–6	0	–4	–	–	–
Transfers from Level 2	–	2	5	–	–	–
Transfers to Level 2	–42	–	–0	–	–	–
Other changes in the portfolio	–	–	36	–	–	–
As at 30.6.2022	**111**	**72**	**1,568**	**217**	**106**	**12**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	–22	0	–27	10	7	0

The following table show the changes in the assets at Level 3 in the prior-year period:

in € m

	Positive fair values of derivatives	Bonds and other fixed-income securities	Loans and receivables	Equity shares and other variable-income securities	Shareholdings	Receivables from endowment insurance policies
As at 1.1.2021	**297**	**7**	**1,346**	**82**	**101**	**46**
Gains or losses recognised in the consolidated income statement	−28	0	−18	11	−1	−4
Loss allowances	–	−0	–	–	–	–
Net trading income	−10	0	1	–	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	−18	0	−19	11	−1	−4
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	–	0	–	–	–	–
Gains or losses recognised in other comprehensive income	–	0	−4	–	2	–
Additions	9	87	63	26	5	–
Disposals/liquidations	−13	−32	−359	−2	−7	−5
Changes in basis of consolidation	–	–	–	–	−0	–
Changes due to currency translation	–	–	−0	−0	−0	–
Changes in accrued interest	−1	0	−1	–	–	–
Amortisation of premiums/discounts	−7	0	−4	–	–	–
Transfers from Level 2	0	–	18	–	–	–
Transfers to Level 2	−7	–	−0	–	–	–
As at 30.6.2021	**251**	**62**	**1,040**	**117**	**100**	**37**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	−15	0	−8	11	−1	1

The following table shows the changes in the liabilities at Level 3 in the reporting period:

in € m

	Negative fair values of derivatives	Securitised liabilities	Deposits and loans[1]
As at 1.1.2022	**127**	**996**	**376**
Gains or losses recognised in the consolidated income statement	145	–122	–38
Net trading income	20	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	125	–122	–38
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	–	0	–
Gains or losses recognised in other comprehensive income	–	–8	–1
Additions	1	14	–
Disposals/liquidations	–15	–14	–6
Changes in accrued interest	1	1	–1
Amortisation of premiums/discounts	–2	–1	–5
Transfers to Level 2	–41	–2	–
As at 30.6.2022	**217**	**864**	**325**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	–138	121	38

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

The following table show the changes in the liabilities at Level 3 in the prior-year period:

in € m

	Negative fair values of derivatives	Securitised liabilities	Deposits and loans
As at 1.1.2021	**176**	**1,028**	**428**
Gains or losses recognised in the consolidated income statement	−11	−22	1
Net trading income	−9	–	–
Gains or losses on other financial assets mandatorily measured at fair value through profit or loss	−2	−22	1
Gains or losses on derecognition of financial instruments not measured at fair value through profit or loss	–	0	–
Gains or losses recognised in other comprehensive income	–	6	2
Additions	9	62	–
Disposals / liquidations	−12	−64	−26
Changes in accrued interest	−0	0	−1
Amortisation of premiums / discounts	−1	−1	−5
Transfers from Level 2	0	–	14
Transfers to Level 2	−8	–	–
As at 30.6.2021	**153**	**1,009**	**413**
Gains or losses on financial assets in the portfolio recognised in the consolidated income statement	−1	22	−2

As in the prior year, the transfers to or from Level 3 were attributable to changes in the quality of the individual inputs used.

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

The following table provides an overview of the main inputs not observable in a market that were used in the relevant valuation techniques as at 30 June 2022:

in € m

	Assets at Level 3	Liabilities at Level 3	Valuation technique	Key inputs not observable in a market	Range
Derivatives	**111**	**217**			
Equity-/index-related derivatives	1	1	Option pricing model	Dividend estimate with remaining term > 3 years	0 € – 106 €
	53	49	Option pricing model	Equity shares correlation	–9.8 % – 85.9 %
Interest-rate derivatives	57	166	Option pricing model	Interest correlation	–9,0 % – 99.6 %
Equity shares and other variable-income securities	**217**				
Private equity funds	217		Fund valuation	Net asset values	n.a.
Bonds and other fixed-income securities	**72**		DCF approach	Credit spread	0.0 % – 3.0 %
Securitised liabilities		**864**			
Interest certificates		864	Option pricing model	Interest correlation	–9,0 % – 99.6 %
Loans and receivables	**1,568**				
Promissory note loans	1,171		DCF approach	Credit spread	0.0 % – 3.0 %
	311		Option pricing model	Credit spread	0.0 % – 0.4 %
	79		Option pricing model	Interest correlation	–9,0 % – 99.6 %
				Credit spread	0.0 % – 0.4 %
Mezzanine receivables	2		Fund valuation	Fair value	n.a.
Other	6		Various	n.a.	n.a.
Deposits and loans		**325**	Option pricing model	Interest correlation	–9,0 % – 99.6 %
Shareholdings	**106**				
Private equity funds	2		Fund valuation	Net asset values	n.a.
Other	48		Income capitalisation approach	Discount rate	7.4 % – 9.3 %
				Expected cash flows	n.a.
	56		Various	Fair value and other	n.a.
Receivables from the purchase of endowment insurance policies	**12**		Insurance valuation model	Surrender values	n.a.
Total	**2,086**	**1,406**			

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

in € m

	Assets at Level 3	Liabilities at Level 3	Valuation technique	Key inputs not observable in a market	Range
Derivatives	**185**	**127**			
Equity-/index-related derivatives	37	36	Option pricing model	Dividend estimate with remaining term > 3 years	0 € – 121 €
	46	45	Option pricing model	Equity shares correlation	–14.5 % – 85.0 %
Interest-rate derivatives	102	45	Option pricing model	Interest correlation	–26.8 % – 100.0 %
Equity shares and other variable-income securities	**183**				
Private equity funds	183		Fund valuation	Net asset values	n.a.
Bonds and other fixed-income securities	**55**		DCF approach	Credit spread	0.0 % – 3.0 %
Securitised liabilities		**996**			
Interest certificates		996	Option pricing model	Interest correlation	–26.8 % – 100.0 %
Loans and receivables	**1,293**				
Promissory note loans	819		DCF approach	Credit spread	0.0 % – 3.0 %
	374		Option pricing model	Credit spread	0.0 % – 0.4 %
	90		Option pricing model	Interest correlation	–31.2 % – 100.0 %
				Credit spread	0.0 % – 0.4 %
Mezzanine receivables	2		Fund valuation	Fair value	n.a.
Other	8		Various	n.a.	n.a.
Deposits and loans		**376**	Option pricing model	Interest correlation	–31.2 % – 100.0 %
Shareholdings	**103**				
	53		Income capitalisation approach	Discount rate	5.8 % – 8.0 %
				Expected cash flows	n.a.
	50		Net asset value method	Fair value and other	n.a.
Receivables from the purchase of endowment insurance policies	**20**		Insurance valuation model	Surrender values	n.a.
Total	**1,839**	**1,500**			

In the case of those market inputs used that are not directly observable in a market, it is possible to use alternative inputs that knowledgeable market participants could apply to identify more advantageous or more disadvantageous prices. The following section describes how fluctuations in unobservable inputs may impact fair values of financial instruments. The calculations are based on either sensitivity analyses or recalculations of fair values.

The Helaba Group uses correlations to measure derivatives, issued certificates, deposits, and loans. Correlations are unobservable market parameters used in model calculations of fair value for financial instruments with more than one reference value. Correlations describe the relationship between these reference values. A high degree of correlation means that there is a strong relationship between the performance of the respective reference values. Structured interest rate derivatives are typically entered into exclusively to hedge structured interest rate issues in the banking book, or to hedge structured customer transactions. Furthermore, structured equity derivatives – where correlations must be taken into account as market parameters – are usually entered into exclusively in connection with the corresponding retail issues; such items are closed with back-to-back hedges. The changes in the fair values of the hedging instrument and the hedged item that are attributable to the relevant parameter (interest, equity share or commodity correlation) offset each other.

In the case of equity derivatives with underlyings involving dividend distributions, future dividends are taken into account in the valuation. However, no dividend estimates are directly observable on the market for securities with a remaining term of more than three years. To determine the impact on fair values of dividend projections for items with a remaining term of more than three years, a premium or discount of 50 % was applied to the dividend estimates used. This only resulted in immaterial differences, as was also the case at 31 December 2021.

The credit spread is a key input in a model-based measurement of the fair value of bonds and other fixed-income securities and of the promissory note loans reported under loans and receivables. Interest-bearing securities are allocated to Level 3 if it is not (or not with reasonable assurance) possible to derive the credit spread as an input parameter from market data. For this reason, the sensitivity analysis applied to interest-bearing securities includes an examination of the potential impact from credit spread changes. Helaba determines credit spread standard deviations for all required sector-rating-combinations based on one-year history files of sector curves from the CDS or bond market. The determined standard deviations are allocated to Level 3 securities – based on sector and rating – and then multiplied with credit spread sensitivity of the respective security. The result is the fair value adjustment for the relevant security exposure if the valuation spread increases or declines by the 1-year standard deviation. Fair values calculated here could be up to € 9 m (31 December 2021: € 3 m) higher or lower.

In the case of fund units / shares and mezzanine loans, fair values are predominantly determined by the fund management companies on the basis of the fund assets (net asset value) and made available to the unitholders / shareholders. The latest available fair values are adjusted up to the reporting date. If the input factors used are increased or decreased by 10 %, this gives rise to alternative fair values that could be used. These alternative fair values could be up to € 22 m (31 December 2021: € 16 m) higher or lower.

In the case of investments in unlisted companies for which fair values are determined using the discounted earnings model, a premium, or discount, of 10 % is applied to all discountable cash flows. This results in an increase, or decline, in fair values of € 5 m (31 December 2021: € 5 m). If the discount rate were to be increased by one percentage point, the calculated fair values would fall by € 6 m (31 December 2021: € 8 m); if the discount rate were lowered by one percentage point, the fair values would rise by € 7 m (31 December 2021: € 11 m). Furthermore, the fair value for some investments in unlisted companies is determined using the net asset value method. If the input factors used are increased or decreased by 10 %, this gives rise to alternative values that could be used. These alternative values could be up to € 6 m (31 December 2021: € 5 m) higher or lower.

The receivables from the purchase of endowment insurance policies are not deemed to be subject to any material sensitivity because they are measured on the basis of the surrender values supplied by the life insurance companies.

There were no significant sensitivities evident in the other Level 3 instruments.

The following overview compares the fair values of financial assets and liabilities measured at amortised cost with their corresponding carrying amounts as at 30 June 2022.

in € m

	Fair value					
	Level 1	Level 2	Level 3	Total	Carrying amount	Difference
Demand deposits and overnight money balances at central banks and banks	–	40,623	–	40,623	40,622	2
Bonds and other fixed-income securities	–	1,306	–	1,306	1,342	–36
Loans and receivables	–	76,813	51,020	127,833	129,640	–1,807
Financial assets measured at amortised cost	**–**	**118,742**	**51,020**	**169,763**	**171,604**	**–1,841**
Securitised liabilities	3,818	37,555	–	41,373	42,628	–1,255
Deposits and loans	–	74,109	50,243	124,352	128,007	–3,654
Other financial liabilities	–	169	286	456	432	24
Financial liabilities measured at amortised cost	**3,818**	**111,834**	**50,530**	**166,182**	**171,067**	**–4,885**

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

in € m

	Fair value					
	Level 1	Level 2	Level 3	Total	Carrying amount	Difference
Demand deposits and overnight money balances at central banks and banks	–	33,682	–	33,682	33,682	0
Bonds and other fixed-income securities	–	392	–	392	389	4
Loans and receivables	–	83,174	50,554	133,727	129,625	4,102
Financial assets measured at amortised cost	**–**	**117,248**	**50,554**	**167,802**	**163,696**	**4,106**
Securitised liabilities	4,704	39,849	–	44,554	44,363	191
Deposits and loans	–	73,844	50,777	124,621	123,528	1,093
Other financial liabilities	–	180	189	369	365	4
Financial liabilities measured at amortised cost	**4,704**	**113,873**	**50,966**	**169,544**	**168,256**	**1,288**

The portfolios reported under Level 3 mainly consist of development and retail business as well as loans to and receivables from customers who do not have an impeccable credit standing. The deposits and loans include the Helaba Group's balances under the ECB's TLTRO III programme. The fair values determined for these transactions are allocated to Level 3.

(34) Derivatives

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

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

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

The following table shows the notional amounts and fair values of derivatives as at 30 June 2022:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Equity-/index-related transactions	**2,642**	**3,616**	**209**	**192**	**201**	**189**
OTC products	2,480	3,364	209	187	189	179
Equity options	2,477	3,360	206	186	189	179
Purchases	1,290	1,754	206	186	–	0
Sales	1,187	1,606	–	–	189	179
Other transactions	3	4	3	2	–	–
Exchange-traded products	162	252	0	5	12	10
Equity/index futures	43	32	–	–	–	–
Equity/index options	119	220	0	5	12	10
Interest-rate-related transactions	**639,543**	**550,319**	**9,041**	**15,002**	**10,068**	**13,765**
OTC products	629,714	545,852	9,041	15,002	10,068	13,765
Forward rate agreements	2,500	1,500	–	–	–	–
Interest rate swaps	574,206	494,425	8,263	13,561	8,937	11,333
Interest rate options	52,853	49,921	778	1,440	1,131	2,432
Purchases	20,706	20,346	635	1,280	52	48
Sales	32,147	29,575	143	160	1,079	2,384
Other interest rate contracts	155	6	0	0	–	–
Exchange-traded products	9,829	4,467	–	–	0	–
Interest rate futures	9,780	4,158	–	–	0	–
Interest rate options	49	309	–	–	–	–
Currency-related transactions	**76,074**	**69,862**	**1,384**	**801**	**1,867**	**1,403**
OTC products	76,074	69,862	1,384	801	1,867	1,403
Currency spot and futures contracts	49,082	43,441	956	483	814	477
Cross-currency swaps	26,289	25,944	422	315	1,047	922
Currency options	703	477	5	4	5	4
Purchases	355	241	5	4	–	–
Sales	348	236	–	–	5	4
Credit derivatives	**6,555**	**4,556**	**12**	**14**	**10**	**14**
OTC products	6,555	4,556	12	14	10	14
Commodity-related transactions	**150**	**103**	**1**	**2**	**2**	**0**
OTC products	150	103	1	2	2	0
Commodity options	150	103	1	2	2	0
Total	**724,963**	**628,456**	**10,647**	**16,011**	**12,148**	**15,372**

Derivatives have been entered into with the following counterparties:

in € m

	Notional amounts		Positive fair values		Negative fair values	
	30.6.2022	31.12.2021	30.6.2022	31.12.2021	30.6.2022	31.12.2021
Central banks and banks in Germany	233,961	183,895	3,670	5,036	5,457	4,645
Central banks and banks in the EU (excluding Germany)	73,149	67,225	2,994	1,967	2,913	4,260
Central banks and banks in the rest of the world (excluding EU)	33,766	32,469	764	1,452	1,987	5,231
Governments, Germany	12,281	12,728	1,766	5,454	134	317
Other counterparties in Germany	31,707	28,342	792	1,123	825	350
Other counterparties in the EU (excluding Germany)	14,229	14,496	223	251	341	105
Other counterparties (rest of world, excluding EU)	315,879	284,582	436	722	480	453
Exchange-traded derivatives	9,991	4,719	0	5	12	10
Total	**724,963**	**628,456**	**10,647**	**16,011**	**12,148**	**15,372**

Notional amounts broken down by term to maturity as at 30 June 2022:

in € m

	Up to three months	Three months to one year	One year to five years	More than five years	Total
Equity-/index-related transactions	260	619	1,749	14	2,642
Interest-rate-related transactions	21,623	54,597	239,174	324,149	639,543
Currency-related transactions	33,299	15,850	21,951	4,974	76,074
Credit derivatives	13	254	6,214	74	6,555
Commodity-related transactions	150	–	–	–	150
Total	**55,345**	**71,319**	**269,089**	**329,210**	**724,963**

The following table shows the notional amounts broken down by term to maturity as at 31 December 2021:

in € m

	Up to three months	Three months to one year	One year to five years	More than five years	Total
Equity-/index-related transactions	174	668	2,765	10	3,616
Interest-rate-related transactions	18,440	43,915	205,651	282,313	550,319
Currency-related transactions	29,195	13,397	22,400	4,870	69,862
Credit derivatives	–	261	4,238	57	4,556
Commodity-related transactions	103	–	–	–	103
Total	**47,911**	**58,241**	**235,054**	**287,250**	**628,456**

(35) Issuing Activities

The following table provides an overview of changes in the Helaba Group's securitised funding during the reporting period:

in € m

	Measured at amortised cost		Mandatorily measured at fair value through profit or loss		Voluntarily designated at fair value		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Balance as at 1.1.	**44,363**	**49,869**	**264**	**512**	**6,509**	**6,094**	**51,136**	**56,475**
Additions from issues	36,785	65,586	89	654	1,145	845	38,019	67,085
Additions from reissue of previously repurchased instruments	3,297	276	–	–	7	34	3,304	310
Redemptions	−36,418	−64,943	−243	−617	−166	−759	−36,826	−66,318
Repurchases	−4,079	−3,394	−1	−2	−28	−48	−4,108	−3,445
Changes in accrued interest	−17	−51	–	–	4	−1	−13	−52
Changes in value recognised through profit or loss	−1,540	−307	−7	3	−833	−123	−2,379	−428
Credit-risk-related changes in fair value recognised in OCI	–	–	–	–	−70	30	−70	30
Changes due to currency translation and other adjustments	237	124	4	8	8	10	249	142
Balance as at 30.6.	**42,628**	**47,159**	**106**	**558**	**6,578**	**6,082**	**49,312**	**53,799**

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

Additions from issues and redemptions also include the placement volume of short-term commercial paper that could be repaid by as early as the end of the reporting period. The changes in value recognised through profit or loss result from remeasurement gains or losses on financial liabilities that were either accounted for as hedged items or to which the fair value option was applied and from the amortisation of premiums and discounts.

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

in € m

	30.6.2022	31.12.2021
Loan commitments	**31,118**	**28,908**
Financial guarantees	**9,176**	**8,805**
Other obligations	**2,961**	**2,834**
Liabilities from guarantees and warranty agreements (excluding financial guarantees)	417	340
Placement and underwriting obligations	964	1,097
Obligations to make further retrospective payments	0	0
Contribution obligations	266	215
Contractual obligations for the acquisition of property and equipment, intangible assets and other assets	370	350
Contractual obligations in connection with investment property	582	528
Litigation risk obligations	1	1
Sundry obligations	361	302
Total	**43,256**	**40,548**

(37) Fiduciary Transactions

in € m

	30.6.2022	31.12.2021
Loans and advances to banks	839	822
Loans and advances to customers	625	619
Equity shares and other variable-income securities	91	91
Shareholdings	70	70
Sundry assets	15	15
Trust assets	**1,640**	**1,617**
Deposits and loans from banks	572	550
Deposits and loans from customers	842	842
Other financial liabilities	226	225
Trust liabilities	**1,641**	**1,617**

The fiduciary transactions mainly involve development funding from the Federal Government, the Federal State of Hesse and from the KfW provided in the form of trustee loans, trust funds invested with other credit institutions as well as shareholdings managed for private investors. The trustee loans also include KfW development loans forwarded to Sparkassen and customers to mitigate the effects of the COVID-19 pandemic (KfW-Schnellkredit 2020).

Other Disclosures

(38) Related Party Disclosures

In the course of the ordinary activities of Helaba, transactions with parties deemed to be related in accordance with IAS 24 are conducted on an arm's-length basis. The following disclosures relate to transactions with unconsolidated affiliated companies, with associates and with joint ventures of the Helaba Group as well as their subordinated subsidiaries.

With regard to the Sparkassen- und Giroverband Hessen-Thüringen, the Federal State of Hesse and the Free State of Thuringia in their capacity as shareholders and owners, the criteria for exemption from reporting on related parties that are public-sector entities are satisfied; this option is always utilised if the business volumes involved are insignificant. The business relations with our shareholders and their subordinated subsidiaries in accordance with IAS 24 comprise normal banking services. The extent of business relations with the shareholders and main subordinated companies in the period under review is detailed in the balances at the end of the year shown in the following table. The disclosures relating to persons in key positions of the Helaba Group as defined in IAS 24, including their close family relations and companies controlled by those persons, are also included in the following table.

As at 30 June 2022, Helaba held the following assets in respect of related parties:

in € m

	Unconsolidated subsidiaries	Investments in joint ventures and associates	Helaba shareholders	Other related parties	Total
Cash on hand, demand deposits and overnight money balances with central banks and banks	**0**	**–**	**–**	**–**	**0**
Financial assets measured at amortised cost	**2**	**184**	**7,156**	**15**	**7,357**
Loans and receivables	2	184	7,156	15	7,357
Trading assets	**–**	**–**	**289**	**–**	**289**
Positive fair values of derivatives held for trading	–	–	288	–	288
Bonds and other fixed-income securities	–	–	0	–	0
Other financial assets mandatorily measured at fair value through profit or loss	**10**	**9**	**1**	**–**	**20**
Shareholdings	10	9	1	–	20
Financial assets designated voluntarily at fair value	**–**	**–**	**634**	**–**	**634**
Loans and receivables	–	–	634	–	634
Financial assets measured at fair value through other comprehensive income	**0**	**–**	**274**	**–**	**274**
Bonds and other fixed-income securities	–	–	235	–	235
Loans and receivables	–	–	39	–	39
Shareholdings	0	–	–	–	0
Shares in equity-accounted entities	**–**	**9**	**–**	**–**	**9**
Sundry assets	**–**	**0**	**115**	**–**	**115**
Total assets	**12**	**202**	**8,469**	**15**	**8,698**

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

in € m

	Unconsolidated subsidiaries	Investments in joint ventures and associates	Helaba shareholders	Other related parties	Total
Cash on hand, demand deposits and overnight money balances with central banks and banks	**0**	**–**	**–**	**–**	**0**
Financial assets measured at amortised cost	**2**	**169**	**8,203**	**14**	**8,388**
Loans and receivables	2	169	8,203	14	8,388
Trading assets	**–**	**–**	**1,263**	**–**	**1,263**
Positive fair values of derivatives held for trading	–	–	1,254	–	1,254
Bonds and other fixed-income securities	–	–	10	–	10
Other financial assets mandatorily measured at fair value through profit or loss	**10**	**8**	**1**	**–**	**20**
Shareholdings	10	8	1	–	20
Financial assets designated voluntarily at fair value	**–**	**–**	**715**	**–**	**715**
Loans and receivables	–	–	715	–	715
Financial assets measured at fair value through other comprehensive income	**0**	**–**	**375**	**–**	**375**
Bonds and other fixed-income securities	–	–	332	–	332
Loans and receivables	–	–	43	–	43
Shareholdings	0	–	–	–	0
Shares in equity-accounted entities	**–**	**7**	**–**	**–**	**7**
Sundry assets	**–**	**–**	**115**	**–**	**115**
Total assets	**12**	**185**	**10,672**	**14**	**10,884**

The liabilities and off-balance sheet commitments to related parties as at 30 June 2022 were as follows:

in € m

	Unconsolidated subsidiaries	Investments in joint ventures and associates	Helaba shareholders	Other related parties	Total
Financial liabilities measured at amortised cost	**152**	**42**	**3,032**	**6**	**3,232**
Deposits and loans	152	42	3,032	6	3,232
Other financial liabilities	0	–	0	–	0
Trading liabilities	**–**	**–**	**38**	**–**	**38**
Negative fair values of derivatives held for trading	–	–	38	–	38
Financial liabilities designated voluntarily at fair value	**–**	**–**	**72**	**–**	**72**
Deposits and loans	–	–	72	–	72
Provisions	**0**	**0**	**10**	**0**	**10**
Total liabilities	**152**	**42**	**3,152**	**6**	**3,352**
Loan commitments	2	120	984	0	1,106
Financial guarantees	–	0	10	–	10
Total off-balance sheet commitments	**2**	**120**	**994**	**0**	**1,116**

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

in € m

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

Standard banking transactions with related parties gave rise to income and expenses in the lending, deposits, investment and derivatives businesses. In the reporting period, the Helaba Group generated total net interest income of € 41 m from related parties (H1 2021: € 44 m). Standard banking services produced net fee and commission income of € 30 m (H1 2021: € 25 m). In addition, derivative transactions are entered into with related parties, mainly to hedge interest rate risk. Interest income of € 27 m (H1 2021: € 22 m) was generated from interest-rate derivatives. This item was reported under net trading income. In accordance with IFRS, derivatives are measured at fair value through profit or loss; unrealised effects from changes in fair value reported in net trading income are matched by corresponding countervailing transactions with other customers as part of overall bank management.

(39) Members of the Executive Board

Thomas Groß – CEO –	Chief Executive and Chief Financial Officer (CEO and CFO) of Helaba and Dezernent (Board member) with responsibility for Group Steering, Human Resources and Legal Services, Accounting and Taxes, Group Audit, Frankfurter Sparkasse and Frankfurter Bankgesellschaft
Dr. Detlef Hosemann	Chief Risk Officer (CRO) of Helaba 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	Chief Information Officer and Chief Operating Officer (CIO and COO) of Helaba and Dezernent (Board member) with responsibility for Information Technology, Operations and Organisation
Christian Schmid	Dezernent (Board member) with responsibility for Real Estate Finance, Asset Finance, Portfolio and Real Estate Management, GWH Wohnungsgesellschaft mbH Hessen, OFB Projektentwicklung GmbH, and Branch Management London and New York

(40) Report on Events After the Reporting Date

There were no significant events after 30 June 2022.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt am Main/Erfurt, 9 August 2022

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Review Report

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

We have reviewed the interim condensed consolidated financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, which comprise the consolidated income statement, and the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, condensed consolidated cash flow statement and selected explanatory notes, and the interim group management report for the period from 1 January 2022 to 30 June 2022, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The executive directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Institution's employees and analytical assessments, and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Eschborn / Frankfurt am Main, 9 August 2022
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Helaba Addresses

Helaba Addresses

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