Annual financial report 2023

Annual financial statements of Helaba

Contents

Management report and annual financial statements of Landesbank Hessen-Thüringen Girozentrale

3 Management report of Landesbank Hessen-Thüringen Girozentrale
62 Report on gender equality and equal pay in accordance with Section 21 of the Transparency in Wage Structures Act (Entgelttransparenzgesetz – EntgTranspG)
64 Annual financial statements of Landesbank Hessen-Thüringen Girozentrale
- **65** Balance sheet of Landesbank Hessen-Thüringen Girozentrale
- **68** Income statement of Landesbank Hessen-Thüringen Girozentrale
- **69** Notes to the annual financial statements of Landesbank Hessen-Thüringen Girozentrale

111 Responsibility statement
112 Independent auditor’s report
118 Independent auditor’s report on a limited assurance engagement

Management report and annual financial statements of Landesbausparkasse Hessen-Thüringen

121 Management report of Landesbausparkasse Hessen-Thüringen
134 Statistical annex to the management report
159 Annual financial statements of Landesbausparkasse Hessen-Thüringen
- **160** Balance sheet of Landesbausparkasse Hessen-Thüringen
- **161** Income statement of Landesbausparkasse Hessen-Thüringen
- **162** Notes to the annual financial statements of Landesbausparkasse Hessen-Thüringen

166 Independent auditor’s report
169 Advisory board of Landesbausparkasse Hessen-Thüringen

Helaba addresses

170 Helaba addresses
173 Imprint

Management report of Landesbank Hessen-Thüringen Girozentrale

Management report of Landesbank Hessen-Thüringen Girozentrale

Basic information about Helaba

The Helaba business model

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

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

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

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

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

Helaba's registered offices are situated in Frankfurt am Main and Erfurt and it has branches in Düsseldorf, Kassel, London, New York, Paris and Stockholm. 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.

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 as permitted under 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 is a market leader in the home loans and savings business in both Hesse and Thuringia through the legally dependent Landesbausparkasse Hessen-Thüringen (LBS) and also helps the Sparkassen with the marketing of real estate through Sparkassen-Immobilien-Vermittlungs-GmbH.

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

Frankfurter Bankgesellschaft Group (FBG) provides Helaba's products and services for Savings Banks in private Group banking and in the wealth and asset management businesses. FBG, which operates as the private bank of the Sparkassen-Finanzgruppe, acquires high-net-worth customers in Germany through Sparkassen in the S-Group with which it has a collaboration agreement. In its role as a central partner for the Sparkassen, FBG offers the Family Office service, enhancing its range of professional advisory services in connection with all asset-related matters, while its majority interest in consulting company Imap allows it to provide end-to-end advisory services for family-owned businesses.

Helaba Invest ranks as one of the leading investment companies in Germany in the institutional asset management field, administering and managing both securities and real estate. Its range of products includes special funds for institutional investors and retail funds as part of a management and/or advisory portfolio, comprehensive fund management (including reporting and risk management), advice on strategy and support for indirect investments.

The GWH Group manages around 53,000 residential units and holds one of the largest residential real estate portfolios in Hesse. The group focuses on developing housing projects, managing and optimising residential property portfolios, and initiating and supporting residential real estate funds.

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

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

Management instruments and non-financial performance indicators

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

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

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

The strategic target for the cost-income ratio (CIR) at Group level is below 70 %. The CIR is the ratio of general and administrative expenses including depreciation and amortisation to total profit/loss before taxes net of general and administrative expenses including depreciation and amortisation and of loss allowances for loans and advances.

Capital adequacy is managed through the allocation of regulatory and economic limits and through the own funds ratios. When the target capital ratios are set, the targets take into account the additional own funds requirements specified by the European Central Bank (ECB). Taking into account the capital buffer requirements applicable at 31 December 2023, the minimum Common Equity Tier 1 (CET1) capital ratio (including capital buffer requirements) required to be maintained by the Helaba Regulatory Group under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 9.23 %.

In 2023, Landesbank Hessen-Thüringen Girozentrale had to satisfy, on a consolidated basis, an SREP total capital requirement of 10.00 % (including an additional capital requirement (Pillar 2) of 2.00 %, which must consist of at least 56.25 % CET1 capital and 75 % Tier 1 capital). For 2024, the SREP total capital requirement on a consolidated basis will be 10.25 %, including an additional capital requirement (Pillar 2) of 2.25 %.

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 buffer was required to be in place by 1 February 2023 and was considered accordingly in the capital planning for 2023.

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 %.

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.

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.

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). By decision of BaFin on 24 January 2024, Helaba was notified of the final MREL requirements for the Helaba Regulatory Group.

From 1 January 2024, the MREL for Helaba is 22.47 % of RWAs, plus the current combined capital buffer requirements of 3.65 % (as at 31 December 2023). The portion of the MREL that needs to be covered by subordinated (i. e. non-preferred) instruments is 22.40 % of RWAs, also plus the current combined capital buffer requirements.

Helaba must also have a leverage ratio exposure (LRE) of 8.02 % to comply with the MREL. The proportion of the MREL to be covered by subordinated instruments is also 8.02 % as a function of the LRE.

In 2023, the competent resolution authority defined the following MREL for the Helaba Regulatory Group that was to be complied with by 31 December 2023. The MREL was 21.73 % of RWAs, plus the current combined capital buffer requirements of 3.65 % (as at 31 December 2023) and 7.64 % based on the LRE. The subordinated instrument requirements were 21.06 % of RWAs, also plus the current combined capital buffer requirements, and 7.64 % based on the LRE.

To fund itself, Helaba draws on different sources and products, focusing in particular on the sources of funding available through the Sparkassen (proprietary and customer transactions) as a result of belonging to a strong association of financial institutions. These are supplemented by Pfandbrief issues, which are a cost-efficient component of its stable funding base, and funds raised through development institutions such as WIBank.

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

The Helaba Regulatory Group has set itself strategic objectives across the three dimensions of sustainability, environment, social and governance (ESG). The ESG objectives form an integral part of the business strategy. To measure the attainment of the ESG objectives, the Helaba Regulatory Group has developed corresponding key performance indicators. In this way, the Helaba Regulatory Group's documents its ambition to orient its business activities around sustainability and is able to measure its progress in quantitative terms.

In lending operations, Helaba has established mandatory Group-wide sustainability criteria that have been incorporated into the risk strategies and are reviewed each year. Its aim is to use the risk management system to minimise sustainability risks, including the transitional and physical risks caused by climate change, that may arise from its financing activities. For critical sectors of the economy, it has developed specific lending criteria that rule out controversial business practices in particular, and take into account sector-specific risk issues. Helaba's Sustainable Lending Framework provides a standardised method for the definition, measurement and management of sustainable lending business. At the end of 2023, Helaba published the Sustainable Lending Framework to define, measure and manage the sustainable lending business.

Employees

HR strategy

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

Remuneration principles

The business strategy and risk strategy specify the degree of flexibility available to employees. Helaba's remuneration strategy and remuneration principles set out the relationship between business strategy, risk strategy and remuneration strategy, taking account of the corporate culture and sustainability objectives. The remuneration system reflects this approach and aims to ensure that employees are properly rewarded for their efforts and achievements without gender discrimination and without being encouraged to take inappropriate risks in any way. The remuneration strategy takes into account the attainment of targets specified in operational planning when determining an overall budget for the Bank and allocating the budget for variable remuneration at unit level, thereby ensuring that there is a link between the remuneration strategy and divisional strategic objectives. For the corporate centre units, budgets are allocated based on the results generated by Helaba and the attainment of qualitative targets. The remuneration policy and practices (including the use of retentions and performance criteria) help to support a long-term approach to the management of climate-related and environmental risks. Helaba also ensures that the control functions involved in the management of climate-related and environmental risks are appropriately staffed and funded.

Sustainable human resources development

Helaba invests in the professional development of its employees both to satisfy its current skills needs and to meet future business requirements. Processes are therefore set up on a sustainable basis. A regular structured dialogue between managers and employees creates transparency in working relationships, ensures that targets are clear and allows development opportunities to be discussed. To support the implementation of suitable action plans, all employees can access a needs-based range of internal seminars covering professional, personal, social and methodological development. This is supplemented by third-party training and, if suitable, opportunities in the form of work and study programmes or courses leading to professional qualifications. Based on the Bank's internal life-stage model, employees at different stages in their professional careers are offered suitable development activities so that they can remain productive in the business over the long term and develop their capabilities according to their potential.

Management of junior staff and high-potential employees

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

Health management

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

Transformation support

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

Promoting diversity

Helaba is focusing on diversity management to achieve a greater level of innovative capability and to improve the risk culture in its organisation. It works to ensure that diversity and equality of opportunity are established as permanent features of its sustainable corporate culture and expresses this through various network initiatives. It seeks to provide an inclusive environment and fair access to opportunities so that every employee at every stage of life can contribute to its long-term success irrespective of age, gender, ethnicity, educational and professional background, geographical origin, sexual identity, disability and the like. The aim is to purposefully incorporate diversity into the working environment from a number of perspectives and make greater use of internal potential. Particular attention is currently being paid to the advancement of women. In a voluntary commitment, Helaba aims to ensure that more than 30 % of all management positions are occupied by women in the future and that the proportion of women in Helaba's programmes for junior staff and professional development is increased to 50 %. These efforts are supported by dedicated seminars for women and appropriate mentoring. Helaba has also created conditions in which it is possible for employees to achieve a work/life balance. This includes the offer of childcare places and the use of flexible types of working and working-time models.

Changed interest rates / development of the real estate market

The 2023 financial year was dominated by continued benchmark rate rises in most countries, led by the Fed and the European Central Bank. Inflation gradually declined from record levels. However, higher interest rates weakened the global economy and created turmoil on the real estate markets. Benchmark rates have now peaked and anticipated interest rate decreases in the last quarter of 2023 halted the rise of capital market rates. The end of the low interest rate phase is enabling banks to profit from the return of interest rates.

Geopolitical tension in the Middle East and as a result of the conflict in Ukraine and the realignment of trade flows have created challenges for companies and banks alike. In Germany, companies are facing additional challenges from structural factors such as the shortage of qualified labour, locally inadequate infrastructure and high energy prices. Banks could also face negative effects from the now declining real estate prices.

Economic impact

Despite the ECB's termination of its supporting measures, the general liquidity position of the money and capital markets remained normal in 2023. Higher market rates generated a significant increase in demand from private investors for longer-term interest-bearing products.

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

The difficult economic environment is currently reflected to a varying extent in Helaba's portfolios. All asset classes are feeling the effects of inflation and interest rate increases. The medium-term impact on real estate and its financing will depend largely on the future development of these factors. Higher interest rates have had a particular impact on financing in the commercial real estate portfolio (office and retail properties) as a result of changes in the value of the collateral and a rise in interest rates for follow-up financing. At present, only parts of Helaba's company and banking portfolio are being impacted by the other monetary, economic and political effects reported.

Helaba has responded to the trends in the real estate sector by, for example, taking action to reduce risk in both new and existing business.

Developments are being monitored closely at both the individual borrower and portfolio levels. For further details, please refer to the risk report.

More information on the economic impact is presented in the "Net assets, financial position and results of operations" section of the management report and in Note (37) of the IFRS Annual Report.

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.

Although the ratio of forbearance measures rose very substantially in 2023, it remained at a low level. Likewise, the ratio of non-performing loans (NPL ratio) for the Helaba Regulatory Group increased to 2.0 % as at 31 December 2023. Loss allowances as at 31 December 2023 were significantly higher than in the previous year, mainly due to a substantial increase in default rates in the commercial real estate portfolio.

Depending on further geopolitical developments, real estate market trends and capital market volatility, Helaba cannot rule out the possibility of deteriorations in ratings or defaults in 2024 as well.

For further details, please refer to the risk report and Note (37) of the IFRS Annual Report.

Economic report

Macroeconomic and sector-specific conditions in Germany

A slow-growing world economy coupled with higher capital market rates and energy costs held back economic activity in 2023. On a seasonally adjusted basis, Germany's gross domestic product declined by 0.1 %. A recovery and growth of 0.8 % are expected in 2024. Consumers are benefiting from high collectively agreed pay increases and transfers as well as falling inflation rates. Real incomes are likely to continue growing in 2024 and, as a result, private consumer spending should now increase following the significant decline in the previous year. The same is true of public sector consumption which has been impacted by the effects of rolling back COVID-19 assistance programmes. The slow acceleration of the industrial economy means that companies are likely to be cautious in their capital equipment spending so only slight growth is expected here. As a result of the recent decline in mortgage rates and the slower increase in construction prices, construction activity should at least stabilise during the course of the year. Foreign trade should recover and deliver a slightly positive contribution to growth.

The rise in consumer prices in Germany is slowing significantly. Inflation may well reach around 3 % on average in 2024 after last year's 5.9 %. Energy and raw materials are less expensive but high wage settlements are having a negative effect. The departure of the baby boomer generation from the labour market is exacerbating the shortage of qualified labour and increasing wage pressures. Taken together with climate protection measures, these effects are adding to price pressures.

Digitalisation is affecting more and more aspects of society and the economy in a process that accelerated further during the COVID-19 pandemic of the past few years. It affects marketing channels, products and transactions in particular but also the exchange and use of data. Moreover, largely due to mobile working practices, there has been significant growth in the use of digital media in the collaboration within and between companies. The worsening labour shortage is also prompting companies to drive ahead with the digitalisation of their processes.

Platforms are extremely important, especially for banking business with large and globally active corporate customers. For some time, derivative platforms have enabled currency hedges to be effected using standardised processes, lending portals arrange funding for small and medium-sized corporate customers through banks or directly through institutional investors, and banks analyse their customer data in search of more effective ways of offering products. For example, artificial intelligence (AI) has the potential to change many aspects of society and the economy, as can already be seen in areas such as the automotive industry, healthcare and the financial sector. Neural networks, for example, are being used in the financial sector to prevent fraud, enhance the trading algorithm and manage risk. Investment in AI technologies and the training of AI specialists is increasing worldwide, indicating growing awareness of the transformational power of AI. At the same time, new challenges are arising in respect of data protection and security as well as with regard to the ethical guidelines for the use of AI. In the European Union, this is currently regulated by the EU AI Act to ensure that the AI systems used there are safe, transparent, traceable, non-discriminatory and environmentally friendly.

In light of these developments, Helaba has established a Bank-wide programme that will enable it to benefit from the opportunities of AI while simultaneously addressing the challenges presented by the technology's rapid evolution.

The use of online services is continuing to increase in the private customer business and most banks with a branch network now offer their customers a similar service portfolio to direct banks. Payment models such as pay-per-use or request-to-pay are just two examples of the digital developments for corporate customers.

Moreover, the market is seeing an increase in blockchain activities aimed at identifying faster and less costly new ways of sharing data. This may result in the development of new products and the improved efficiency of existing products. For example, it will facilitate the automated initiation and execution of transactions in line with previously defined terms. This will yield efficiency gains and deliver new options for both corporate customers and the Sparkassen. Compared with the rest of the world, advanced regulation such as the German Electronic Securities Act (eWPG) and the EU's Markets in Crypto-Assets Regulation (MiCAR) make Germany and the EU ideal locations for efficiently leveraging the advantages of this technology.

Moreover, the European Commission's draft legislation on the digital euro published in June 2023 and the resulting decision by the ECB in October to start the around two-year preparatory phase for the digital euro are further measures aimed at developing future business models.

En route to a climate-neutral economy, ESG data are becoming increasingly important, not least because they are required by regulations such as the EU Taxonomy Regulation or the CSRD. Making these data available for broader use is providing new business opportunities, for example via platform solutions.

The Helaba Regulatory Group (within the meaning of the KWG and the CRR), together with its affiliated subsidiaries Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Deutschland) AG, is among the banks classified as "significant" and therefore subject to direct supervision by the ECB.

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

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 back in August 2021. The correspondingly amended Statutes were adopted by the general meeting of members on 26 June 2023, implementing ECB and BaFin requirements in particular. Among other things, the risk monitoring system was improved and decision-making structures organised more effectively. Moreover, an additional fund is being created to protect the solvency and liquidity of the Sparkassen-Finanzgruppe institutions. It must be contributed over a period of at least eight calendar years starting in 2025.

The results of the EU stress test performed by the EBA and the ECB in 2023 were published on 28 July 2023. Although the crisis scenarios were far more stringent compared with the 2021 stress test, the theoretical discounts applied to Helaba's Tier 1 capital remained roughly the same, evidence of the Bank's resilience. The results of the stress test were taken into account when calculating the individual regulatory own funds in the SREP.

In 2024, a cyber resilience stress test will be conducted for all the banks under supervision. Its results will be used to calculate the SREP score for 2024.

Key developments in the regulatory and sector-specific frameworks 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. In December 2023, the Permanent Representatives Committee of the Council and the European Parliament Committee on Economic and Monetary Affairs agreed the final legal texts of the EU banking package (CRR III/CRD VI). Following formal adoption by the EU Council and the European Parliament, they are expected to be published in the Official Journal of the European Union at the end of the second quarter of 2024. The requirements must be applied from 1 January 2025. Helaba has regularly taken part in impact studies and factored the results from these studies into its medium-term planning on an ongoing basis.

EU "Action Plan: Financing Sustainable Growth"

In 2021 and 2022, delegated acts (DAs) were published in respect of the economic activities for the first two environmental objectives (substantial contribution to climate change mitigation and climate change adaptation) of the Taxonomy Regulation and assessment criteria were defined for determining when these economic activities are sustainable within the meaning of the EU Taxonomy. Detailed disclosures of taxonomy alignment in respect of these economic activities were required to be published from 31 December 2023.

In 2023, the EU Commission published further requirements for the other four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems. It also added further economic activities for the first two environmental objectives. The taxonomy eligibility of these activities had to be reported in 2023 and 2024. Helaba has established projects to implement the action resulting from this requirement.

The EU Commission published the EU Green Bond Standard (EUGBS) on 30 November 2023. In order to be classified as sustainable in accordance with this standard, bonds must satisfy defined criteria – including activities that conform to the EU Taxonomy. The application of the standard is voluntary and is intended to complement established market standards.

ECB Guide on climate-related and environmental risks

The 13 expectations in relation to climate-related and environmental risks set out in the ECB Guide were specified in greater detail in 2022 with the publication of the consolidated findings of the cross-sector thematic review, which include examples of best practice. Helaba has established a project in order to take the action required by the ECB Guide and the thematic review.

The requirements of the EBA concerning disclosures regarding ESG risks in accordance with Article 449a CRR were satisfied in the Helaba Regulatory Group's 2022 Disclosure Report. The additional requirements for the 2023 and 2024 disclosure reports are currently being prepared.

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

Corporate Sustainability Reporting Directive (CSRD)
The CSRD, which significantly extends the scope of mandatory sustainability reporting as regards both the companies affected and the content required, entered into force on 5 January 2023. The companies concerned must publish short-, medium- and long-term, science-based sustainability targets and meet mandatory reporting standards that cover all three dimensions of sustainability (environment, social, governance), consider the entire upstream and downstream value chain and address strategy, implementation and performance measurement. On 31 July 2023, the EU Commission adopted the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG). The CSRD is first required to be applied by Helaba as at 31 December 2024. Implementation began in 2023 with a comprehensive materiality analysis and will continue in 2024.

German Act on Corporate Due Diligence in Supply Chains (LkSG)
The German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG), which came into force on 1 January 2023 obligates the companies falling within its scope of application to respect human rights by complying with defined due diligence requirements. Helaba and the subsidiaries under its control fall within this law's scope of application.

To ensure implementation of the requirements arising from the LkSG, Helaba has created the roles of Human Rights Officer and two Human Rights Coordinators. They monitor compliance with the due diligence obligations mandated by the LkSG via instruments such as the Supplier Code of Conduct.

In December 2023, Helaba published its policy statement in compliance with the LkSG.

Review of the quality of own funds instruments
The scope of the audit procedures conducted by the regulatory authorities as part of the Europe-wide supervisory investigation of the quality of banks' own funds instruments includes the 1998 and 2005 capital contributions of the Federal State of Hesse that form part of Helaba's Common Equity Tier 1 (CET 1) capital. A working group of Helaba and its owners is working on a concept in which the aspects addressed by the supervisory authorities are no longer relevant. Helaba's CET 1 capital remains more than adequate. At meetings held in December 2023, Helaba's corporate bodies approved the key aspects of the concept. The supervisory authorities have been informed about the ongoing process.

Minimum Requirements for Risk Management (MaRisk)
On 29 June 2023, the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) published the 7th MaRisk amendment (BaFin Circular 05/2023 (BA)), implementing in particular the European Banking Authority (EBA) Guidelines on Loan Origination and Monitoring dated 29 May 2020.

The clarifications were applied upon publication. A transitional period for effecting the changes applied until 1 January 2024. The changes were implemented.

Digital Operational Resilience Act (DORA)
The Digital Operational Resilience Act (DORA) came into force in the European Union on 16 January 2023. Its main goal is to strengthen the digital resilience of companies in the finance sector and make them better prepared for potential cyberattacks and information and communications technology (ICT) incidents. The 24-month implementation phase will run until 16 January 2025, by which time the financial companies affected will have to have implemented the requirements. A gap analysis was performed at Helaba in summer 2023 as the basis for initiating an implementation project aimed at consolidating the implementation requirements identified into action areas that will be worked through on a risk-oriented basis.

Business performance

In 2023, the financial and capital markets were again characterised by geopolitical and macroeconomic uncertainties caused by the Ukraine war, high but falling inflation and the sharp interest rate hikes made by the central banks.

This resulted in the dynamic and volatile development of interest rates which had effects on the financial markets. Bank issuing activities in the capital market accordingly fluctuated widely and were characterised by a sometimes significant widening of spreads, especially in the first half of the year. With the end of the cycle of interest rate rises by the central banks, the situation calmed gradually in the second half of the year. Despite the uncertainties, Helaba implemented its issuing plans in full. As in previous years, Helaba benefited from its diversified strategic business model as well as its sound income and business performance.

In 2023, Helaba raised funding of approximately € 16.2 bn (2022: € 17.7 bn). As well as successfully placing two public Pfandbrief benchmark issues with a combined volume of € 1.75 bn, Helaba additionally placed a senior non-preferred benchmark issue as a green bond in the amount of € 750 m. It also successfully placed its first public Tier 2 issue in Switzerland.

Sales of retail issues placed through the Sparkasse network benefited substantially from interest rate trends, again achieving a record volume of almost € 10 bn (2022: € 6 bn). As in previous years, the customer deposits in the retail business within the Group, in particular through the subsidiary Frankfurter Sparkasse, brought further diversification to the funding base. In addition, new medium- and long-term funding at WIBank amounted to € 2.5 bn (2022: € 1.9 bn).

Loans and advances to customers (financial assets measured at amortised cost) remained almost unchanged at € 104.5 bn (31 December 2022: € 107.8 bn). Added to these were loans and advances to Sparkassen (financial assets measured at amortised cost) in the amount of € 9.1 bn (31 December 2022: € 8.0 bn). The focus on lending in core business areas and to the Sparkassen as S-Group partners is in line with the customer-centric orientation of Helaba's business model.

The cost-income ratio for Helaba was 56.7 % for the year ended 31 December 2023 (31 December 2022: 59.2 %). Return on equity amounted to 4.1 % (31 December 2022: 7.5 %).

As at 31 December 2023 Helaba's CET1 capital ratio was 11.4 % (31 December 2022: 11.4 %) and its total capital ratio was 15.9 % (31 December 2022: 16.0 %). Once again the CET1 ratio therefore remains well above the regulatory requirements.

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

Helaba's leverage ratio as at 31 December 2023 was 3.8 % (31 December 2022: 3.7 %), which is above the required minimum ratio.

The liquidity coverage ratio (LCR) for Helaba was 162.7 % as at 31 December 2023 (31 December 2022: 223.5 %). As at 31 December 2023, the NSFR for Helaba was noticeably higher than the target figure at 117.8 % (31 December 2022: 119.3 %).

The NPL ratio for the Helaba Regulatory Group (in accordance with EBA risk indicator code AQT_3.2) was 2.0 % as at 31 December 2023 (31 December 2022: 0.6 %).

The volume of new medium- and long-term business (excluding the WIBank development business, which does not form part of the competitive market) was very substantially below the prior-year level at € 13.1 bn (2022: € 20.5 bn). Although the corporate banking business matched the prior-year level, the transaction volume in the real estate markets especially decreased significantly due to the current restraint on the part of both customers and Helaba, resulting in a substantial reduction in new business opportunities. By contrast, higher margins were achieved for the transactions that were implemented. The current market situation is also resulting in the financing for individual projects being delayed or refused.

As at 31 December 2023, the MREL ratio for the Helaba Regulatory Group stood at 57.1 % based on risk-weighted assets (RWAs) and 18.3 % based on the leverage ratio exposure (LRE). In the Helaba Regulatory Group's MREL portfolio, regulatory own funds accounted for 18.7 %, subordinated (i. e. non-preferred) debt 26.9 % and non-subordinated (i. e. preferred) debt 11.5 %, based on RWAs. Based on LRE, the composition of the portfolio was as follows: 6.0 % regulatory own funds, 8.6 % subordinated debt and 3.7 % non-subordinated debt. Consequently, the ratio of subordinated instruments was 45.6 % based on RWAs and 14.6 % based on LRE.

Therefore, as at 31 December 2023, the MREL portfolio was well in excess of the MREL requirements specified for the Helaba Regulatory Group by the competent resolution authority on 24 January 2024 that must be complied with from 1 January 2024.

Through its credit risk sharing transaction issued in 2022, 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 in 2023. This credit risk sharing transaction synthetically transfers default risk to investors.

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

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.). In 2023, the Sustainable Finance Advisory continued to grow its capacities and activities focused on financing with a specific sustainability element in the agreed use of the funds or on linking the financing costs to previously agreed ESG indicators – for example green promissory note loans or ESG-linked loans. As well as providing advice and individually structuring this type of financing solution, the Sustainable Finance Advisory team acts as a knowledge multiplicator for Helaba's customers, thus supporting their transformation efforts. Here, the focus is on Helaba's corporate and Sparkassen customers in particular.

In the Asset Finance business, Helaba structures projects in the renewable energy, energy efficiency, rail transport and social and digital infrastructure segments. The issue proceeds from the issued green bond are being used on a portfolio basis to fund sustainability-related projects aimed at expanding the use of solar and wind energy. May 2023 saw the publication of the green bond portfolio's second impact report, presenting the portfolio's environmental value added. At the end of 2023, the land transport portfolio was integrated into the green bond portfolio. The Green Bond Framework was updated accordingly and a new second party opinion was obtained. Therefore, the Green Bond Framework remains in compliance with the relevant market standards.

Helaba is one of the leading arrangers in the sustainable promissory note segment of the market, regularly supporting or arranging ESG-linked transactions, including the issue of ESG-linked promissory notes in which the interest cost attaching to the promissory note is tied to the entity's sustainability performance.

With individual concepts such as a rendezvous clause, Helaba is tapping sustainable finance, particularly for the wide range of small and medium-sized enterprises and those companies that are just starting to equip themselves with ESG objectives and management tools.

On the digitalisation front, Helaba processes promissory notes over their whole life cycle entirely by using the vc-trade digital platform. This is already a clear success, as evidenced by the fact that it is now being used by well over 300 Sparkassen to process promissory notes digitally. Syndicated loans can also be processed digitally using vc trade. This applies to the corporate and real estate financing asset classes, for example. ESG-linked syndicated loans can likewise be processed using vc trade.

With Helaba Crowd, Helaba has created a platform for use by the Sparkassen across Germany in order to facilitate public participation which is becoming increasingly important in light of the energy transition.

Helaba is continuing its collaboration with Komuno to digitalise municipal loans. After acquiring the German business of Loanboox and Capveriant, Komuno is now the clear market leader and well placed to defend this position in the long term. In addition, Komuno provides the Sparkassen with a risk marketplace enabling them to share larger foreign trade finance transactions efficiently with different institutions within the Group. In order to be able to offer a solution that complies with the expanded requirements in connection with ESG data, develop new products and satisfy regulatory requirements, Helaba is currently working with its strategic equity investment ESG Book to develop a platform for recording and managing ESG data. The goal of the platform is to provide support for the data recording processes used by the Sparkassen-Finanzgruppe at the customer interface.

In the blockchain segment, Helaba has entered into a strategic investment with Cashlink aimed at developing blockchain-based products together with Helaba customers and the Sparkassen. Due to the enormous range of available technologies, current options range from digital precious metals to digital bonds and offer Helaba a number of viable new business models.

With its Bank-wide ATLAS programme, Helaba is modernising its information technology system to achieve its strategic IT targets. The overall programme will run until mid-2027. In 2023, all 14 individual projects were in the first wave of implementation; some sub-projects have already been completed. Planning of the second wave has now started. The focus in 2023 included the development of the new core bank systems for customers, accounts and lending as well as the payment transaction platform.

Helaba is continuing to refine its business model and is analysing the composition and alignment of all its business areas, also in respect of the possible impacts (opportunities and risks) of evolving climate and environmental change. This analysis was performed as part of the strategy review process. At present, most business areas have been found to have only very limited susceptibility to climate-related and environmental risks because physical risks can usually be reduced by way of geographical focus and with mitigating actions and transition risks are regarded as manageable in the short and medium term in most business areas.

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

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

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.

In 2023, Sustainalytics adjusted its rating from 21.7 (medium risk) to 19.1 (low risk), representing a more positive outlook from the rating agency. Helaba also offers its employees a comprehensive ESG training module with a view to nurturing knowledge and expertise in this field. ESG training is one of the elements required to achieve one of the sustainability targets.

In order to further strengthen its innovative capability and creativity, Helaba is implementing targeted measures to increase its attractiveness as an employer in the competition for talented young people.

In the past, Helaba's stable and diversified business model has already demonstrated its resilience. On the basis of the good performance achieved, it has been possible to service all subordinated debt and silent participations in full.

Net assets, financial position and results of operations

Key performance data for 2023

	2023	2022	Changes	
	in € m	in € m	in € m	in %
Business volume	215,949	232,087	–16,138	–7.0
Total assets	181,526	195,612	–14,086	–7.2
Operating result before loss allowances	841	737	104	14.1
Net additions to loss allowances and net remeasurement gains/losses	–565	–249	–316	>-100,0
Net income for the year	213	278	–65	–23.4

The reporting currency of the management report is the euro (€). Euro amounts are generally rounded to the nearest million. Minor discrepancies may arise in totals or in the calculation of percentages in this report due to rounding.

Helaba does not include the cost of servicing the additional Tier 1 capital instruments in its presentation of the results of operations. For this reason, net interest income and therefore also the operating result and net income for the year reported under the results of operations are € 14 m (2022: € 14 m) higher than in the income statement prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB). In addition, income of € 101 m (2022: € 125 m) from equity investments and dividends is not shown separately under results of operations, but instead included in net interest income.

Results of operations

	2023	2022	Changes	
	in € m	in € m	in € m	in %
Net interest income	1,290	1,303	–13	–1.0
Net fee and commission income	242	255	–13	–5.0
Net income of the trading portfolio	333	328	5	1.5
Other net operating income	79	–75	154	>100.0
Net operating income	**1,944**	**1,811**	**133**	**7.3**
General and administrative expenses	–1,102	–1,074	–29	–2.7
Operating result before loss allowances	**841**	**737**	**104**	**14.1**
Net additions to loss allowances and net remeasurement gains/losses	–565	–249	–316	>-100.0
Operating result before taxes	**277**	**488**	**–212**	**–43.4**
Tax expense	–64	–211	147	69.7
Net income for the year	**213**	**278**	**–65**	**–23.4**

Helaba's net operating income increased again in 2023, exceeding the prior-year figure by € 133 m. The very significant increase in other net operating income and virtually unchanged other operating income coupled with stable general and administrative expenses gave an operating result before loss allowances of € 841 m (2022: € 737 m).

Due to the very significant increase in expense under net additions to loss allowances/net remeasurement gains/losses, Helaba's operating result before taxes decreased by € 212 m to € 277 m. After taking into account a tax expense of € 64 m (2022: € 211 m), net income for the year amounted to € 213 m (2022: € 278 m).

Net interest income, a key component of Helaba's income, remained level year on year at € 1,290 m (2022: € 1,303 m), benefiting from the higher interest rates on the money and capital markets. The turnaround following a long phase of zero and negative interest rates is boosting both the deposit business and customer demand for certificates. Net margin contributions from customer business were on a very encouraging trend. A significantly higher contribution to income from investments of own funds also had a positive effect on net interest income. A negative effect came from the absence of the bonus for participating in the ECB's tendering process (TLTRO), which contributed € 56 m to net interest income in the previous year.

Net fee and commission income decreased by € 13 m year on year to € 242 m and was derived largely from fee and commission income from payment transactions (€ 87 m; 2022: € 81 m), lending and guarantee business (€ 74 m; 2022: € 86 m) and the management of public-sector subsidy and development programmes (€ 74 m; 2022: € 63 m). The reason for the decline in the net fee and commission income is the exit from the depositary business which resulted in a very sharp drop in commissions from the securities and deposit business.

All realised and unrealised contributions to income from trading transactions are reported under net income of the trading portfolio. Once again, the income of € 333 m (2022: € 328 m) resulted mainly from interest rate-related business, which is the focus of the customer-driven capital market activities. As in the previous year, trading volumes developed positively in a persistently vola-tile market environment. This is true of both the securities business in the primary and secondary markets as well as of derivative trading and foreign exchange, precious metal and money market trading with customers. By contrast, remeasurement losses on derivatives within net x-value adjustments (XVAs) had a negative impact on net trading income, unlike the previous year.

Other net operating income amounted to net income of € 79 m (2022: net expense of € 75 m). This very significant improvement is explained by lower expenses from interest on pension and other provisions.

General and administrative expenses increased by € 29 m to € 1,102 m. These expenses comprised personnel expenses of € 396 m (2022: € 407 m), non-personnel operating expenses of € 662 m (2022: € 623 m) and depreciation charges and write-downs on property and equipment plus amortisation charges on intangible assets totalling € 44 m (2022: € 43 m). A pay-scale increase in July 2023, the payment of a bonus to compensate for inflation and – with an opposing effect – lower expenses for pensions and other benefits resulted in almost unchanged personnel expenses. Helaba employed an average of 3,406 people in the year under review (2022: 3,412). Project activities, particularly those associated with modernising the IT infrastructure, and higher external costs due to inflation resulted in an increase in other administrative expenses. These additionally included the European banking levy of € 66 m (2022: € 90 m) and expenses for the association overhead allocation and the reserve funds of € 83 m (2022: € 81 m). Depreciation and amortisation also rose due to increased investment in IT.

The net operating income of € 1,944 m (2022: € 1,811 m) and general and administrative expenses (including write-downs) of € 1,102 m (2022: € 1,074 m) combined to give an operating result before loss allowances of € 841 m (2022: € 737 m), which equates to a year-on-year increase of € 104 m. The cost-income ratio (CIR), which is the ratio of general and administrative expenses to net operating income, was 56.7 % as at 31 December 2023 (31 December 2022: 59.2 %).

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

	2023	2022	Changes	
	in € m	in € m	in € m	in %
Result of lending operations	–507	–256	–250	–97.8
Result of investment operations	–59	45	–104	>-100.0
Result of securities allocated to the liquidity reserve, fixed assets and banking book derivatives	1	–37	38	>100.0
Net additions to loss allowances and net remeasurement gains/losses	**–565**	**–249**	**–316**	**>-100.0**

This resulted mainly from the changed situation on real estate markets. Further benchmark rate rises by the ECB, the Bank of England and the Fed led to a high degree of uncertainty on commercial real estate markets regarding reliable levels of expected returns on investment properties which, accompanied by other negative factors in the office and retail segment (working from home, the expansion of online trading and a growing focus on buildings that satisfy high ESG standards), led to a significant decline in market values in certain asset classes and regions in 2023. This was evident above all in selective rating deteriorations and loan defaults.

Balance sheet

Assets

	31.12.2023	31.12.2022	Changes	
	in € m	in € m	in € m	in %
Loans and advances to banks including cash reserve	43,947	50,664	–6,717	–13.3
Loans and advances to customers	104,474	107,819	–3,345	–3.1
Bonds and equities	14,195	13,729	466	3.4
Trading portfolio (assets)	11,927	17,007	–5,081	–29.9
Equity investments and shares in affiliated companies	1,842	1,838	4	0.2
Other assets	5,141	4,555	586	12.9
Total assets	**181,526**	**195,612**	**–14,086**	**–7.2**

Equity and liabilities

	31.12.2023	31.12.2022	Changes	
	in € m	in € m	in € m	in %
Liabilities due to banks	46,892	62,574	–15,683	–25.1
Liabilities due to customers	44,357	46,081	–1,725	–3.7
Securitised liabilities	65,022	59,857	5,164	8.6
Trading portfolio (liabilities)	9,368	11,361	–1,993	–17.5
Own funds	10,588	10,794	–206	–1.9
Other liabilities	5,300	4,944	356	7.2
Total equity and liabilities	**181,526**	**195,612**	**–14,086**	**–7.2**
Business volume	215,949	232,087	–16,138	–7.0

Helaba's total assets rose from € 195.6 bn to € 181.5 bn in financial year 2023. The decline in total assets was largely attributable to the reduction in loans and advances to banks including cash reserve, and in the trading portfolio (assets).

On the assets side of the balance sheet, loans and advances to customers continued to dominate, accounting for a large proportion of total assets (57.6 %). This item decreased by € 3.3 bn to € 104.5 bn, mainly because of a reduction in commercial real estate loans.

The most significant change in assets resulted from the decrease of € 6.7 bn in loans and advances to banks including cash reserve to € 43.9 bn. This figure includes an amount of € 6.6 bn (31 December 2022: € 22.5 bn) attributable to Helaba's participation in the ECB's targeted longer-term refinancing operations (TLTRO), which provide funding at favourable rates. The decline was partly offset by an increase in the issue of new securitised liabilities.

The volume of bonds and equities allocated to the investment and liquidity portfolio rose by € 0.5 bn to € 14.2 bn. The main investments were bonds and other fixed-income securities totalling € 14.0 bn (31 December 2022: € 13.6 bn). Equity shares and other variable-income securities were unchanged year on year at € 0.2 bn

Trading assets fell by € 5.1 bn year on year to € 11.9 bn. This figure included the portfolio of own bonds and notes (return), which shrank by € 5.3 bn to € 5.5 bn. Bonds and other fixed-income securities (without return) developed in the opposite direction, with the portfolio increasing by € 1.1 bn to € 2.7 bn. The positive fair values of derivatives were almost unchanged at € 3.0 bn (31 December 2022: € 3.1 bn).

The most significant change in liabilities resulted from the decrease of € 15.7 bn in liabilities due to banks to € 46.9 bn. This decline was caused by the reduced participation in the ECB's long-term tenders. Of the liabilities due to banks, € 15.4 bn (31 December 2022: € 15.0 bn) was accounted for by liabilities to Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg.

Liabilities due to customers also decreased by € 1.7 bn to € 44.4 bn. This figure included home savings deposits of € 5.2 bn (31 December 2022: € 5.3 bn).

Securitised liabilities showed an upward trend, increasing by € 5.2 bn to € 65.0 bn. Higher interest rates boosted demand from investors for interest-bearing financial instruments. The portfolio of bonds issued amounted to € 62.4 bn (31 December 2022: € 59.2 bn). Within securitised liabilities, the issuance programmes comprising short-term money market instruments amounted to € 2.6 bn (31 December 2022: € 0.8 bn).

The trading portfolio (liabilities) shrank by € 2.0 bn to € 9.4 bn, due in large part to the negative fair values of derivatives decreasing by € 2.4 bn to € 4.4 bn. As on the assets side of the statement of financial position, the values were reduced by interest-rate-related measurement effects. Trading liabilities amounted to € 4.6 bn (31 December 2022: € 4.1 bn).

The business volume, which includes off-balance sheet business in addition to total assets, fell by € 16.1 bn to € 216.0 bn.

Own funds

Helaba's own funds reported on the balance sheet (equity excluding net retained profits, including the fund for general banking risks, subordinated liabilities and additional Tier 1 instruments) totalled € 10.5 bn as at 31 December 2023 (31 December 2022: € 10.8 bn).

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

Helaba's regulatory own funds as at 31 December 2023 – i.e. before the annual financial statements were adopted and thus before appropriations to revenue reserves were taken into consideration and including an allowance shortfall of € 263 m resulting from the comparison of expected losses against loss allowances at the end of 2022 – amounted to € 8.7 bn. This included Tier 1 capital of € 6.5 bn. The capital contributions classified as CET1 capital amounted to € 1.9 bn; contributions of € 354 m were classified as additional Tier 1 capital. Helaba's own funds requirements under the CRR amounted to € 4.3 bn as at 31 December 2023. This resulted in a total capital ratio of 15.9 % for Helaba; the Tier 1 capital ratio was 12.0 % and the CET1 capital ratio 11.4 %. The own funds requirements specified by the CRR for the exposures for which capital charges are required were met at all times in 2023.

Results of operations by business area

In the reporting year, the current restraint on the part of both customers and the Bank meant that the volume of new medium- and long-term business in the Real Estate Finance division decreased very substantially, by 53.8 % year on year, to € 4.3 bn. By contrast, margins on new business improved markedly compared with the previous year. The average business volume remained stable in 2023 with income increasing slightly year on year, mainly due to higher income from early repayments.

The volume of medium- and long-term new business in the Asset Finance division declined very substantially to € 1.8 bn, one cause being the postponement of planned projects due to market conditions. By contrast, more short-term business was concluded. Despite the reduced new business activity compared with the previous year, the division's income was unchanged year on year.

In the Corporate Banking division, the volume of new medium-/long-term business amounted to € 4.2 bn, which was on a par with the prior-year level. At the same time, the margins on new business (including short-term new business) increased moderately. The business volume as at the reporting date therefore remained constant. Income (including fee and commission income) rose noticeably due to higher average volumes and increased margins on the liabilities side.

In 2023, money market trading was reallocated from the Capital Markets division to the Treasury division to facilitate the better coordination of funding measures during the year and day-to-day liquidity management. Added to this was the cessation of the deposit bank function, resulting in a decline in net fee and commission income. Treasury saw a positive effect in contributions to income from the repurchase portfolio but a negative impact from the absence of the TLTRO bonus and higher interest expense on the TLTRO. Viewed overall, the income of both divisions thus declined slightly.

New business in the municipal lending business area was almost unchanged from the previous year at € 1.4 bn. Income from this business was slightly higher in 2023.

The Savings Banks and SME division comprises Sparkasse lending business including intermediated loans business for the Sparkassen, all cash management products, documentary business and lending business for SME customers. The volume of intermediated loans business was slightly lower in 2023 and stood at € 5.3 bn. Income from payment transaction products increased very significantly year on year due to higher margins on the liabilities side and increased fee and commission income. The number of transactions climbed to 10.1 bn in 2023 (2022: 9.2 bn).

LBS again grew net new business slightly in an environment of positive market development. Higher interest rates enabled LBS to increase income significantly.

Helaba performs public development functions for the State of Hesse through Wirtschafts- und Infrastrukturbank Hessen (WIBank). The sharp decline of € 0.9 bn in new business resulted pri-marily from investment loans for municipal authorities, COVID-19 assistance programmes and residential construction loans.

Comparison with prior-year forecasts

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

	2022 forecast for 2023	2023 actual
Net interest income	Slight decline	–1.0 %
Net fee and commission income	Moderate increase	–5.0 %
Net income of the trading portfolio	Significant decrease	1.5 %
Other net operating income	Decrease	>100.0 %
General and administrative expenses	Moderate increase	–2.7 %
Net additions to loss allowances and net remeasurement gains/losses	No increase in additions	>-100.0 %
Profit or loss before tax	Below prior-year level	–43.4 %
Cost-income ratio	< 70 %	56.7 %
Volume of new medium- and long-term business	Below prior-year value	€ 13.1 bn

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

The anticipated minimal decline in net interest income materialised and the value achieved was at the prior-year level.

In the customer business, the planned moderate increase in net fee and commission income was not achieved; a marginal decrease was recorded instead.

Net trading income defied the negative forecast to remain stable.

Other net operating income was very much higher than the previous year. The main factors here included changes in provisions, especially the positive development of pension provisions thanks to the improved interest rate environment.

Whereas personnel expenses and non-personnel operating expenses evolved as planned, the addition to the bank levy was lower than expected. This resulted in almost unchanged general and administrative expenses overall.

The operating result before taxes was down very substantially year on year, largely as a result of the very significant increase in loss allowances. Nevertheless, the cost-income ratio (CIR) improved to 56.7 % because the loss allowances were not included in the calculation.

Risk report

The Executive Board is responsible for all of the risks to which the Helaba Regulatory Group is exposed and for defining a risk strategy consistent with the business strategy. Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities and with the Rules of Procedure for the Executive Board, the risk strategy lays down the principal elements of the approach adopted to dealing with risk, the objectives of risk containment and the measures employed to achieve these objectives within the Helaba Regulatory Group. The risk strategy covers all of the main business units in the Helaba Regulatory Group as defined by the KWG and the CRR. It is modular in nature and consists of a general risk strategy and sub-risk strategies specific to the primary risk types. The general risk strategy sets out the universal stipulations for risk management, while the sub-risk strategies lay down detailed ground rules and methods for dealing with the primary risk types.

Once adopted by the Executive Board, the risk strategy is presented to and discussed with the Supervisory Board and the Board of Public Owners.

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

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

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

Principles

Responsibility of executive management

The Executive Board is responsible – regardless of the distribution of business responsibilities – for all of the risks to which the Helaba Regulatory Group is exposed and for implementing the risk strategy policy throughout the regulatory consolidation group. It defines the risk strategy with reference to the risk-bearing capacity of the Helaba Group (economic perspective) and the Helaba Regulatory Group (regulatory perspective) as determined in an analysis of the initial business policy position and an assessment of the associated primary risks defined in the risk inventory process, and is responsible for ensuring compliance with the risk strategy defined by means of the establishment of an efficient risk management process. All Regulatory Group companies are included, alongside Helaba (with LBS and WIBank), in the procedures and processes for identifying, assessing, containing, monitoring and communicating risks. Effective risk management throughout the Group is thus assured.

Protection of assets

Risks may be assumed only as permitted under the general risk strategy and the specific risk strategies and only in pursuit of the strategic objectives of the Helaba Regulatory Group on the basis of the risk appetite framework (RAF), in particular in order to maintain the Helaba Regulatory Group‘s long-term earnings power while protecting its assets as effectively as possible and accomplishing its mission.

Protection of the Bank‘s reputation

Effective risk management and the avoidance of legal or regulatory breaches that could damage its reputation are absolutely vital for the Bank if it is to preserve its positive image and achieve the best possible rating. A corresponding control process to assess reputation risks in new business has been implemented.

Segregation of functions

The independence of risk controlling and risk containment must be assured in order to maintain objectivity and transparency. Independent control processes are implemented wherever the type and degree of risk so require. The responsibilities of the organisational units for risk identification, risk appraisal, risk containment, risk monitoring and risk reporting follow a “three lines of defence” (3-LoD) policy. Please refer to the “Principal risk monitoring areas” section for details of this policy.

Transparency

The comprehensive and objective reporting and disclosure of risks is another important component of the Helaba Regulatory Group‘s risk strategy and is indispensable for the proper notification, by the Executive Board, of the corporate bodies, the banking regulator and the public at large.

Cost efficiency

The cost efficiency of the individual lines of defence (3-LoD) and, in particular, of the systems they use also has to be considered. The expenditure incurred in connection with risk monitoring (and also risk containment) is reasonable given the pertinent regulatory requirements and the risks under consideration in each case.

Risk Appetite Framework (RAF)

The Helaba Regulatory Group defines the RAF as a holistic approach to risk containment. Risk containment is based on a multi-stage limit framework. At the highest level, factors known as RAS indicators are identified and then used to produce a description of the overall risk profile in material terms. The RAS indicators comprise indicators that apply across all risk types and others that are specific to particular risk types; they focus on regulatory and economic capital adequacy, the appropriateness of liquidity coverage and Helaba's profitability. The Executive Board specifies threshold values for risk appetite, risk tolerance and – where relevant – risk capacity for each RAS indicator. These values are used to convert the main risk strategy objectives into operational details in the course of planning. Risk appetite refers to the level of risk that the Helaba Regulatory Group is prepared to assume to attain its strategic objectives. Risk tolerance indicates the level of variance from the risk appetite that Helaba is still prepared to tolerate in an unfavourable environment to reach its strategic objectives. On the basis of regulatory limits (where available), risk capacity specifies the maximum level of risk that the Helaba Regulatory Group can take on. The RAS indicators defined under the RAF and the threshold values specified for this purpose are formulated together in a risk appetite statement (RAS) that forms an annex to the general risk strategy.

Risk-bearing capacity/ICAAP

The procedures for quantifying and containing risks ensure that the primary risks always fall within the risk-taking potential and that risk-bearing capacity is thus assured. Risk-bearing capacity is one of the factors considered in defining the risk strategy.

Compliance with regulatory standards

The implementation of regulatory requirements, which proceeds in close consultation with the banking regulator, also has a decisive influence on the risk strategy. The Helaba Regulatory Group's regulatory capital backing and the determination of the regulatory capital are based on the provisions of the current CRR and take account of the stipulations of the Supervisory Review and Evaluation Process (SREP).

Risk culture

The risk culture at the Helaba Regulatory Group consists of the attitudes and conduct of Helaba's employees in relation to risk awareness, risk appetite and risk management in respect of all risk types. The risk culture at the Helaba Regulatory Group fosters an environment in which risks are identified and consciously handled to ensure that decision-making processes lead to results that comply with the approved risk strategy requirements and reflect Helaba's risk appetite. The Helaba Regulatory Group's risk culture therefore extends beyond the governance framework and the established controls. The refinement of the risk culture is an ongoing task for all employees and managers at the Helaba Regulatory Group. The Helaba Regulatory Group's risk culture has the following components:

- A set of corporate values adopted by the Executive Board that set out the Helaba Regulatory Group's basic values and guiding principles.

- Responsibilities: Every employee knows, understands and complies with Helaba's mission statement, the risk strategy requirements for their organisational unit and the system that is set down in writing.

- Communication and critical dialogue: Helaba's working environment is characterised by respect, tolerance and trust. Everyone has the right to mutual respect, free from any kind of discrimination. The Helaba Regulatory Group seeks to promote an open working climate.

- Incentives: The remuneration system reflects the Helaba Regulatory Group's business priorities and aims to ensure that employees are properly rewarded without gender bias for their efforts and achievements and are not encouraged to take inappropriate risks in any way. Remuneration policy and practices are aimed at sustainably supporting a long-term approach to managing climate-related and environmental risks.

In addition, Helaba has established a credit risk culture that describes the attitudes and conduct required of employees in respect of loan processing. There is a special focus on a responsible and careful approach to handling credit risks (including the impact of ESG factors) and on diligence in ensuring risk-appropriate loan origination and monitoring.

Auditing

The Internal Audit function audits all of Helaba's activities and processes in line with their risk content. This helps to safeguard transactions and financial assets. Assessments of the efficacy and adequacy of the internal control system facilitate the ongoing development and improvement of the risk management processes.

Risk classification

Risk types

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

- The default risk or credit risk is defined as the potential economic loss that can arise as a result of non-payment by or a deterioration in the creditworthiness of borrowers, issuers, counterparties or equity investments and as a result of restrictions on cross-border payment transactions or performance (country risk).
  - The potential economic loss is determined using internal or external credit assessments and risk parameters assessed by Helaba itself or set out in regulatory specifications.
  - The default risk does not include credit standing risks, which are mapped in the market risk under the residual risk and the incremental risk.
  - The equity risk – the potential economic loss as a result of non-payment by or a deterioration in the creditworthiness of an equity investment – that is not managed at the level of the individual risk types also forms part of the default risk. Such developments can lead to a decline in the value of the holding, to the reduction or cancellation of dividend payments, to loss transfers and to contribution, margin call and liability obligations.
- The market risk is the potential economic loss as a result of disadvantageous movements in the market value of exposures due to changes in interest rates, exchange rates, share prices and commodity prices and their volatility. In this context changes in interest rate levels in one market segment lead to general interest rate risks, specific interest rate changes (for example on the part of an issuer) lead to residual risks and changes in the price of securities subject to a credit rating as a result of rating changes (including default) lead to incremental risks. Changes in market values such as discount rates also play a significant role when measuring pension obligations at Regulatory Group level (IFRS). Interest rate risk from pension obligations at Regulatory Group level (IFRS) is mapped in the risk-bearing capacity. The xVA risk is also considered.
- The liquidity and funding risk is broken down into three categories. The short-term liquidity risk is the risk of not being able to meet payment obligations as they fall due. Structural liquidity risks result from imbalances in the medium- and long-term liquidity structure and a negative change in the organisation's own funding curve. Market liquidity risks result from the insufficient liquidity of assets, with the consequence that positions can be closed out only, if at all, at a disproportionately high cost. The liquidity risks associated with transactions not included in the balance sheet lead to short-term and/or structural liquidity risks depending on their precise nature.
- Non-financial risk (NFR) at the Helaba Regulatory Group includes reputation risk as well as operational risk.

  Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

  It includes the NFR sub-risk types of operational risk in the narrower sense, legal risk, conduct risk, model risk, information risk, third-party risk and project risk.

  - The narrower definition of operational risk and information risk encompass aspects of reputational risk and risks in relation to compliance, business continuity management (BCM) and human resources.
  - Legal risk is defined as the risk of loss for the Helaba Regulatory Group resulting from infringements of legal provisions that have the potential to result in (i) legal proceedings or (ii) internal actions to avert such losses. Breaches of contract relating to matters of creditworthiness (for example in the case of loan contracts) do not fall within this definition.
  - Conduct risk is defined as the current or potential risk of loss for an institution as a result of an inappropriate offer of financial (banking) services, including cases of intentional or negligent misconduct.
  - There are two distinct aspects to model risk:

    I. One involves the risk of underestimating the regulatory or economic capital requirement as a result of using models to quantify risks. This is in part a reflection of the fact that a model can never entirely capture reality. This aspect of model risk is taken into account at the Helaba Regulatory Group

       a) as part of determining the own capital requirement for internal Pillar I models using the model premiums/safety margins demanded by regulatory requirements and

b) by factoring in a risk exposure premium for the primary risk types in economic risk containment.

II. The other aspect of model risk involves the risk of losses associated with the development, implementation or inappropriate use of models by the Helaba Regulatory Group for the purposes of decision-making. This aspect is factored into operational risk. The analysis of operational risk does not include the models covered under I. a) and model risks already covered by the risk potential premiums in accordance with I. b)

- Information risk comprises the risk of losses resulting from a failure to provide the specified protection, in terms of availability, integrity, confidentiality and (as part of integrity) authenticity, for the Helaba Regulatory Group's information assets (digital, physical or verbal) at a technical, procedural, organisational or human resources level.

I. IT risks are information risks, originally resulting from the use of the IT systems and associated processes (own processes and those operated by third parties) for which Helaba is responsible, that threaten the protection of the Helaba Regulatory Group's information.
II. Cyber risks are information risks that arise when using resources for which Helaba is not responsible, threatening the protection of the Helaba Regulatory Group's information.
III. Non-IT risks are information risks other than IT or cyber risks. These arise in connection with paper-based documents or the spoken word and threaten the protection of information.

- Third-party risk entails matters related to non-financial risk in outsourcing and other external procurement activities. Outsourcing risk and the risk from other outsourcing transactions are defined as the risk of loss/damage to the Helaba Regulatory Group due to defective performance or loss of performance by the service provider. Risks in relation to the service provider may in principle arise from

I. underlying conditions at the service provider (creditworthiness, foreign legal risk, political stability),
II. performance (personnel, equipment and IT resources, reputation) and
III. dependence and concentration (concentration risk, market position).

Poor performance can arise in particular from

a) unsatisfactory quality/incomplete performance
b) untimely fulfilment
c) other contractual obligations not being performed satisfactorily or at all (for example, violation of legal or contractual provisions that may limit in particular the usefulness of the service provided or increase the complexity of containment and control)

- Project risk involves the risk of an event occurring that could give rise to negative consequences for project objectives or imposes scheduling, financial, human resources and other constraints.

- Reputation risk involves the possibility of a deterioration in the Helaba Regulatory Group's public image (its reputation for competence, integrity and trustworthiness) in the form of the perceptions of the individuals having a business or other relationship with the Helaba Regulatory Group. Most of the material impact of reputation risk finds expression in the business and liquidity risk. Reputation risk, which is a non-financial risk, is therefore assigned to these risk types in the risk type breakdown based on its impact. Reputation risks include original reputation losses as well as those that arise as a result of an operational loss event.

- Business risk is the potential economic loss from a situation in which disadvantageous developments in the core performance figures

  - result from an unexpected change in customer behaviour, unforeseen market developments or other exogenous factors,

  - to the extent that this is not covered by any other risk type.

- Real estate risk comprises the real estate portfolio risk – the potential economic loss from fluctuations in the value of an entity's own real estate – and the real estate project management risk associated with project development business. Risks associated with the provision of equity and loan capital for a project are excluded from this risk type, as are risks associated with real estate finance.

Sustainability and social responsibility are central to the way that Helaba approaches its business. This means that sustainability factors, especially those relating to climate and the environment, can potentially also affect Helaba's risk situation. In addition to the sustainability objectives, which are set down in the business strategy, the Helaba Regulatory Group defines ESG (environmental, social or governance) factors, the occurrence of which might negatively impact the financial position (including capital resources), financial performance or liquidity position, in the course of its risk containment activities. ESG factors can therefore act as potential risk drivers for all existing risk types and are not considered a separate risk type. ESG factors must therefore be taken into account within the risk management processes of the identified risk types. The extent of the required risk containment and monitoring measures reflects the significance of the ESG factors for the risk type concerned. A materiality analysis from a risk perspective for climate-related and environmental risks was completed in 2023 as well. The analysis assessed the materiality of transition and physical risks for the risk types classified in the risk inventory process as being of primary importance for the Helaba Regulatory Group, namely default risk, market risk, liquidity and funding risk, non-financial risk, real estate risk and business risk. Materiality was estimated using a scorecard method that also incorporated qualitative estimates. The analysis determined that Helaba's portfolio remains moderately exposed to transition risks in the context of default risk. The quarterly reporting of climate-related and environmental risks in the context of default risk introduced in 2023 is considered adequate for containment and monitoring purposes. In addition, real estate risk in the existing real estate portfolio is moderately exposed to transition risks. This issue is already addressed by a strong management focus and considered appropriately in the relevant planning in respect of investment in building energy efficiency, for example. Although exposure to climate-related and environmental risks as risk drivers is assessed as low in the other primary risk types, methods for risk measurement and monitoring are being refined for these areas too.

As the results of an internal climate stress test conducted in 2023 were normal, it was concluded that there is no need for separate, additional capital backing for climate-related and environmental risks under the ICAAP.

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

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

Risk concentrations

Risk concentrations can occur both within a single risk type and across different risk types. The areas responsible for risk monitoring are charged with managing – that is to say identifying, quantifying, containing and monitoring – risk concentrations and reporting on identified risk concentrations in line with their respective accountability for major risk types, risk-bearing capacity and stress tests.

Both concentrations within a risk type (intraconcentrations) and concentrations across risk types (interconcentrations) are analysed and integrated into the risk management reporting and decision-making processes. No risk-mitigating diversification effects between the risk types are applied in the risk-bearing capacity calculation. The design of the extreme market dislocation stress scenarios across all risk types, moreover, implicitly takes account of the main risk concentrations between risk types of significance.

Risk management process

Risk management at the Helaba Regulatory Group comprises four elements that are best understood as consecutive phases in a single continuous process.

1. Risk identification

Risks affecting the Helaba Regulatory Group are identified continuously as an integral part of daily operations. Once identified, each risk is assigned to the relevant risk type. Comprehensive identification and incorporation into existing risk measurement systems and the associated risk monitoring processes are particularly important in connection with the introduction of new products and complex transactions. The central monitoring units are involved in the authorisation of new products as part of the New Product Process for lending business and trading business pursuant to MaRisk. The risk inventory process to be completed for the Helaba Regulatory Group annually and on an ad-hoc basis also helps to identify previously unknown risks and ensure that any of material significance are incorporated into the risk management process.

2. Risk assessment

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

3. Risk containment

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

4. Risk monitoring and reporting

The Risk Controlling unit provides independent central risk monitoring of the following risk types: default risk (including equity risk), market risk, liquidity and funding risk, non-financial risk, real estate risk and business risk. The responsibilities of the Risk Controlling unit in this regard include the specification of appropriate methods, their implementation and the operation of the associated models. An integral component of these monitoring activities is the submission of reports to the relevant authority holders and committees covering the main risk types, risk-bearing capacity, the status of the RAS indicators and the status of the relevant indicators from the recovery plan (German Regulation on the Minimum Requirements for the Design of Recovery Plans for Institutions (MaSanV)). The internal models used in Risk Controlling to assess risk in accordance with Pillars I and II are in addition recorded in a model inventory and validated regularly. The Risk Controlling unit (Group Model Validation) is responsible for model governance, including maintaining the model inventory and ensuring that independent validation is carried out.

Risk management structure

Entities involved

The Executive Board has established a Risk Committee in accordance with the applicable banking regulatory requirements to implement and monitor the Helaba Regulatory Group‘s risk strategy, including the risk appetite statement (RAS), first and foremost, and to aggregate all the risks – that is to say the default risks, market risks, liquidity and funding risks, non-financial risks, business risks and real estate risks – assumed across the Helaba Regulatory Group and evaluate their combined implications. The Risk Committee is charged with identifying risks at the Helaba Regulatory Group at the earliest possible stage, designing and monitoring the calculation of risk-bearing capacity and determining measures aimed at avoiding risk and generating containment mechanisms for risk management. It also approves the containment and quantification methods employed by the various units and assesses the appropriateness of the tools applied in light of the extent of the risk.

The Executive Board has set up the Asset/Liability Management Committee and the Credit Committee of the Executive Board (VS-KA) to complement the Risk Committee. The main task of the Asset/Liability Management Committee is to manage the strategic market risk portfolio with independent responsibility and in support of the Executive Board. The Credit Committee of the Executive Board is responsible for individual lending decisions in accordance with the authority framework established by the Rules of Procedure for the Executive Board. The Risk Committee, on the other hand, is charged with containing the default risk of the entire portfolio and coordinating syndication business.

The composition of the committees and their duties, powers and responsibilities are set out in separate rules of procedure approved by the Executive Board.

The various committees are also required, within the scope of their responsibilities as defined above, to consider risk-related aspects of ESG matters, especially in the context of climate-related and environmental factors.

Moreover, the Sustainability Board was established in 2023. Its main task is to address strategic cross-cutting issues and take key ESG decisions including those pertaining to strategic ESG targets and management, the decarbonisation of Helaba’s portfolio and own operations, sustainability reporting and the Executive Board’s performance of its duties in respect of the German Act on Corporate Due Diligence in Supply Chains.

The organisational guidelines specify that the approval of the entire Executive Board or of the Supervisory Board or one of its committees must be obtained for decisions on matters of particular significance such as acquiring, changing or disposing of equity investments, granting loans above a certain threshold and defining the cumulative limit for market risks. Helaba‘s Charter, moreover, requires that any decision to take on or make changes to strategic equity investments involving a stake in excess of 25 % also be approved by the Board of Public Owners.

Risk management at Regulatory Group companies

Companies belonging to the Regulatory Group are incorporated into risk management activities at Regulatory Group level by taking account of the risks established in the course of the annual or, where applicable, an ad-hoc risk inventory. The process to determine inclusion begins by considering all direct equity investments of Helaba under commercial law plus special purpose entities, special funds and all of Helaba‘s front office units. The regular risk inventory covers the companies belonging to the Regulatory Group for which there exists a financial or legal imperative for inclusion. The list of companies to be included is drawn up with reference to a catalogue of criteria. Companies belonging to the Regulatory Group that are not included in the risk inventory are considered through the mechanism of the equity risk.

One outcome of the risk inventory process is to determine which Regulatory Group companies are included in risk management at Group level with which risk types and which Regulatory Group companies are considered only through the mechanism of the equity risk. Companies belonging to the Regulatory Group are included in risk management at the level of individual risks in line with their primary risk types.

These companies must in addition establish an appropriate risk management process for any of their own risks that are assigned to the risk type at Regulatory Group level. The officers responsible for the relevant risk types and methods stipulate precisely how risks are to be included. The mode of inclusion in the methods used in the risk management process varies from risk type to risk type.

Principal risk monitoring areas (“three lines of defence”, 3-LoD)

The responsibilities of the organisational units follow a “three lines of defence” (3-LoD) policy. This governance policy sets out roles and responsibilities to ensure there is independent monitoring and internal auditing of the effectiveness of the risk containment and monitoring functions that have been implemented. At Helaba (including LBS and WIBank) and in the major Regulatory Group companies, the containment of risks in the first line of defence is separated in terms of disciplinary and organisational reporting lines from the independent monitoring of risks in the second line of defence. The three lines of defence policy is implemented at Helaba (including LBS and WIBank) as follows:

Risk types	Risk containing units (LoD 1)	Risk monitoring units (LoD 2)	Reviewing unit (LoD 3)
Default risk including equity risk	Product units (Lending units, Capital Markets, Treasury: Municipal Loans)	Risk Controlling (Helaba portfolio level) Group Steering (equity risk) Credit Risk Management, Restructuring/Recovery (individual exposure level and individual portfolio level)	Internal Audit
Market risk	Capital Markets, Treasury	Risk Controlling	
Liquidity and funding risk	Treasury	Risk Controlling	
Non-financial risk	All units	Risk Controlling, together with specialist functions[1] in the following units: Group Steering, Compliance including Information Security Management, Human Resources and Legal Services, and Organisation	
Business risk	Product units	Risk Controlling	
Real estate risk	Major Regulatory Group companies (GWH, OFB), real estate management	Risk Controlling (portfolio level) Group Steering, Credit Risk Management and Restructuring/Recovery (for major Regulatory Group companies)	
Tasks across all risk types	–	Risk Controlling	

[1] In the case of non-financial risk, the specialist functions are responsible alongside the Risk Controlling unit for relevant NFR/NFR sub-risk categories (as set out in the risk type breakdown) that are described in detail in the sub-risk strategy for non-financial risk.

First line of defence (LoD 1)

The first line of defence assumes risks in the course of its (business) activities, bears these risks and has responsibility for the results. In particular, it is responsible for controlling its risks and designing controls, with due regard for the methods specified by LoD 2.

Second line of defence (LoD 2)

A second line of defence (specifically including the Risk Controlling, Credit Risk Management, Restructuring/Recovery, Compliance, Organisation and Group Steering units) to provide independent monitoring of LoD 1 has been established for all primary risk types. The main task is a holistic global assessment of all risks on an individual basis and at portfolio level – both at Helaba (including LBS and WIBank) and in the major Regulatory Group companies. Helaba has in addition established an ICS evidence centre to coordinate and monitor the updating of the risks inherent in processes and the assessment of the appropriateness and effectiveness of controls.

Third line of defence (LoD 3)

Internal Audit conducts risk-based audits, in particular of the appropriateness and effectiveness of the activities of the first two lines of defence.

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

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

The independent management of risk (risk containment, risk monitoring) within the major Regulatory Group companies is generally structured in the same way as at Helaba (including LBS and WIBank) in terms of the three lines of defence principle. There may, however, be specific arrangements in place as well.

LBS and WIBank are integrated into the Helaba Regulatory Group‘s risk management and have supplementary requirements for their own risk management where necessary.

Internal Audit

The Internal Audit function, which reports to and is directly subordinate to the Executive Board, performs its tasks independently and without external direction. It examines and assesses all of Helaba‘s activities and processes, including activities and processes that have been outsourced, on the basis of risk considerations. It conducts audits at subsidiaries both in its role as the internal auditor and when specifically asked to do so. The annual audit plan drawn up in accordance with the risk-oriented multi-year plan and approved by the Executive Board forms the basis of all auditing activities.

Internal Audit focuses in particular on assessing the efficacy and adequacy of the Internal Control System and of risk management, thereby helping to safeguard financial assets. Internal Audit also supports major projects.

The scope and findings of audits are documented in accordance with uniform standards. Written audit reports are supplied promptly to the Executive Board and the people responsible for the units audited. The timely resolution of deficiencies identified is monitored and matters are escalated if necessary. Internal Audit reports significant audit findings, the actions adopted and the implementation status of these actions to the Executive Board and Supervisory Board every quarter. The Executive Board, Supervisory Board and Audit Committee are also presented with a summary annual report on auditing activities.

Compliance

The Compliance function reports to and is directly subordinate to the Executive Board (in accordance with the German Minimum Requirements for Risk Management (AT 4.4.2 MaRisk)). The institution has appointed a Head of Compliance, who is registered with the supervisory authorities as performing the functions of the Group Anti-Money Laundering Officer, the MaRisk Compliance Officer and the WpHG Compliance Officer.

There are three departments within the Compliance division: Corporate Compliance, Information Security Management (ISM), which includes data protection, and Compliance Money Laundering and Fraud Prevention/TF. The Chief Information Security Officer (CISO) representative function and the Data Protection Officer are based in the ISM department.

The MaRisk Compliance function, which forms part of the Corporate Compliance department, promotes the adoption of effective procedures to implement and ensure compliance with the principal legal rules and stipulations identified in the context of risk and conducts related checks. It also conducts regular analyses in this connection of the adequacy and efficacy of the business processes and practices associated with the implementation of and compliance with the principal legal rules and stipulations in Helaba.

The tasks of the capital market compliance function at Helaba are the responsibility of the Corporate Compliance I unit. This advises the operational divisions and monitors and assesses principles, processes and procedures for compliance with relevant provisions regarding capital market compliance risk. The unit also performs regular risk-oriented monitoring activities based on a prior risk analysis, paying particular attention in this regard to the rules prohibiting insider dealing and market manipulation, and identifies and regulates potential conflicts of interest.

The Compliance Money Laundering and Fraud Prevention / TF department, acting in its capacity as the central authority for the purposes of Section 25h KWG, develops internal principles and adequate transaction- and customer-related safeguards and checks to prevent money laundering, the funding of terrorism and criminal acts. The precautionary organisational measures to be implemented are based in part on the Helaba Regulatory Group‘s risk analysis (money laundering, terrorism financing and fraud prevention) and also in part on the Group Policy. This Group Policy sets out the Helaba Regulatory Group‘s general ground rules, which reflect the relevant legal and regulatory requirements. Monitoring software keeps business relationships under constant surveillance. Moreover, the Compliance Money Laundering and Fraud Prevention/TF department is responsible for the organisation and function of the whistleblower system in accordance with the relevant statutory requirements. The Compliance Money Laundering and Fraud Prevention/TF department is also responsible for the implementation of the legal requirements created by the Agreement between the United States of America and the Federal Republic of Germany to Improve International Tax Compliance (FATCA) and the international Automatic Exchange of Information (AEOI) process.

Information Security Management and Data Protection

The Information Security Management function is responsible for ensuring the proper control, coordination and development of information security management in line with the business strategy, risk strategy, information security strategy and IT strategy.

It also determines and defines necessary security requirements arising in connection with relevant best practices, laws and regulations, supports the regular analysis of information protection classifications and coordinates appropriate technical and organisational measures to ensure that an adequate level of security is maintained.

Implementation of existing requirements is monitored and deviations which could have repercussions for the Helaba Regulatory Group are fed into the information risk process. Measures and checks for sustainable risk reduction and risk monitoring are continuously refined.

The Data Protection Officer reports to and advises the Executive Board and all organisational units and employees with regard to data protection requirements. The function involves responsibility for monitoring the implementation of and compliance with the requirements of data protection law Helaba maintains a record of processing activities (Article 30 GDPR) covering procedures that involve the processing of personal data. This record provides the basis for ensuring that the processing of personal data complies with the data protection regulations. Helaba has developed an information security management system (ISMS) aligned with the ISO 27001 family of standards to ensure the availability, confidentiality and integrity of data (Article 5 and Article 32 GDPR) and to assess the resilience (maintenance of operability) of data-processing systems.

The Information Security Management function and the Data Protection Officer are responsible for employee training and for measures to raise awareness among employees. Both of these functions report directly to the Executive Board.

Risk-bearing capacity / ICAAP

Established procedures for quantifying and containing risks ensure that the primary risks within the Helaba Group and Helaba Regulatory Group are always covered by risk cover pools and that its risk-bearing capacity is thus assured.

In terms of concept, the risk-bearing capacity approach reflects the supervisory requirements for an ICAAP at institutions from an economic internal perspective. In other words, the calculation of risk-bearing capacity takes into account all risks that could jeopardise the continued existence of the Helaba Group as a going concern from an economic internal perspective. The economic limitation and containment of risks is also based on ensuring risk-bearing capacity in accordance with this economic internal perspective. The risk tolerance and risk appetite related to the risk exposures in this perspective are specified in the RAF.

Risk-bearing capacity is determined on the basis of a time frame of one year in the economic internal perspective and both risk exposures and risk cover pools are designed and quantified for this period.

The economic risk cover pools are calculated on the basis of own funds determined in accordance with IFRS financial reporting requirements, adjusted for economic correction factors. These factors ensure a loss absorption capacity comparable with regulatory CET1 capital.

In terms of risk, risk exposures for default risk (including equity risk), market risk, operational risk, business and real estate risk are included in the analysis for the economic internal perspective with a confidence level of 99.9 %. This approach is used to demonstrate that the economic risk cover pool is adequate enough – even if rare and serious loss scenarios should materialise – to ensure that the Group can continue as a going concern on the basis of its own resources, i.e. without recourse to third-party funds.

The risk-bearing capacity assessment for the Helaba Group covering all risk types reveals that the existing risk cover pools at the end of 2023 once again overcollateralised the quantified risk exposures by a substantial margin, underlining the conservative risk profile. Helaba had a capital buffer of € 4.6 bn in respect of its economic risk exposures as at the reporting date (31 December 2022: € 4.6 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 RAS 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.

For the first time in 2023, an internal climate-related risk scenario as at 30 June 2023 was additionally included in both risk-bearing capacity perspectives. It was a short-term transition risk scenario based on the disorderly scenario defined by the Network for Greening the Financial System. In addition to the scenario outcomes, other sensitivities specific to climate-related risks were determined in order to also take account of physical risks, for example.

Other protection mechanisms

There are other protection mechanisms in addition to the risk cover pool. Helaba is a member of the sub-funds of the Landesbanken and Girozentralen and is thus included in the Sparkassen-Finanzgruppe's protection scheme, which comprises the eleven sub-funds of the regional savings bank and giro associations, the sub-fund of the Landesbanken and Girozentralen and the sub-fund of the Landesbausparkassen.

The most notable features of this protection scheme are the way that it safeguards the viability of the affiliated institutions, especially their liquidity and solvency, its risk monitoring system for the early detection of specific risk profiles and its use of a method based on risk parameters defined by the supervisory authorities to calculate the amounts to be paid into the protection scheme by the various institutions.

The legally dependent Landesbausparkasse Hessen-Thüringen, the subsidiary Frankfurter Sparkasse, and Frankfurter Bankgesellschaft (Deutschland) AG, which is a subsidiary of Frankfurter Bankgesellschaft (Schweiz) AG (which in turn is a subsidiary of Helaba), are also direct members of this protection scheme.

The general meeting of members of the German Savings Banks Association (DSGV) adopted a resolution concerning a refinement of the Sparkassen-Finanzgruppe's protection scheme on 26 June 2023. The resulting changes implemented ECB and BaFin requirements and made the protection scheme more efficient. Among other things, the risk monitoring system is being improved and decision-making structures organised more effectively. Moreover, an additional fund is being created to protect the solvency and liquidity of the Sparkassen-Finanzgruppe institutions. The fund volume will amount to 0.5 % of the member institutions' total risk exposure and must be contributed over a period of at least eight calendar years starting in 2025.

As well as safeguarding the viability of the affiliated institutions themselves, the Sparkassen-Finanzgruppe scheme includes a deposit guarantee scheme to protect qualifying deposits up to a value of € 100,000 per customer. The deposits thus protected in the Helaba Group amount to € 18.9 bn in total (31 December 2022: € 18.1 bn). The German Federal Financial Supervisory Authority (BaFin) has recognised the Sparkassen-Finanzgruppe's institutional protection scheme as a deposit guarantee scheme for the purposes of the German Deposit Guarantee Act (EinSiG).

Helaba and Frankfurter Sparkasse are also affiliated to the Reserve Fund of the Sparkassen- und Giroverband Hessen-Thüringen under the terms of their Charters. The reserve fund provides further protection in the event of a default in addition to the nationwide protection scheme. It covers the liabilities of Helaba and Frankfurter Sparkasse to customers, including banks, insurance companies and other institutional investors, and their securitised liabilities. Liabilities that serve or have served at the institutions as components of own funds pursuant to Section 10 KWG, such as asset contributions of dormant shareholders, liabilities under profit participation rights and subordinated liabilities, are not covered irrespective of their remaining term. The amendment to the charter for the reserve fund that came into effect on 17 November 2022 set the total volume of the fund at € 600 m.

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

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

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

Default risk

Lending business is one of Helaba's core activities and the acceptance, control and containment of default risks accordingly constitutes one of its core competencies. Events in the market and developments in the regulatory environment for banks are together generating a continuous stream of new challenges for internal default risk management, making rigorous examination of the existing procedures absolutely essential.

Guiding these steps is a comprehensive and universal risk strategy derived from the business strategy. The specific risk strategy for default risks defines the risk propensity, differentiated by product, customer segment and risk type, for every business segment. It is reviewed annually.

Regulatory own funds requirements

Helaba applies the IRBA. The corresponding regulatory requirements as set out in the current CCR are implemented in Helaba's procedures and systems with the internal rating methods (default rating) for the lending portfolio, the Collateral Management System, the credit loss database, which is used to record and analyse the default portfolio and the specific loan loss allowances, and a regulatory calculation module.

Risk monitoring using the global limit system

Helaba employs a global limit system that records counterparty-specific default risks promptly in a structured and transparent manner. The system uses counterparty limits based on a combination of the creditworthiness (rating) of counterparties and Helaba's risk-bearing capacity.

Cumulative limits for each borrower are recorded in the global limit system at Group level to help monitor, limit and contain default risks. All types of loans in accordance with Articles 389 et seq. of the CRR and guarantees in accordance with Article 403 CRR made to borrowers in both trading and banking book activities are counted against these cumulative limits. Advance payment and settlement risks attributable to foreign currency and securities transactions, current account intraday risks, creditor risks associated with direct debits and what are referred to as "additional risks from constructs" are approved as commercial risks and counted against separate limits.

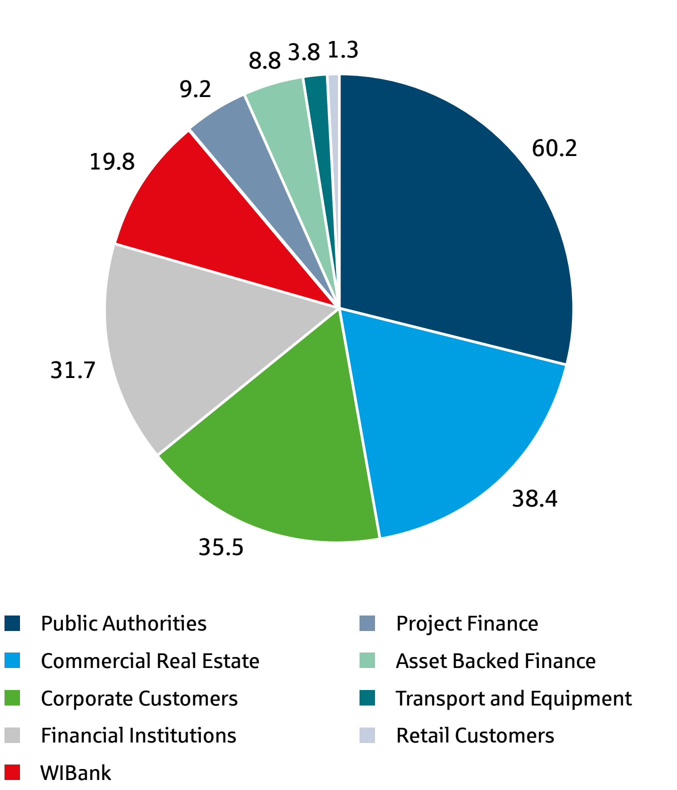
The approved total limits are allocated to individual borrowers, product categories and the operating divisions concerned in accordance with the application for approval. The utilisation of the individual limits is monitored on a daily basis and appropriate measures are initiated immediately if any limit is exceeded.

Swaps, forward transactions and options are counted towards the total limit at their credit equivalent amounts based on an internal add-on method. The Risk Controlling unit validates and, where appropriate, adjusts the add-ons once a year or on an ad hoc basis (for example in the event of market turmoil). All other trading book positions (for example money market trading and securities) are valued at market prices.

Creditor risks associated with direct debits and secondary risks resulting from leasing commitments (lessees) or guarantees received are also recorded as commercial risks for the relevant risk-bearing entity.

Chart 1 shows the total volume of lending (comprising drawdowns and unutilised lending commitments) at Helaba of € 208.5 bn as at 31 December 2023 (31 December 2022: € 217.5 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. Since 2023, this takes account of the retail business (below the materiality thresholds) of LBS and WIBank.

Total volume of lending by portfolios (Helaba Bank)
Chart 1 in € bn



The lending activities of Helaba as at 31 December 2023 focused on the following portfolios: public sector, real estate and corporate customers.

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

Region	31.12.2023	31.12.2022
in € bn		
Germany	143.5	148.5
Rest of Europe	45.6	47.5
North America	18.9	20.4
Oceania	0.0	0.4
Other	0.5	0.7

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

Creditworthiness/risk appraisal

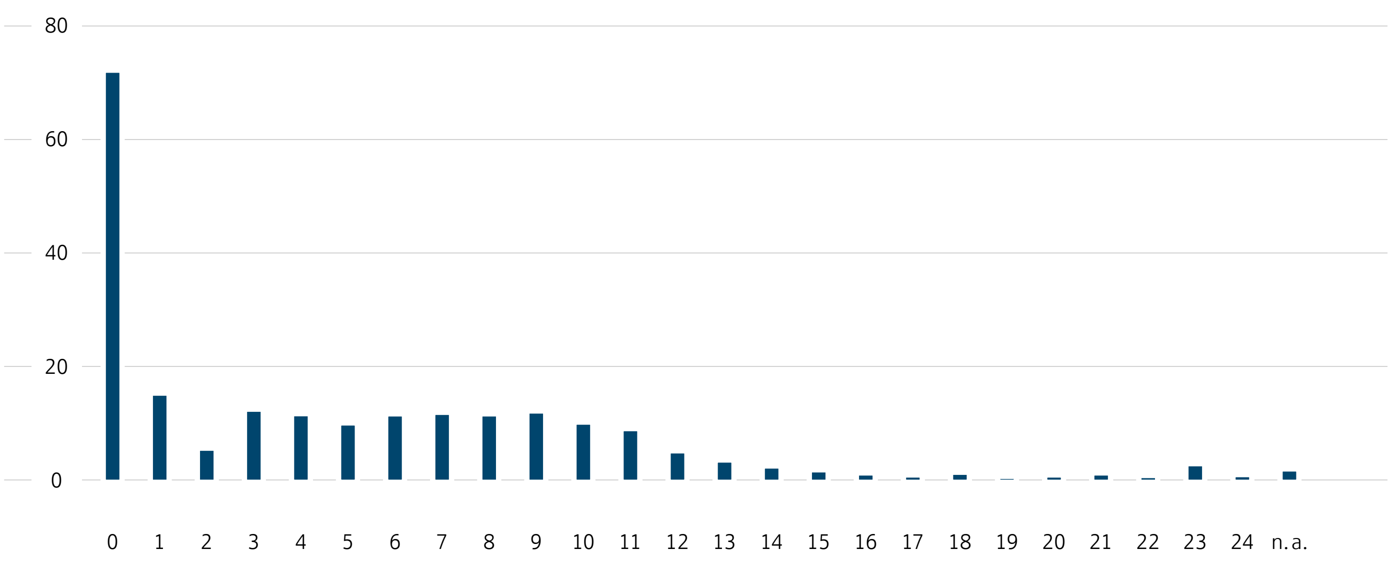
Helaba employs 16 rating systems developed together with DSGV or other Landesbanken and two rating systems developed internally. Based on statistical models, these systems classify loan exposures, irrespective of the customer or asset group, by the fixed probability of default (PD) using a 25-point cardinal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

Chart 2 shows the total volume of lending in Helaba of € 208.5 bn (31 December 2022: € 217.5 bn) broken down by default rating category. The n.a. item comprises the retail business (below the materiality thresholds) of LBS and WIBank that was included for the first time and is not broken down by rating category.

Total volume of lending by default rating category (Helaba Bank)

Chart 2

in € bn



Collateral

Like the creditworthiness of borrowers or counterparties, the collateral arrangements (or general credit risk reduction techniques) available are of major importance when determining the extent of default risks. Collateral is measured in accordance with Helaba's lending principles. The measurement is adjusted as part of the regular or ad hoc monitoring process if there are any changes in factors relevant for measurement purposes.

Helaba's Collateral Management System meets the necessary conditions to allow full advantage to be taken of the comprehensive opportunities for recognising credit risk reduction techniques that enhance shareholders' equity in accordance with the CRR. It provides the data resources required to verify and distribute the assets eligible as collateral to the risk exposures secured.

Country risks

Helaba's definition of country risk encompasses the risk of sovereign default as well as transfer and conversion risk, which means that country risk exposure also includes individual transactions entered into by a Helaba location with a borrower in the same country in local currency (local transactions).

Helaba has a uniform methodology for the internal measurement and allocation of country risks based on the entity bearing the economic risk. The risk initially assigned to the borrower's country of domicile in accordance with the strict domicile principle is accordingly transferred, subject to certain conditions, to the country of domicile of the parent company of the Group, the lessee or, in the case of cash flow structures and when collateral is involved, to the country of the entity bearing the economic risk.

The country risk system is the central tool for the comprehensive, timely and transparent risk-oriented recording, monitoring and containment of country risks. All of Helaba's lending and trading units, including subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG and Helaba Asset Services, are involved in country risk containment. The total country risk, excluding the countries of the euro zone, may not exceed seven times the Tier 1 capital of the Helaba Group of institutions. As of 31 December 2023, utilisation was 4.2 times the liable Tier 1 capital.

The Credit Committee of the Executive Board defines country limits for all countries apart from Germany. The overall limit assigned to a country is subdivided into a lending limit and a trading limit. The country risks for long-term transactions are also subject to additional sub-limits.

The internal rating method for country and transfer risks provides 25 different country rating categories based on the uniform master scale used throughout the Bank. All classifications are established at least annually by the Research & Advisory department and ultimately defined by the Credit Risk Management unit. The Capital Markets unit, which performs the central coordination function for country limit requests, presents a country limit proposal on this basis factoring in bank-specific considerations and relevant factors relating to business policy and risk methodology and the Credit Committee of the Executive Board then sets the limits for the individual countries based on this proposal.

Country risk (transfer, conversion and sovereign default risks) from Helaba loans issued by Helaba to borrowers based outside Germany amounted to € 61.1 bn (31 December 2022: € 64.5 bn), most of which was accounted for by borrowers in Europe (68.9 %) and North America (30.3 %). As at 31 December 2023, 53.5 % (31 December 2022: 56.2 %) of these risks were assigned to country rating classes 0 and 1 and a further 46.3 % (31 December 2022: 43.6 %) came from rating categories 2 to 15. Just 0.3 % (31 December 2022: 0.2 %) fell into rating class 16 or worse.

Exposures in the Russian Federation (rating category 22) and Ukraine (rating category 21) totalled approximately € 18 m as at the reporting date (31 December 2022: approximately € 20 m). There was no exposure in Belarus as at the reporting date.

Credit risk processes and organisation

The MaRisk contain differentiated rules in respect of the organisation of lending business, of lending processes and of the design of the methods used to identify, quantify, contain and monitor risks in lending business.

The Executive Board has defined the main requirements of business policy regarding structural and procedural organisation in lending business in separate organisational guidelines for lending business.

Approval procedure

The approval procedure followed by Helaba ensures that no credit risks are entered into without prior approval. The rules of procedure for the Executive Board state that loans above a certain value require the approval of the Supervisory Board Risk and Credit Committee. Commitments in amounts below this value are approved at different authorising levels (entire Executive Board, Credit Committee of the Executive Board, individual members of the Executive Board, staff members) depending on the amounts involved. Loans are approved on the basis of detailed risk assessments. In accordance with the MaRisk, the loan documents in what is designated risk-relevant business always comprise two independent opinions, one from the relevant front office unit and one from the relevant back office unit. The representative of the relevant back office unit also always has a right of veto in this connection as part of an escalation process. The ultimate decision rests with the entire Executive Board.

The procedure also takes account of the concentration limits derived from the Helaba Group's risk-bearing capacity, which place an additional limit on exposures in line with the default rating category of the economic group of connected clients. All loans also have to be reviewed at least once every twelve months. Mechanisms for ensuring on a daily basis that limits are not exceeded include the use of the global limit system, which aggregates all loans (credit lines and utilisations) extended by the narrow Group companies for each group of connected clients.

Quantifying default risks

For regulatory purposes, expected and unexpected default risks are quantified using the regulatory calculation module. Expected default risks are treated for calculation purposes on a transaction-by-transaction basis in the form of the expected loss. The calculation for regulatory purposes is carried out using the internal rating methods and regulatory loss given default (LGDs). The equity to be held available in accordance with the CRR to cover unexpected losses is also calculated on a transaction-by-transaction basis and is used for containment purposes for both the specific transaction and the risk capital.

Default risks are determined for the purposes of internal containment using a value-at-risk approach. Risks are quantified using a Credit Metrics-based credit risk model (Monte Carlo simulation) developed in house taking account of risk concentrations and additional migration and stochastic LGD risks. The value-at-risk (VaR) calculated from the simulated probability distribution provides a measure – with a probability (confidence level) of 99.9 % (economic internal perspective) – of the upper limit of the potential loss of a portfolio within a period of one year.

The risk parameters applied additionally include migration matrices and LGD parameters estimated internally and empirically measured correlation values as well as the internal rating methods. The overall risk assumes a simultaneous, correlated onset of losses (systematic risk).

The quantification of default risk is additionally assessed against various scenarios to determine the impact of corresponding stress situations. The risk parameters are modelled scenario by scenario for this purpose.

The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity indicates that the economic risk exposure for the Helaba Regulatory Group from default risk, calculated on the basis of the VaR, was € 1,399 m (31 December 2022: € 1,353 m). The main reasons for this increase in the economic risk exposure are the rating deteriorations and defaults, coupled with the remeasurement of collateral in the Real Estate division. It was offset in part by declining exposures and improved ratings in the Corporate Banking and Global Markets divisions.

Exceptional default risk management issues in 2023

In 2023, Helaba continued its active management of the critical sub-portfolios that have been identified and its close monitoring of exposures that have been classified as under intensive management, recovering or non-performing.

With the risks arising from the COVID-19 pandemic diminishing and those arising from the energy crisis triggered by the stoppage of gas deliveries from the Russian Federation being considered no longer material, 2023 was characterised mainly by the critical development of many areas of the real estate market and by the conflict in the Middle East since October 2023. The critical development of the real estate market has resulted from the significant increase in interest rates due to the dramatic rise in inflation that started in 2021 and peaked at the end of 2023, coupled with the higher level of returns expected by professional investors especially and the continued drop in demand for retail and office space.

Further benchmark rate rises by the ECB, the Bank of England and the Fed led to a high degree of uncertainty on commercial real estate markets regarding reliable levels of expected returns on investment properties which, accompanied by other negative factors in the office and retail segment (working from home, the expansion of online trading and a growing focus on buildings that satisfy high ESG standards), led to a significant decline in market values in certain asset classes and regions in 2023. This was evident above all in selective rating deteriorations and loan defaults.

The impact can be seen above all in those asset classes and regions in which the higher interest payments could not be offset by adequate increases in rental income (for example, due to declining demand, tenant insolvencies), market values depressed significantly by rising returns and construction prices, material procurement problems and the shortage of craftspeople had a significant negative impact on project development and modernisation measures, especially in the case of financing in Germany and the USA.

Due to the tense situation on the real estate market, Helaba performed various risk analyses on the real estate loan portfolio. In addition to the retail real estate sub-portfolio that has been considered critical for some time and subject to close monitoring, the office real estate and the industrial and other real estate sub-portfolios were classified as critical in the second quarter of 2023 and as at 31 December 2023, respectively.

In the case of the sub-portfolios based on credit standing, only the mechanical engineering sub-portfolio was classified as critical in the third quarter of 2023, despite weak economic development overall.

It is also positive that the aviation/aerospace/shipping sub-portfolio was no longer classified as critical from the third quarter of 2023 due to the reduction of the watchlist content to 0.7 %. Moreover, as at 31 December 2023, the aircraft sub-portfolio was no longer classified as critical due to its positive development and small size, the improved market conditions in 2023 (including passenger numbers almost back to pre-COVID-19 levels, cost reductions that allow airlines to report positive results with much lower passenger numbers, operating profit expectations in the aviation industry) and the Bank's decision to cease new business in this product segment.

As at 31 December 2023, the watchlist content of this sub-portfolio at Group level was 9.9 % and the total volume of lending amounted to € 1.3 bn.

Overall, Helaba had identified critical sub-portfolios with a total volume of lending of around € 32.4 bn in the real estate and corporate customers portfolios as at the reporting date (31 December 2022: € 11.3 bn), an increase that resulted from the inclusion of the office real estate, mechanical engineering and industrial and other real estate sub-portfolios. The exposures contained in the watchlist declined from 28 % to 16 %.

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 sub-portfolios of the real estate and corporate customers portfolios as at the reporting date:

in € bn

	thereof: Sub-portfolios classified as critical		thereof: On the watchlist	
Portfolio	**31.12.2023**	**31.12.2022**	**31.12.2023**	**31.12.2022**
Real Estate	28.1	6.3	4.3	1.6
Corporate Customers	4.3	3.4	0.7	1.3
Transport and Equipment	–	1.7	–	0.3

In 2023, despite the increase in negative effects – especially in the commercial real estate portfolio –, the inherent risks in the lending portfolio of the narrow Group companies (measured by the average default rating) remained mainly stable. Loss allowances were significantly higher than in the previous year, mainly due to a substantial above-plan increase in default rates in the commercial real estate portfolio. In Germany and the USA especially, the commercial real estate markets – primarily the office real estate market – remained under pressure. With a volume of € 18.7 bn at Helaba, the office segment is one of the critical sub-portfolios that is being monitored closely. Office real estate in the USA accounts for around € 3 bn of this amount.

Despite corresponding precautions and risk-mitigating measures, the situation in connection with the Ukraine war and the associated turmoil and geopolitical tensions continue to present a risk to the Bank, although its direct exposure in the Russian Federation and Ukraine was only small as at the reporting date.

Our exposures in the region affected by the Middle East conflict are low at € 0.1 bn (excluding collateral). For this reason, no separate analysis was performed.

The lending risks of the narrow Group companies remain subject to close monitoring and regular assessment.

Depending on factors that include the future development of interest rates, real estate values and the Middle East conflict, coupled with the second-round and third-round effects of the Ukraine war, further rating deteriorations or loan defaults cannot be ruled out in 2024.

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. Helaba has undertaken a post-model adjustment (PMA) to allow for additional risks which could become significant in the future if certain assumptions materialise, the impact and further development of which are difficult to predict. These risks were not yet fully reflected in the model-based calculations of loss allowances as a result of rating deteriorations and default events. For PMA, stage 1 and 2 volumes are taken into account and rating deteriorations of at least three and up to nine stages are simulated; the resulting effects on the loss allowances are determined for each individual transaction. No actual stage transfer of individual transactions took place as a result. Risks arising from the COVID-19 pandemic, disruption to global supply chains, the energy crisis and the Ukraine war were taken into account as at 31 December 2022. As at 31 December 2023, these risks – in some cases greatly weakened – still existed but no longer require loss allowances higher than the model-based loss allowances. The macroeconomic environment as at 31 December 2023 remained uncertain due to factors including the rapid and significant increase in interest rates compared with the zero interest rate period. As a result, significant price and funding risks have arisen, especially for the commercial real estate sector (office and retail properties). These risks were considered in the PMA as at 31 December 2023. Further details on credit risk are presented in Note (37) of the IFRS Annual Report.

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.

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

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

Since 31 December 2022, the development of transition risk as a key aspect of climate-related and environmental risks in Helaba’s default risk has been monitored regularly and communicated to the Risk Committee in the quarterly risk reporting. This showed that, as at 31 December 2023, only 6 % of the total lending portfolio of € 123.1 bn that is relevant to risk assessment in terms of current and future-oriented risk factors was classified as very high risk. In the case of new business in the past twelve months, the share was 5 %.

To limit the transition risk classified as high or above in the relevant total volume of lending, monitoring values were introduced for the real estate, corporate customers and project finance portfolios in 2024. Compliance with these values will be an aspect of the quarterly reporting to the Risk Committee of the Executive Board.

Equity risk

The equity risk category brings together those risks attributable to equity investments whose individual risk types are not considered separately in risk controlling activities by risk type. Equity risks do not have to be considered for an equity investment if all risk types of relevance for the equity investment concerned are integrated into Group-wide risk management (at the level of individual risks) in line with their relative significance and the relevant legal options. Financial instruments classified under the CRR as equity exposures are also reported as equity risks alongside the equity investments under commercial law.

The risk content of each individual equity investment is classified with regard to value using a two-phase catalogue of criteria (traffic-signal method). In addition, the risk assessment is based on the appraisal and development of the rating of the company concerned within the framework of the Bank's internal rating method. Equity risks are reported quarterly to the Risk Committee of the Executive Board and the Risk and Credit Committee of the Supervisory Board.

The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 187 m (31 December 2022: € 151 m) for the Helaba Group from equity risk. The significant increase resulted mainly from new equity investments.

Market risk

Risk containment

Helaba manages market risks for the trading book and the banking book as part of its overall bank management. Clearly defined responsibilities and business processes create the necessary conditions for effective limitation and containment of market risks. The subsidiaries are integrated into the containment process as part of Group-wide risk management according to a graduated system based on the risk inventory process in line with the specific business activities involved. Attention in this area focuses principally on subsidiaries Frankfurter Sparkasse and Frankfurter Bankgesellschaft. Market risks are quantified using Helaba's own methods.

Trading activities focus for strategic purposes on customer-driven business, which is supported by a demand-led product range. Responsibility for containing trading book exposures rests with the Capital Markets unit, while the Treasury unit has responsibility for funding and for the management of the interest rate and liquidity risks in the banking book. The own issues repurchase portfolio belonging to the trading book also falls under the jurisdiction of the Treasury unit.

Limitation of market risks

Helaba employs a uniform limit structure to limit market risks. The process through which limits are allocated involves Helaba's internal corporate bodies and, in the context of limit definition for the risk-bearing capacity, the Risk and Credit Committee of the Supervisory Board.

The Risk Committee allocates limits to the risk-incurring divisions and the various types of market price risk within the scope of the defined cumulative limit for market price risks. In addition separate limits are defined for the trading book and the banking book.

Responsibility for the onward allocation of limits to Helaba's subordinate organisational units and its various sites rests with the divisions to which a limit has been assigned. Portfolio limits and dynamic loss limits are additionally used to limit market risks. The trading units also independently use stop-loss limits for this purpose.

Compliance with the cumulative market risk limit was maintained at all times in the year under review.

Risk monitoring

The Risk Controlling unit is responsible for identifying, quantifying and monitoring market risks. This responsibility includes checking transactions for market conformity and determining the economic profit or loss as well as risk quantification. In addition, the reconciliation statement with external Accounting is prepared.

Continuous functional and technical development of the methods and systems used and intensive data entry play a key role in ensuring that Helaba's market risks are recorded properly. A special process owned by the New Products Committee has to be completed whenever a new product is introduced. New products must be incorporated correctly into the required systems for position recording, processing, profit or loss determination, risk quantification, accounting and reporting before they can gain authorisation.

A comprehensive reporting regime ensures that the relevant members of the Executive Board and the position-keeping units are notified daily of the risk figures calculated and the economic profit and loss generated on the basis of current market prices. Information about the current risk and earnings situation is in addition provided weekly to the entire Executive Board and the Asset/Liability Management Committee and monthly to the Risk Committee. Any breach of a defined limit triggers the escalation process to limit and reduce the associated risks.

Quantification of market risk

Market risk is quantified using a money-at-risk approach backed up by stress tests (which also include the widening of spreads, as has occurred in the COVID-19 pandemic), the measurement of residual risks, sensitivity analyses for credit spread risks and the assessment of incremental risks for the trading book. The money-at-risk (MaR) figure corresponds to what is deemed, with a certain confidence level, to be the upper threshold of the potential loss of a portfolio or position due to market fluctuations within a prescribed holding period.

The risk measurement systems employed in the Helaba Regulatory Group for each of the various types of market risk (interest rates, share prices and foreign exchange rates) all use the same statistical parameters in order to facilitate comparisons across the different risk types. This also makes it possible to aggregate the risk types into an overall risk. The overall risk assumes that the various different losses occur simultaneously. The MaR figure calculated using the risk models provides a measure of the maximum loss that will not be exceeded, with a probability of 99.0 %, on the basis of the underlying historical observation period of one year and a holding period for the position of ten trading days.

The summary below presents a reporting date assessment of the market risks (including correlation effects between the portfolios) taken on as at the end of 2023 plus a breakdown by trading book and banking book. The linear interest rate risk is the most significant of the market risk types. Its development is due to a decline in volatility in calculating the parameters, coupled with item adjustments. Various country- and rating-dependent government, financials and corporate yield curves are also used alongside swap and Pfandbrief curves for measurement purposes. Euro positions account for 92 % (31 December 2022: 92 %) of the linear interest rate risk for the overall portfolio of the narrow Group companies, sterling positions for 2 % (31 December 2022: 5 %) and US dollar positions for 4 % (31 December 2022: 2 %). In the field of equities, the focus is on securities listed in the DAX and DJ Euro Stoxx 50. The main foreign currency risks are attributable to US dollar and sterling positions. Residual risk amounted to € 16 m for the Group (31 December 2022: € 17 m). With a time horizon of one year and a confidence level of 99.9 %, the incremental risk in the trading book amounted to € 132 m (31 December 2022: € 257 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 € 1,572 m (31 December 2022: € 1,122 m) for the Group from market risk (excluding xVA risk). The increase in economic risk potential resulted mainly from investment activities in the banking book.

Group MaR by risk type — in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Trading book	31	36	30	36	–	–	1	–
Banking book	108	121	95	102	–	1	13	18
Total	**136**	**153**	**123**	**134**	**–**	**1**	**13**	**18**

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

Internal model in accordance with the CRR

Helaba calculates the regulatory capital required for the general interest rate risk using an internal model in accordance with the CRR. This model, which consists of the risk measurement systems MaRC² (linear interest rate risk) and ELLI (interest rate option risk), has been approved by the banking regulator. The MaR in the internal model at year-end amounted to € 30 m (31 December 2022: € 36 m).

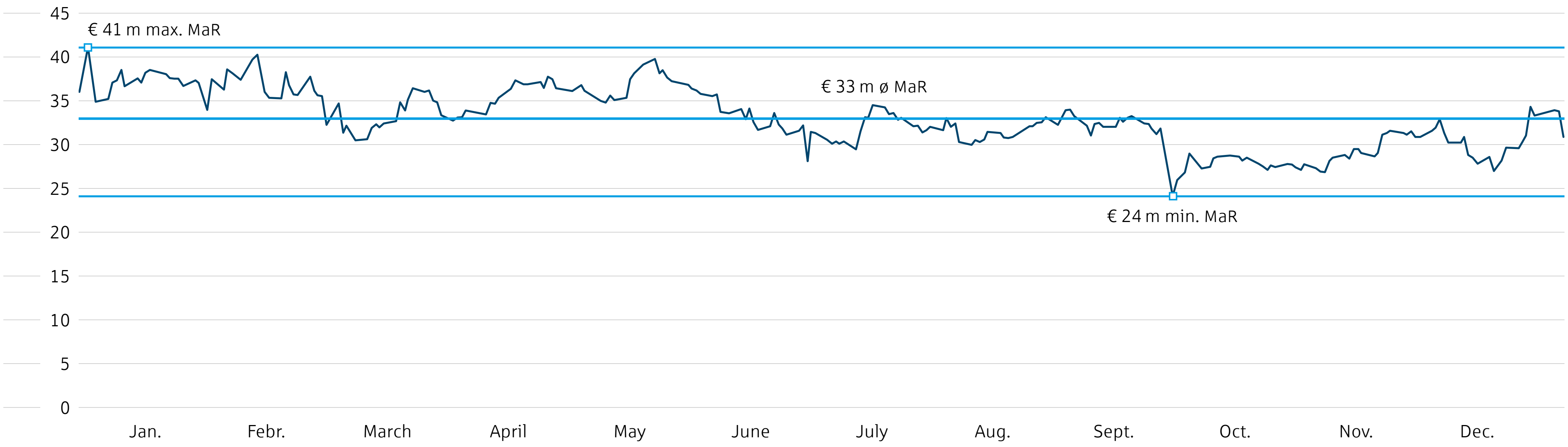
Market risk in the trading book

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 2023 financial year. The average MaR for 2023 as a whole was € 33 m (2022 as a whole: € 24 m), the maximum MaR was € 41 m (2022 as a whole: € 36 m) and the minimum MaR was € 24 m (2022 as a whole: € 8 m). The changes in risk in financial year 2023 stemmed primarily from linear interest rate risk and were attributable to regular parameter updates (volatility, correlations), which included the reduced volatility over the course of the year, and to a normal level of reallocated exposures.

Daily MaR of the trading book in financial year 2023

Chart 3

in € m



Helaba's international branch offices plus Frankfurter Bankgesellschaft and Frankfurter Sparkasse make the most recent business data from their position-keeping systems available to Group headquarters in a bottom-up process so that consolidated MaR figures can be calculated for the Group. The market parameters, in contrast, are made available in a standard form right across the Group in a top-down process. This arrangement means that risk quantification can be performed not just centrally at headquarters, but also locally at the sites.

The summary below shows the average daily MaR amounts for the trading book.

Average MaR for the trading book in financial year 2023

	Q1		Q2		Q3		Q4		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Interest rate risk	35	14	35	20	31	26	29	30	32	23
Currency risk	–	1	–	1	–	–	–	–	–	1
Equities risk	–	–	–	1	–	1	–	1	–	1
Total risk	**36**	**15**	**35**	**21**	**32**	**27**	**29**	**31**	**33**	**24**

Number of trading days: 251 (2022: 253)

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

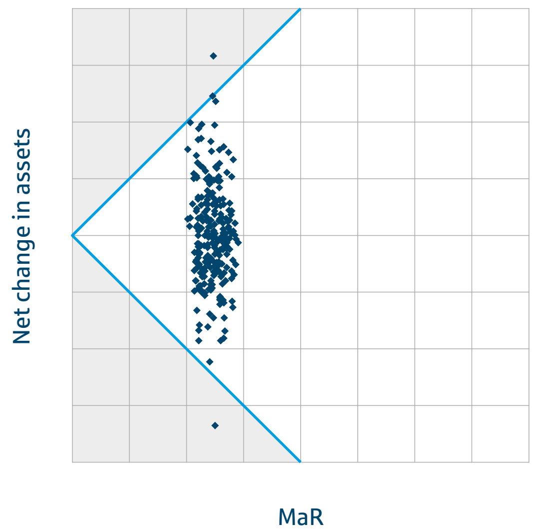
Back-testing

Helaba carries out clean mark-to-market back-testing daily for all market risk types to check the forecasting quality of the risk models. This involves determining the MaR figure for a holding period of one trading day with a one-tailed confidence level of 99 % and a historical observation period of one year. The forecast risk figure is then compared with the hypothetical change in the net value of the trading book, which represents the change in the value of the portfolio over one trading day for an unchanged position and on the basis of new market prices. Any case in which the decrease in the net value of the trading book exceeds the potential risk figure constitutes a back-testing outlier.

Chart 4 shows the back-testing results of the Helaba risk models for the trading book across all types of market risk in financial year 2023.

Back-testing for the trading book in financial year 2023

Chart 4



The internal model for the general interest rate risk produced one negative outlier in clean back-testing and one negative outlier in dirty back-testing in 2023 in regulatory mark-to-market back-testing (2022: fifteen negative outliers in clean back-testing and four negative outliers in dirty back-testing).

Stress test programme

A proper analysis of the effects of extraordinary but not unrealistic market situations requires the use of stress tests in addition to the daily risk quantification routine. Various portfolios are remeasured regularly under the assumption of extreme market scenarios. Portfolios are selected for stress testing on the basis of the level of exposure (significance) and the presence or absence of risk concentrations unless specific banking regulatory provisions apply.

Stress tests are carried out daily on Helaba‘s options book. The results of the stress tests are included in market risk reporting to the Executive Board and are taken into consideration in the limit allocation process. ESG stress tests have been included for market risk since the end of 2022.

Methods available for use in stress testing include historical simulation, Monte Carlo simulation, a modified variance-covariance approach and a variety of scenario calculations – including those based on the main components of the correlation matrix. Helaba also performs stress tests to simulate extreme spread changes. The stress tests for market risks are supplemented by reverse stress tests and stress tests across risk types conducted in the course of Helaba‘s calculation of risk-bearing capacity.

Market risk (including interest rate risk) in the banking book

Helaba employs the MaR approach used for the trading book to map the market risk in the banking book. The risk figures calculated using this approach are supplemented with daily reports from which the maturity structure of the positions taken out can be ascertained. Regular stress tests with holding periods of between ten days and twelve months back up the daily risk measurement routine for the banking book.

The quantification of interest rate risks in the banking book is also subject to regulatory requirements, which stipulate a risk computation based on standardised interest rate shocks. The computation examines the effects of a rise and fall of 200 basis points in interest rates in line with the requirements of the banking regulator. As of the end of 2023, such an interest rate shock would, in the unfavourable scenario, have resulted in a negative change of € 264 m in the value of the Helaba Group banking book (31 December 2022: € 341 m). Of this figure, € 282 m (31 December 2022: loss of € 345 m) would have been attributable to local currency and a gain amounting to € 18 m (31 December 2022: € 4 m) to foreign currencies. The difference compared with year-end 2022 was mainly due to the change in interest rates. 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 existing processes, instruments and responsibilities for managing liquidity and funding risks stood the test in recent years against the backdrop of the global financial market crisis, the COVID-19 pandemic, the Ukraine war and last year's significant rise in market rates. Helaba's liquidity was fully assured at all times in 2023.

A liquidity transfer pricing system ensures that all liquidity costs associated with Helaba's various business activities (direct funding costs and liquidity reserve costs) are allocated transparently. The processes of containing and monitoring liquidity and funding risks are combined in the ILAAP and comprehensively validated on a regular basis.

Containment and monitoring

The Helaba Group operates a local containment and monitoring policy for liquidity and funding risks under which each Group company has responsibility for ensuring its own solvency, for potential cost risks associated with funding and for independently monitoring those risks. The corresponding conditions are agreed with Helaba Bank. The subsidiaries falling within the narrow Group companies report their liquidity risks regularly to Helaba as part of Group-wide risk management, allowing a Group-wide aggregated view. All Regulatory Group companies are additionally included in the LCR and NSFR calculation and monitored in accordance with the CRR.

Helaba draws a distinction in liquidity risk management between short-term and structural liquidity management. Overall responsibility for short-term solvency and for structural liquidity management with regard to the funding of new lending business (maintaining the balanced medium- and long-term liquidity structure) rests with the Treasury unit. The same unit is also tasked with the central management of the liquidity buffer for both regulatory purposes (to maintain the LCR) and for collateral management.

The Risk Controlling unit reports daily on the short-term liquidity situation to the relevant managers and reports monthly in the Risk Committee on the overall liquidity risks assumed. Reporting also includes various stress scenarios such as increased drawings on credit and liquidity lines, no availability of interbank liquidity in the financial markets and the possible impact on Helaba of a significant rating downgrade. The stress scenarios encompass both factors specific to the bank and broader market influences. ESG risks are also included in a market-wide stress scenario which also assumes larger drawdowns of off-balance sheet credit facilities and the poorer credit quality of customers in carbon-intensive sectors, causing a negative effect on liquidity. Reverse stress tests are also conducted. Additional ad hoc reporting and decision-making processes for extreme market situations are in place and have demonstrated their value once again in the COVID-19 pandemic Liquidity drawdowns in specific sectors were also investigated in the context of the war in Ukraine.

Short-term liquidity risk

Helaba maintains a highly liquid portfolio of securities (liquidity buffer) that can be used to generate liquidity as required in order to assure its short-term liquidity. The current liquidity situation is managed with reference to a short-term liquidity status indicator that is based on a proprietary economic liquidity risk model and is determined daily. The model compares expected liquidity requirements for the next calendar year against the available liquidity from the liquid securities portfolio and the balances with central banks. The calculation of the available liquidity includes markdowns to take into account unexpected market developments affecting individual securities. Securities that are used for collateral purposes (for example repos and pledges) and are thus earmarked for a specific purpose are deducted from the free liquid securities portfolio. The same applies in respect of the liquidity allocated for intra-day liquidity management. The main currency for short-term liquidity at Helaba is the euro, with the US dollar also significant.

The short-term liquidity status concept has been chosen to allow various stress scenarios to be incorporated. The process involves comparing the net liquidity balance (liquidity needed) with the available liquidity. The defined limits are one week up to one year depending on the specific scenario. Monitoring the limits is the responsibility of the Risk Controlling unit. An economic liquidity coverage ratio that clearly shows the integration of regulatory and economic perspectives required in the ILAAP was determined in the same way as for the regulatory LCR. The coverage in the most relevant scenario (30 day solvency) was 147.7 % as at the reporting date as a result of the excellent level of liquidity adequacy (31 December 2022: 177.8 %). This increased to 152.3 % (31 December 2022: 181.7 %) when Frankfurter Sparkasse was included. The average coverage ratio in 2023 was 144.4 % (2022: 154.4 %), reflecting the excellent liquidity situation over the course of the year.

The Helaba Regulatory Group manages short-term liquidity in accordance with the regulatory LCR requirements in parallel with the economic model. The two perspectives are integrated through the ILAAP. The ratio for the Helaba Regulatory Group stood at 168.3 % on 31 December 2023 (31 December 2022: 216.8 %). This decline reflects the normalisation of the ratio due to the successive termination of the ECB's longer-term refinancing operations (TLTRO). Stress simulations for the LCR were also calculated.

The Money Market organisational unit borrows/invests in the money market (interbank and customer business, commercial paper and certificates of deposit) and make use of ECB open market operations and facilities in performing the operational cash planning tasks necessary to ensure short-term liquidity. Intraday liquidity planning is carried out in the Operations unit.

Off-balance sheet loan and liquidity commitments are regularly reviewed with regard to potential drawdowns and features of relevance to liquidity and are integrated into liquidity management. Guarantees and warranties are similarly reviewed. The liquidity potentially required is determined and planned using scenario calculations that specifically include a market disturbance and factor in the knowledge gained from line drawdowns during the COVID-19 pandemic.

A total of € 2.9 bn in liquidity commitments had been drawn down for the securitisation platform initiated by Helaba as at the reporting date (31 December 2022: € 2.7 bn). As at the reporting date, the stand-by lines in the US public finance business had expired in full and no liquidity had been drawn down (unchanged from year-end 2022).

Credit agreements, in particular those of consolidated property companies, may include credit clauses that can result in distribution restrictions or even in the agreements being terminated. The Group faces no significant liquidity risk even if such a termination should threaten in individual cases.

Structural liquidity risk and market liquidity risk

The Treasury unit manages the liquidity risks in Helaba's commercial banking activities, which consist essentially of lending transactions including floating-interest roll-over transactions, securities held for the purpose of safeguarding liquidity and medium- and long-term financing. Funding risk is managed economically on the basis of liquidity gap analyses where liquidity mismatches are limited. In this connection, regulatory management is performed via the NSFR with a regulatory minimum value of 100 %. Stress simulations for the NSFR were also calculated. Helaba prevents concentrations of risk from arising when obtaining liquidity by diversifying its sources of funding. Market liquidity risk is quantified in the MaR model for market risk. A scenario calculation using a variety of holding periods is carried out. The scaled MaR suggested no significant market liquidity risk as at 31 December 2023, as was also the case at 31 December 2022. Market liquidity is also monitored on the basis of the margin between bid and offer prices.

The Executive Board defines the risk tolerance for liquidity and funding risk at least annually. This covers the limit applicable for short-term and structural liquidity risk (funding risk), liquidity building for off-balance sheet liquidity risks and the definition of the corresponding models and assumptions. A comprehensive plan of action in the event of any liquidity shortage is maintained and tested for all locations.

Non-financial risk/operational risk

Principles of risk containment

The Helaba Regulatory Group identifies, assesses, monitors, controls and reports non-financial risk using an integrated management approach in accordance with the regulatory requirements. This approach encompasses Helaba and the major Regulatory Group companies according to the risk inventory.

The containment and monitoring of non-financial risk are segregated at disciplinary and organisational level at the Helaba Regulatory Group. Risk management is accordingly a local responsibility discharged by the individual units, which are supervised by specialist monitoring units with responsibility for sub-categories of non-financial risk.

The specialist central monitoring units are responsible for the structure of the methods and processes used to identify, assess, monitor, control and report the sub-categories of non-financial risk. The methods and processes used for the risk sub-categories follow minimum standards that have been specified centrally to ensure that the framework for non-financial risk is designed on a standardised basis.

The management of sub-categories of non-financial risk that form part of operational risk must comply in full with the established methods and procedures used for operational risk. This means that these risks are taken into account appropriately as part of the quantification of operational risk and, from a structural perspective, are thus identified, assessed and included in the calculation of the risk capital amount accordingly. In the case of sub-categories of non-financial risk that are not covered by operational risk, these risks are taken into account in a number of ways, such as risk exposure markups, safety margins and buffers. Overall, Helaba comprehensively ensures that the sub-categories of non-financial risk are taken into account in the risk-bearing capacity / ICAAP.

The central Risk Controlling unit is responsible for monitoring compliance with the minimum standards applicable to the non-financial risk framework.

Quantification

Risks are quantified for Helaba, Frankfurter Sparkasse and Helaba Invest using an internal model for operational risk based on a loss distribution approach, which takes into account risk scenarios and internal and external losses to calculate economic risk exposure. This also includes internal losses and risk scenarios that relate to sub-categories of non-financial risk and form part of operational risk. Such risks include legal risk, third-party risk, information risk and project risk. The summary below shows the risk profile as at the end of 2023 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
	VaR 99,9%	
	31.12.2023	31.12.2022
Helaba	218	215
Frankfurter Sparkasse, Helaba Invest and other companies included in risk management at the level of individual risks	103	95
Total	**320**	**311**

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 € 320 m (31 December 2022: € 311 m) for the Helaba Regulatory Group from operational risk. The improvement was mainly attributable to the adjustment of inflation data in 2023.

Ukraine war

No material effects of the war in Ukraine on non-financial risk were identified in 2023.

ESG risks

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

Data acquisition regarding operational risk events was expanded as part of the HelabaSustained project to facilitate designation based on defined climate-related and environment-related criteria.

Documentation system

The documentation system lays down details of the internal control procedures and the due and proper organisation of business. The defined framework for action is marked out in the documentation system in the form of regulations governing activities and processes.

Clear responsibilities have been defined within Helaba for the creation and continuous updating of the various components of the documentation system.

Legal risk

The Human Resources and Legal Services unit is responsible for monitoring legal risks. It is represented on Helaba's Risk Committee with an advisory vote and reports on the legal risks that have become quantifiable as court proceedings involving Helaba or its subsidiaries.

The legal aspects of major undertakings are coordinated with the Human Resources and Legal Services unit. Legal Services provides specimen texts and explanations for contracts and other declarations with particular legal relevance where expedient as a contribution to preventive risk management. The lawyers of the Human Resources and Legal Services unit have to be involved in the event of any deviations or new rulings. If the services of external legal experts are sought either in Germany or elsewhere, their involvement in principle proceeds under the management of Human Resources and Legal Services.

The Human Resources and Legal Services unit drafts agreements, general business conditions and other relevant legal declarations as part of its legal counselling support services in co-operation with the other units of Helaba. The Human Resources and Legal Services unit is involved in the examination and negotiation of any legal texts submitted by third parties.

If any mistakes or unexpected developments detrimental to Helaba are encountered, the lawyers help to identify and remedy the problems and avoid any recurrence in future. They assume responsibility for examining and evaluating events for factors of particular legal significance and conduct any proceedings launched. This applies in particular in respect of countering any claims asserted against Helaba.

The Human Resources and Legal Services unit monitors current developments in case law for Helaba and analyses potential impacts on Helaba.

Human Resources and Legal Services reports on legal risks by making submissions to the Executive Board, documenting court proceedings and coordinating on a formalised basis with other units.

Third-party risk – outsourcing and other external procurement

Helaba has set out the overarching objectives for outsourcing in the outsourcing strategy that is part of its business strategy.

On the basis of the outsourcing strategy, the central Sourcing Management unit that is part of the Organisation division (Procurement) serves as the specialist LOD 2 and defines the framework for implementing the management and monitoring of Helaba's outsourcing and other external procurement activities. Tasks include defining roles and responsibilities as well as developing and updating methods and instruments. Central Sourcing Management additionally provides executive management with a regular consolidated report on outsourcing arrangements in place.

The direct monitoring and management of outsourcing and the associated risks are performed by and the responsibility of the local Sourcing Management units in the outsourcing divisions or by the respective requisitioner in the case of external procurement. Their tasks include especially regular risk analyses that also take account of ESG factors. Central Sourcing Management monitors the local implementation and application of the methods and procedures for local sourcing management.

Information risk

Helaba's defined information security requirements provide the foundation for an appropriate level of security and for the secure utilisation of information processing. The level of information security maintained and the extent to which it is appropriate given the applicable circumstances are monitored, reviewed and refined continuously through the information security management system (ISMS).

The identification and reporting of information risks can be triggered by various processes. These processes are intended to ensure that discrepancies in relation to the requirements are identified (allowing risks to be detected at an early stage) and that appropriate actions to reduce these risks are defined and implemented. Associated documents are updated and refined on a regular basis.

Helaba also actively manages information risk (IT, non-IT and cyber risk). Information risk and the associated security measures and checks are reviewed, periodically and on an ad hoc basis, monitored, and contained to this end. The Helaba Regulatory Group thus takes proper account of all three protection imperatives of information security – availability, integrity (which includes authenticity) and confidentiality – in order to avoid any detrimental impact on its ability to operate.

Business continuity management

Helaba adopts an end-to-end approach to processes for the purposes of business continuity management. Business continuity plans to be followed in an emergency have been drawn up for the processes classed as critical. These business continuity plans are subject to tests and exercises to verify their effectiveness and are updated and enhanced on a regular basis to ensure that emergency operation and the restoration of normal operation both proceed properly.

Where IT services are outsourced to or procured from external service providers, the related contractual documents contain provisions relating to preventive measures and measures to limit risks. Specialist units of Helaba work together with IT service providers to conduct regular tests of the documented procedures for safeguarding operation and the technical restoration of data processing.

Accounting process

The objective of Helaba's internal control and risk management system in relation to the accounting process is to ensure proper and reliable financial reporting. The Helaba Group's accounting process involves individual reporting units that maintain self-contained posting groups and prepare local (partial) financial statements in accordance with HGB and IFRS. Helaba's reporting units comprise the Bank (Germany), the branch offices outside Germany, LBS, WIBank, all consolidated companies and sub-groups and all companies and sub-groups accounted for using the equity method.

Helaba's Finance unit consolidates the partial financial statements from the reporting units to produce both the single entity financial statements under HGB and the consolidated accounts under IFRS. Accounting and Taxes also analyses and prepares the closing data and communicates it to the Executive Board.

The components of the internal control and risk management system for the purposes of the accounting process are as follows:

- Control environment
- Risk assessment
- Controls and reconciliations
- Monitoring of the controls and reconciliations
- Process documentation
- Communication of results

The components of Helaba's control environment for the accounting process include appropriate staffing of the units involved, in particular Finance, with properly qualified personnel. Regular communication ensures that the individual employees receive all of the information they need for their work promptly. Any failures that occur despite all of the checks in place are addressed and remedied in a defined process. The IT system landscape used in the accounting process is subject to IT security strategies and rules that ensure compliance with the German generally accepted accounting principles (GoB)/German principles for the proper maintenance and archiving of books, records and documents in electronic form and for data access (GoBD).

Helaba focuses primarily on the probability of occurrence and the extent of any potential error when assessing risks in the accounting process. The impact on the closing statements (completeness, accuracy, presentation, etc.) should the risk eventuate is also assessed.

The accounting process includes numerous controls and reconciliations in order to minimise its risk content. Extensive IT-based controls and reconciliations are used in addition to the control measures (including the double verification principle) applied to ensure the accuracy of manual operations such as data entry and calculations. These IT-based controls include mechanisms for subsidiary ledger/general ledger reconciliation checks and HGB / IFRS consistency checks. The controlling and reconciliation processes are themselves monitored by means of statistical evaluations for the reconciliations and reviews of individual validation measures. Internal Audit is involved in the controlling process and carries out regular audits of accounting.

The procedure to be followed in accounting is set out in a number of different complementary forms of documentation. Accounting policies for HGB and IFRS define stipulations for the accounting methods to be used and also contain provisions on group accounting. The latter relate in particular to the parent company of the Group and the sub-groups included. Rules concerning organisational factors and the preparation process are included in addition to the stipulations on approach, measurement, reporting and disclosure requirements that apply throughout the Group. The individual reporting units have direct responsibility for incorporating stipulations in varying degrees of detail concerning the procedure to be applied in the various processes and subprocesses followed in the preparation of the financial statements. Accounting policies and procedures are accessible to employees at all times via the Helaba Group's intranet.

Finance performs analytical audit steps on the results of financial reporting (the closing figures determined). This entails plausibility checking the development of the figures over the course of the year. The closing figures are also cross-checked against planning outputs, expectations and extrapolations based on business progress. Finally, the figures are checked for consistency with analyses prepared independently elsewhere within Helaba. Primary and deputy responsibilities are assigned for this purpose at Group level for each reporting unit and each entry in the Notes. The figures are discussed regularly with the Executive Board following this preliminary analysis and validation.

Helaba is required to convert the annual financial statements and the management report into a standard electronic reporting format, the European Single Electronic Format (ESEF), for disclosure purposes. The preparation of the ESEF documents forms part of the accounting process. The documents must comply with the stipulations of section 328 (1) of the HGB concerning the electronic reporting format. The consolidated accounts must also be marked up ("tagged") and disclosed as specified in Articles 4 and 6 of the ESEF regulation using Inline XBRL technology.

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

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

Helaba has instituted the internal controls required for this purpose.

Operational risk in the narrow sense of taxes

Errors in operating procedures and processes that impact on legally required financial accounting and reporting can also have a bearing on tax matters in certain circumstances. The general requirements for the design of risk-related operational processes at Helaba and the special requirements from the internal control and risk management system for the accounting process apply in respect of activities involving procedures and processes with particular risk potential and to reduce the risk of errors. Banking business can also give rise to operational risk in the narrow sense of taxes if the applicable tax laws are not properly observed in proprietary and customer business. The responsibilities for identifying, containing and monitoring this operational risk follow the overarching 3-LoD principle for the "non-financial risk" risk type (see the section entitled Risk management structure).

Helaba additionally operates a tax compliance management system (TCMS) to ensure that it always complies properly with its tax obligations and that reputation risks are avoided as far as possible in this connection. The TCMS, which has been designed to take into account legal and business management principles, focuses on compliance with tax regulations and the avoidance of tax-related operational risk. The TCMS also extends to the foreign branches. The overarching objectives and principles are set out in Helaba's tax strategy, which forms an integral part of the business strategy. A reporting system covering the regular submission of information has been established as part of the TCMS.

Other risk types

Business risk

Risk containment in respect of business risks encompasses all of the measures implemented in order to reduce, limit and avoid risks and to keep intentional risk exposure compliant with the risk strategy and the specified limits adopted by the Executive Board. Operational and strategic risk containment is the responsibility of Helaba's front office units and the management of each equity investment. The Risk Controlling unit quantifies business risks for the purposes of calculating risk-bearing capacity and analyses any changes.

The analysis as at the 31 December 2023 reporting date under the economic internal perspective for the calculation of risk-bearing capacity indicates that business risks were almost unchanged at € 195 m compared with 31 December 2022 (€ 199 m). The decline of € 4 m was due to the positive business development in the reporting year.

Real estate risk

Risk containment for the real estate projects and real estate portfolios is the responsibility of the Portfolio and Real Estate Management department, the Group Steering division and the Regulatory Group companies. Risk containment encompasses all of the measures implemented in order to reduce, limit and avoid risks and to keep intentional risk exposure compliant with the risk strategy and the specified limits adopted by the Executive Board.

Sustainability aspects are considered in the measurement of the real estate portfolio and are incorporated into the value assessment as a component of the fair values. In addition, the level of insurance cover in place to protect real estate held in the Bank's real estate portfolio in respect of external factors (physical risks) and the sustainability certification of this real estate were updated in 2023.

The Risk Controlling unit's activities in relation to real estate risks focus on risk quantification and risk monitoring. Risk quantification includes determining the capital necessary to ensure that risk-bearing capacity is maintained.

The analysis as at the reporting date under the economic internal perspective shows a risk of € 107 m (31 December 2022: € 173 m) from real estate projects and real estate portfolios. This reduction was mainly attributable to the reduction in the real estate project portfolio in response to the prevailing market environment.

Summary

The controlled acceptance of risks plays a central role at Helaba in the management of the company. We accept and manage risks on the basis of our comprehensive risk identification, quantification, containment and monitoring system. Although they are already very highly evolved and satisfy all statutory and supervisory requirements, we refine our methods and systems continuously. Our fundamental organisational principles put in place the structures necessary to ensure successful implementation of the risk strategy defined. Helaba, in conclusion, has at its disposal a stock of proven and effective methods and systems with which to master the risks it chooses to accept.

Non-financial statement

Under section 340a (1a) of the German Commercial Code (Handelsgesetzbuch, HGB), Helaba is under an obligation to prepare a non-financial statement in which it describes the main effects of its business activities in certain non-financial areas (environmental, social and employee concerns, respect for human rights and the prevention and combating of bribery and corruption).

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

A structured analysis process has determined that the subjects of credit finance, institutional asset management, financial service provision, residential management, anti-corruption, corporate culture and human resources activities are all of material significance for Helaba's business. The concepts described here generally apply to the Group. If there is any variation from basic principle, this is indicated separately in the text.

Helaba uses the Global Reporting Initiative (GRI) reporting standards as a guide in preparing the non-financial statement. It also prepares a sustainability report in accordance with the current GRI standards and provides comprehensive reports online on its sustainability activities (nachhaltigkeit.helaba.de). The sustainability report can also be accessed on this website.

In the year under review and on the date of the report, no material risks have been identifiable that have had or are very likely to have a serious negative impact on the areas specified above.

The statements in the non-financial statement have been subject to a voluntary external business management audit in accordance with ISAE 3000 (Revised) in which limited assurance is provided by an independent auditor. References to details outside the management report represent additional information and do not form an integral part of the non-financial statement or the management report.

Business model and sustainable business orientation

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

Sustainability and social responsibility are permanently enshrined in the business strategy and fully integrated at all levels of management to minimise negative impacts on the environment and society and associated risks to Helaba's reputation. The sustainability guidelines adopted for the Group by the Executive Board set out standards of conduct for business activity, operations, staff and corporate social responsibility. Sustainability and diversity are core elements of the tripartite strategic agenda defined by the Executive Board. Helaba's corporate values under the tag line "Values with impact" underline its aspirations to make a positive contribution to society and to strengthen Germany as a business location over the long term.

Helaba is continuously refining its business model and in doing so reviews the composition and focus of the individual lines of business, also giving consideration to changed environmental conditions and the transition to a sustainable circular economy. As part of the strategy process, all lines of business are examined for possible effects (opportunities and risks) of climate-related and environmental changes on their exposures. Overall, the opportunities associated with supporting the transformation outweigh the climate-related and environmental risks contained in their portfolios and still remaining after collateral and mitigating factors.

Helaba, Frankfurter Sparkasse and Frankfurter Bankgesellschaft signed the "Commitment by German Savings Banks to climate-friendly and sustainable business practices" in 2020 as part of an initiative driven by the German Savings Banks Association (DSGV). The objectives of this voluntary commitment are that institutions make their business operations carbon-neutral by 2035, that their financing and own investments be geared to climate change targets and that they support and facilitate their customers' transformation to climate-friendly economic models.

To underscore its strategic focus on sustainability both externally and internally, Helaba signed up to the UN Principles for Responsible Banking and published its first progress report in 2023. Helaba Invest and Frankfurter Bankgesellschaft are also signatories to the Principles for Responsible Investment (PRI). Helaba has also signed up to the Ten Principles of the UN Global Compact, thereby recognising international standards for environmental protection, human and labour rights, and anti-corruption measures and undertaking to orient its business operations around those standards. At both national and international levels, Helaba applies the Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO) as overarching principles for all its business activities.

Sustainability strategy and ESG objectives

Diversification and sustainability are viewed as opportunities to break into new market areas, expand the sustainable product portfolio and further minimise potential risks at the same time. Helaba's understanding of sustainability encompasses all dimensions of ESG (environment, social and governance). The HelabaSustained programme that was launched in 2020 was completed as planned in 2023 and the outcomes transferred to the line organisation. The central goal of HelabaSustained was to expand the portfolio of sustainable products and advisory services, formulate ESG objectives and the associated measurement indicators and intensify internal and external communication relating to sustainability. Helaba published its first GRI sustainability report in 2022. Another successful outcome of the project is the creation of a new web-based application system (SDM, Sustainability Data Management) for the central recording, quality management and interim storage of non-property-related ESG data with an interface to Helaba's central dataset.

The Executive Board bears overall responsibility for all topics related to sustainability. It is supported in this by the Chief Sustainability Officer (CSO) who is assigned organisationally to Group Sustainability Management in the Group Steering unit. A governance structure has been established to coordinate sustainability activities across the Helaba Regulatory Group. In this connection, the Sustainability Board acts as an Executive Board committee. The Sustainability Steering Group is Helaba's operating body. At the management level, the Group Sustainability Roundtable was established to coordinate and harmonise the Helaba Regulatory Group's development in respect of sustainability-related issues. In addition, the Group Sustainability Committee was created and comprises the sustainability officers of Helaba and its subsidiaries. The entire sustainability governance organisation meets at least once every quarter.

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

The five ESG objectives at Group level are outlined below. Helaba has defined two environmental objectives. First, it aims to reduce the emissions from its own operations as far as possible (KPI 1). Moreover, it aims to operate in a way that contributes to achieving the Paris Agreement (KPI 2). Helaba's social objectives include fostering diversity and investing in its employees and society (KPI 3, KPI 4a, KPI 4b). Overall, Helaba is seeking to establish a strong and stable position in the relevant ESG ratings (KPI 5). Helaba measures its progress in achieving these objectives on the basis of six key performance indicators.

The CO_2 emissions recorded for Helaba's own operations include the consumption of energy and resources at all of the Helaba Regulatory Group's major locations worldwide that exceed 1,000 m² of office space. This equates to coverage of around 98 %. The remaining space is calculated on the basis of extrapolations. Also included are the Scope 3 emissions from the upstream value chain – especially business travel. To a small extent, the emission values for Helaba's own operations are based on estimated and prior-year figures if more recent data are not available. The conversion factors provided by the German Association for Environmental Management and Sustainability in Financial Institutions (VfU) are used for calculating CO_2 emissions.

The share of sustainable business volume in the portfolio relates to the lending business of Helaba, WIBank, LBS and Frankfurter Sparkasse. The SDM tool is the central tool for performing and documenting sustainability assessments of Helaba's lending business. The Sustainable Lending Framework described below provides the basis for the sustainability assessment of the lending business.

The proportion of female managers refers to all women with disciplinary responsibility. It does not include members of the Executive Board because this is defined as a corporate body.

Training and professional development refers to measures intended to develop, modify or maintain employees' capabilities and foster their motivation. These measures must be conducted during working hours or be financed by the employer. They do not include network meetings.

Social volunteering covers the working hours used by permanent employees for activities that benefit the public interest and/or a non-profit organisation. Helaba considers only those activities that are performed during working hours and satisfy defined criteria. In particular, the activity must benefit the public interest and/or a non-profit organisation on an as-needed basis and must not be related to the employee's own contractual work-related activities for Helaba. Monetary donations, donations in kind and private volunteering activities are not included.

	Target value 2025	As at: 31 December 2023
Environmental		
KPI 1: 30 % reduction of own CO_2 emissions (t CO_2e) compared with the reference value for 2016 to 2019	11,800 t CO_2e	11,131 t CO2e[1]
KPI 2: 50 % share of sustainable business volume in the portfolio	50 %	51.5 %
Social		
KPI 3: 30 % share of female managers by 2025	30 %	25.7 %
KPI 4a: 2.0 training/development days per employee per year	2.0 days	2.85 days (including 0.81 days mandatory training)
KPI 4b: 1,000 social volunteering days	> 1,000 days	609 days
Governance		
KPI 5: Upper third of the relevant ESG ratings in the banking sector	Upper third	ISS ESG: Consistently in C Prime top 10 % in the peer group of 271 banks
		Sustainalytics: Improvement from 21.6 (medium risk) to 19.1 (low risk) – top 16 % in the peer group of 362 banks
		MSCI: In the mid-field of the peer group of 197 banks; consistent A rating

[1] As at 31 December 2022

In order to reduce the CO_2 emissions of its own banking operations, Helaba has extended the sustainable mobility offering for its employees. This includes a sustainability allowance and the introduction of leased bicycles from JobRad. To facilitate management of the sustainable business volume, a quarterly report is provided to the Executive Board via the Executive Board Information System. In order to increase the proportion of women it employs, Helaba remains committed to a balanced mix of male and female participants in its junior staff and professional development programmes. To help it achieve its target for training and development days, Helaba has established a diverse offering of sustainability-related training measures for employees. This includes a basic training programme of six modules and an advanced master class programme of three modules. Social volunteering was fostered primarily by extending the range of available team and group events. In 2023, a number of mainly communicative measures were identified for the targeted improvement of ESG ratings. They will be implemented continuously in 2024 as well.

Responsible business practices and social value proposition

There is an impact on environmental, social and human rights issues from Helaba's business activities as a bank, from the management of the assets of institutional investors at the Helaba Invest subsidiary, from the housing portfolios of the GWH subsidiary in the real estate business, and from the private customer business operated by the subsidiary Frankfurter Sparkasse.

Helaba does not believe it has any material impact on the environment from its business operations in office buildings. Nevertheless, Helaba is committed to shrinking this ecological footprint on a continuous basis in accordance with ESG-KPI 1. Since financial year 2021, the Helaba Group has been purchasing offset certificates for the unavoidable emissions that remain once all sources that can be eliminated or replaced have been addressed. Helaba regularly monitors environmental key performance indicators in relation to its operations and publishes the results transparently on its website.

It also uses a risk-based approach when outsourcing activities and processes and requires all its suppliers to accept its Code of Conduct, which imposes requirements on suppliers that include a stipulation making it mandatory for them to document their observance of human rights. To implement the requirements of the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) that has been applicable at Helaba since 1 January 2023, the position of Human Rights Officer was created. This role is assigned organisationally to Group Sustainability Management. The tasks of the Human Rights Officer include conducting and monitoring risk management for the purpose of analysing human rights and environmental risks. In 2023, Helaba's supply chain was analysed with regard to relevant risks. No specific risks emerged in its own area of business. In respect of its direct suppliers, no significant risks were identified for specific suppliers. Helaba consistently implements appropriate preventive measures and regularly monitors their effectiveness.

Credit finance

Helaba supports customers with the transformation process necessary to establish a more sustainable business model and offers a broad range of services in this area. With individual measures such as a rendezvous clause, Helaba aims to tap into the concept of sustainable finance, particularly for the wide range of small and medium-sized enterprises and those companies that are just starting to equip themselves with ESG objectives and management tools. Since 2020, Helaba has supported 170 financing transactions involving contractually agreed sustainability elements (ESG-linked loans or green loans). It is also particularly active in the financing of renewable energy, digital infrastructure, rail transport and energy efficiency projects.

Helaba played a leading role in ten ESG-linked and green transactions in the market for sustainable promissory notes in 2023 (2022: 19). Seven of the issuers were helped to place their first sustainable promissory notes. By supporting the € 850 m KPI-linked transaction of Fresenius SE & Co. KGaA, Helaba was involved in the largest sustainable promissory note transaction of 2023. In this way, Helaba is underscoring its efforts to encourage companies to join the sustainable transformation and aims to play a leading role in the market in 2024 as well.

In 2023, the Sustainable Finance Advisory continued to grow its capacities and activities focused on financing with a specific sustainability element in the agreed use of the funds or on linking the financing costs to previously agreed ESG indicators – for example green promissory note loans or ESG-linked loans. As well as providing advice and individually structuring this type of financing solution, the Sustainable Finance Advisory team acts as a knowledge multiplicator for Helaba's customers, thus supporting their transformation efforts. Here, the focus is on Helaba's corporate and Sparkassen customers in particular.

Expansion of sustainable business

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

The identification of sustainable financing transactions using the Sustainable Lending Framework represents the initial step in a holistic impact assessment and management process. In 2023, Helaba developed a Sustainable Investment Framework (SIF) with the aim of classifying the sustainable investment business. In its SIF, as well as more general exclusion criteria for own-account investing activities and asset management, Helaba defines a comprehensive set of criteria for classifying an investment as sustainable. The SIF defines minimum standards for sustainable investments in accordance with Article 8 of the EU Sustainable Finance Disclosure Regulation for asset management. These minimum requirements go beyond the general exclusion criteria for all investments by the Helaba Regulatory Group and cover compliance with procedures for ethical corporate governance, the consideration of environmental or social characteristics and a positive sustainability contribution by some of the investments. Screening criteria have been defined to ensure this compliance and implement the minimum requirements. These criteria are subject to ongoing review.

Financed greenhouse gas emissions

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

The initial focus is on particularly carbon-intensive sectors and on customers that make up a large proportion of the lending portfolio. The prioritised sectors here are: mining, chemical industry, metal production; energy; automotive and mechanical engineering; food, feed, agriculture; public sector and municipal corporations; shipping, aviation, transport; construction, real estate, housing, retail (excluding motor vehicles); and other manufacturing. Helaba works with the support of an external data provider to ascertain the financed greenhouse gas emissions for corporate finance in the prioritised sectors and for a large proportion of the real estate, equipment and project finance portfolios on the basis of the Partnership for Carbon Accounting Financials (PCAF) approach. In this way, coverage and data availability and quality are improved on a continuous basis. The current analysis relates to the lending portfolio of Helaba Bank as at 31 December 2022. The coverage of the total lending volume (less money market trading, repos, derivatives, securities and central bank business) of € 133.6 bn (previous year: € 125.4 bn) was increased to 50 % (€ 66.7 bn). The financed Scope 1 and 2 emissions therefore amount to around 16.3 million tonnes CO_2e. Helaba discloses the financed greenhouse gas emissions in detail in its Sustainability Report.

In 2023, building on the first carbon footprint ascertained for the lending portfolio, Helaba inferred sector-specific reduction pathways in accordance with the 1.5 °C target, set specific reduction targets and developed appropriate measures, beginning with the energy and real estate portfolios. The method of the Science Based Targets initiative (SBTi) that is applied specifies sector-specific decarbonization pathways in line with the 1.5 °C target. When selecting the reference pathway, the SBTi considers various scientific climate scenarios such as the IEA "Net Zero Emissions by 2050 Scenario" or the pathways from the IPCC database. The baseline value for Helaba was calculated on the basis of the financed emissions for the respective sector. The SBTi reference scenario was then applied to determine a sector-specific convergence pathway and define corresponding targets. The transformation of the real economy is and remains a basic assumption for attaining the 1.5 °C target in the portfolio. The targets for other sectors will be developed in 2024.

Sustainability criteria for lending

Lending business is Helaba's core activity. There is a risk that businesses or projects financed by Helaba could have negative effects on the environment or society. Sustainability and exclusion criteria for lending that apply throughout the Group have accordingly been integrated into the existing risk process and risk containment activities since 2017.

The aim of the stipulations is to minimise any negative effects of financing arrangements on the environment and society, including the transition risks and physical risks caused by climate change. Under the criteria, financing for activities with a severe adverse effect is to be avoided. Accordingly, it is set out in the specific risk strategy for default risk that it is prohibited to consciously finance projects that could have a serious detrimental environmental or social impact. This includes, but is not limited to, violations of human rights, the destruction of cultural assets, infringements of employee rights, and environmental damage such as the destruction of the natural habitats of threatened species. Consideration of the OECD recommendations on environmental and social due diligence (the OECD Common Approaches) is mandatory for all export finance, for example.

The overarching principles are complemented by sector-specific requirements applicable to sectors exposed to heightened ESG risk. Specific criteria have been adopted for the following sectors: energy, coal-fired power plants, dams and hydroelectric power plants, nuclear power, mining, oil and gas, agriculture and forestry, paper and pulp, and armaments. This ensures that the funding of activities with heightened ESG risk, such as fracking or the extraction of oil from tar sands, is ruled out. The sustainability criteria for lending are published on Helaba's website and are therefore also visible to market players. Helaba reviews its risk strategy annually and will adjust or expand sustainability criteria as required.

The containment of default risk is integrated into the risk management system used throughout the Group. The basis is a comprehensive and universal risk strategy derived from the business strategy. This risk strategy was drawn up on a binding basis in accordance with the German Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk). ESG objectives were incorporated into the general risk strategy in 2020 to provide an overarching framework for the handling of ESG matters in risk management. The Executive Board is responsible for all of the risks to which Helaba is exposed as well as for ensuring compliance with the risk strategy and execution of risk management throughout the Group. The Executive Board has established a Risk Committee to carry out preparatory work ahead of resolutions of the entire Board and to perform tasks specifically assigned to it in the area of risk management. Detailed information on the integration of climate-related and environmental risks as well as the treatment of ESG factors in Helaba's risk management is provided in the Risk Report section.

Institutional asset management

Full-service manager Helaba Invest supports institutional customers along the whole of the professional asset management value chain. Helaba Invest had assets of € 165.0 bn under management in special and retail funds as at 31 December 2023 (31 December 2022: € 159.0 bn). It manages sustainability-linked portfolios and offers customised solutions for institutional investors. Helaba Invest believes it has an overriding duty to ensure that its business activities are sustainable and regards the sustainability of its operations as a key aspect of its socially responsible approach.

To ensure it can achieve its ambition, Helaba Invest established its ESG Investment Policy back in 2021. It is applied to special and retail funds for which Helaba Invest makes the investment decisions. More specifically, it is applied to all investment processes within Helaba Invest's portfolio management systems. It is only applied to special funds if the investors consent to this. As at 31 December 2023, € 24.6 bn was covered by Helaba Invest's ESG Investment Policy (31 December 2022: € 23.8 bn).

The ESG Investment Policy represents a binding foundation in the form of ethical standards, sustainability-related risk management, the integration of climate aspects and responsible exercising of voting rights. For example, Helaba Invest excludes from its managed funds manufacturers of controversial weapons, which include cluster munitions, land mines and biological, chemical and nuclear weapons. In addition, companies whose business model depends to a large extent on coal-fired power generation are thus excluded, for example, as are companies that rely on controversial oil and natural gas production methods. Sales limits of 25 % and 5 %, respectively, are applied. Since 2021, the specific CO_2 intensity of the investment portfolio has been systematically recorded and analysed. This indicator is factored into internal assessments so as to enable a reduction in the carbon intensity of the portfolios to be measured. With the help of an external engagement provider, Helaba Invest is also working to bring about improvements at the companies it has invested in. This covers human and labour rights, the environment and corruption.

Alongside its ESG Investment Policy, Helaba Invest is expanding its activities in relation to products that take into account environmental and/or social characteristics in accordance with the Sustainable Finance Disclosure Regulation (known as Article 8 products). Together with its customers, Helaba Invest has chosen to maintain a conservative approach to classifying and reclassifying funds in order to minimise the risk of greenwashing. The volume of Article 8 products amounted to € 3.3 bn as at 31 December 2023 (31 December 2022: € 2.2 bn), a year-on-year increase of 50 %. A large number of master special funds not currently classified according to Articles 8 or 9 of the SFDR (Sustainable Finance Disclosure Regulation) also already factor in individual sustainability criteria. In 2023, Helaba Invest continued the systematic expansion of its sustainability-aligned product portfolio.

As a way of continuing to provide institutional investors with access to the attractive investment class of infrastructure, Helaba Invest added a follow-up product, HI-Infrastruktur-Multi Manager-Fonds III, to its successful series of infrastructure funds of funds. This product also satisfies the disclosure requirements of Article 8 SFDR. The minimum share of sustainable investments is 25 %. Helaba Invest also plans to use its HI Corporates Carbon Solutions concept to actively help to limit CO_2 emissions and thus also limit climate change. In the process, Helaba Invest is investing in companies that have credible transformation strategies, continuously improve their carbon footprint and/or use smart technologies to manage climate change. In the energy sector, Helaba Invest does not automatically exclude pollution emitters. Rather, it provides active support to companies that are fuelling the transition to green energy and significantly lowering their emissions in the process. Helaba Invest views this option as a more reasonable alternative to selling controversial assets to external parties because the emissions simply change owners and do not disappear. Thanks to this realistic investment approach, Helaba Invest aims to achieve a 50 % reduction in CO_2 emissions (basis Scope 1 and 2) on the portfolio level in the first ten years compared with the 2019 reference year. This value should be reduced by 90 % by 2050.

Helaba Invest has had a sustainability governance system in place since 2020 and ensures that processes and responsibilities are aligned with the management of its overarching and strategic sustainability activities. For example, two ESG committees recommend actions to Helaba Invest's investment committees as and when necessary. The sustainability officer's role is to coordinate these activities, put possible improvements to the management as and when necessary, and refine Helaba Invest's sustainability strategy in the public interest. The sustainability officer does so in close consultation with ESG experts from the relevant product and specialist units. In 2019, Helaba Invest began publishing an annual declaration of conformity with the German Sustainability Code (DNK) on a voluntary basis. The materiality analysis conducted in this context at the start of 2022 identified areas for action that represent the priorities for its sustainability strategy. In three areas for action – good governance, sustainable products and services, and being an attractive employer – key issues were recorded and backed with appropriate strategic targets and indicators to measure target attainment.

In the course of updating the sustainability strategy for 2024, Helaba Invest decided to contribute actively to implementing the United Nations Sustainable Development Goals (SDGs). These provide guidance to Helaba Invest in achieving the goals in its three defined areas for action. Each area for action was assigned to the corresponding SDGs: good governance to SDGs 8 and 12, sustainable products and services to SDGs 9 and 13 and being an attractive employer to SDGs 4 and 5. Key measures in support of this strategy were already implemented in 2023. In respect of the first area for action (good governance), Helaba Invest collaborated with Helaba to develop the SIF. This sets out the details of Helaba's sustainability activities in the investment segment and, alongside the Sustainable Lending Framework and the Green Bond Framework, is a further pillar in Helaba's Sustainable Finance Framework. It supplements the existing sustainability criteria for own-account investing activities and asset management.

As well as raising Helaba Invest's ambitions in the area of sustainability, the SIF anchors the existing commitment to active ownership within a joint framework. In the area of sustainable products and services, reporting solutions have been made available alongside the expansion of the sustainability-aligned fund portfolio. In addition to the established reports on the ESG rating, ESG score, ESG controversies, business involvement screening research (BISR) and ESG carbon, Helaba Invest is providing the "Grün Sehen!" (Look Green) tool to banks to support them in integrating their direct investments into an ESG report. In this way, Helaba Invest is enabling banks to access a comprehensive analysis of all liquid proprietary transaction inventories and manage these more transparently in relation to ESG aspects.

Its avowed mission is to promote a sustainable and prosperous society through investment. Helaba Invest's commitment to sustainability is further underlined by its status as a signatory of the PRI and the CDP (previously known as the Carbon Disclosure Project). It has also bound itself to observe the code of conduct of the German Investment Funds Association (BVI), including the guidelines on socially responsible investment and the guidelines on sustainable real estate portfolio management. As a member of the BVI "Sustainability" committee and through its involvement in BVI working groups such as "Responsible Investment" and "Impact Investing", Helaba Invest is playing a part in the transformation of the German fund industry. Moreover, Helaba Invest has been a member of the Bundesverband Alternative Investments (BAI) since 2012 and of the Association of German Public Banks (VÖB) since 2023. At corporate level too, Helaba Invest is continuously expanding its sustainability activities and promotes an open and tolerant corporate culture. As a signatory to Germany's Diversity Charter and with its renewed participation in the country's Diversity Day, Helaba Invest demonstrated its clear commitment to diversity in 2023 as well.

Provision of financial services

Within the Helaba Group, private customer business is primarily conducted by Frankfurter Sparkasse. Frankfurter Sparkasse's Charter specifies that its mission is to promote saving and other forms of wealth accumulation and to satisfy the demand for credit at local level. As the market leader in private customer business with the biggest branch network in Frankfurt am Main, Frankfurter Sparkasse has significant influence over the provision of financial services in its territory. It discharges its responsibility for the provision of access to financial services and meets its mandate to operate in the public interest by ensuring it has a broadly based presence in the territory, comprising 50 branches and advice centres, 34 self-service banking centres, four digital advisory units and 183 automated teller machines (ATMs).

Frankfurter Sparkasse recognises financial inclusion as a key component of its mandate to operate in the public interest. To ensure that access to banking services is available to all sectors of the population, particularly economically and socially disadvantaged customers, Frankfurter Sparkasse offers various types of basic account. As at 31 December 2023, customers held 1,253 basic accounts (31 December 2022: 1,320). Frankfurter Sparkasse makes it easier for the blind and visually impaired to access its services by ensuring that each of its physical branches has at least one ATM with a headphone socket. The online branch of the Frankfurter Sparkasse offers completely barrier-free access to its media operations, too.

Frankfurter Sparkasse pursues a business policy that is consistently focused on customer needs. Regular sales staff training sessions are held, covering the sales philosophy of the Sparkassen-Finanzgruppe and the implementation of guidelines and laws with a consumer focus. Frankfurter Sparkasse believes that it is of fundamental importance to ensure that the advice provided for customers is of high quality. For this reason, for example, quality targets are used as the basis for up to 35 % of the measurement of customer advisor performance; these targets include customer satisfaction requirements. In the case of both retail and corporate customers, regular surveys are used to measure customer satisfaction; the results are used to specify targets. In addition, within the framework of the S-Group Concept in Hesse and Thuringia, reports on customer satisfaction are submitted to the S-Group bodies and the S-Group strategy is used to determine action plans and targets.

Frankfurter Sparkasse looks strategically at the area of sustainability and the associated aspects and requirements. In 2021, it established a sustainability management system which currently manages sustainability in the context of the end-to-end ESGIntegration project.

Key ESG issues are being identified, consolidated and addressed in five sub-projects covering: sales and marketing; strategy, management and risk; environment; social and governance; and technical implementation.

Alongside compliance with specific regulatory requirements (Taxonomy, CSRD), the project is focused particularly on providing sales-side support to customers in their efforts to transform towards a sustainable economy and society as well as to reduce the bank's own carbon footprint. Another important project goal is identifying and managing sustainability risks (inside-out/outside-in perspectives).

When developing specific solutions, Frankfurter Sparkasse draws on the existing framework of the Sparkassen-Finanzgruppe (for example, the voluntary commitment of the German Savings Bank Association (DSGV) to climate-friendly and sustainable operation by the Sparkassen) and the activities of parent company Helaba.

Residential management

GWH Immobilien Holding GmbH leases out and/or manages some 53,000 homes and is accordingly well placed to make a difference regarding environmental and social issues. It aims to provide high-quality, affordable homes for broad sections of the population and to reduce the detrimental effects of the buildings sector on the environment.

GWH is investing strategically in diverse housing concepts for all stages of life for both its existing housing stock and new construction projects to meet the rising demand for housing, particularly in urban centres such as the Rhine-Main and Rhine-Neckar regions. A total of 364 homes for rent were completed in 2023, for example (2022: 132). All homes were constructed in accordance with KfW standard EH 55 and financed accordingly. GWH also provides local help and advice offices to maintain a trusting relationship with its tenants. Caretakers generally live on site and are thus able to become part of the local community.

When it comes to sustainable development, GWH initiated a range of end-to-end processes in 2023, for example in respect of the strategic review of material sustainability issues and the corresponding risk assessments for the ongoing optimisation of its sustainability strategy. Regarding the energy and carbon footprints of its residential buildings, GWH systematically identified material sources of emissions in 2023 so that it could implement measures in connection with its decarbonisation strategy in order to leverage key reduction potential. Moreover, working with its own energy service provider Systeno GmbH, GWH supplies more than one third of its homes with heating from energy-efficient combined heat and power systems and renewable energy sources. It is also working on the targeted further development of neighbourhoods.

GWH checks the effectiveness of these environmental and climate-related actions regularly by measuring the reductions achieved in CO_2 emissions. The most recent assessment indicates that total energy consumption of 435,728 Mwh in 2022 was approximately 1.2 % lower than it would otherwise have been thanks to the modernisation of building envelopes and equipment systems, a gain that reduced CO_2 emissions by 1,131 tonnes (2021: 832 tonnes of CO_2). Since 2017, new energy certificates have been prepared for 95.0 % of the residential units, showing consumption values for 87.8 % and requirement values for 12.2 % of all residential units. At 116 kWh/m²/a (2021: 119 kWh/m²/a), the average energy consumption of GWH's residential properties is well below the German average of around 169 kWh/m²/a (last available value for 2015) as published by the country's energy agency. 33.6 % of this living space satisfies energy efficiency classes A+ to C, 55.3 % classes D to E and 11.1 % classes F to H. In addition to environmental effects, social issues are also of significance for tenants and here too, GWH is committed to making a difference. Its major housing schemes often have highly diverse sociocultural profiles, with 15.0 % of the homes provided by GWH being rent-controlled (subsidised) and 40.0 % located in areas subject to special neighbourhood management schemes introduced to address social issues. Such schemes pursue a range of measures intended to improve quality of life and quality of living for residents, create better neighbourhoods and bring about a degree of social equality.

Working with a large number of charitable partner organisations active in the local areas concerned, GWH draws up individual profiles for 18 large neighbourhoods and uses them as the basis for annual updates of multi-year neighbourhood plans intended to improve the quality of life and the value of housing in the communities. The process involves analysing strengths and weaknesses and describing development possibilities and opportunities for upgrades. Residents are able to play an active role in the related decision-making processes. In October 2023, GWH conducted a representative survey of its tenants to identify further neighbourhood development potential. GWH plans to conduct further surveys among tenants in the years ahead. Today, 18.1 % of the maintenance spending that can be planned already goes into continuous neighbourhood improvements such as playgrounds, new lighting systems, accessible thoroughfares and attractive communal spaces. In addition, GWH makes premises available for social outreach purposes, including youth support schemes and community centres, and takes part in social projects. It also sets up help and advice offices and employs welfare officers to support housing development residents. Discharging its responsibilities to the region in this way enables GWH to foster social cohesion at multiple levels.

GWH stands ready to assist its tenants in times when heating and electricity costs are rising sharply and also lives up to its ambition to be a reliable and fair landlord for customers in economically challenging periods. Under the GWH home pledge, GWH is promising its customers that it will not serve notice of termination as a result of difficulties in paying utilities and common charges for the 2022 and 2023 accounting periods. GWH's continued intention in doing so is to alleviate its customers' fear that they risk losing their own home in the face of increases in energy costs. If tenants are unable to pay the increased utilities and common charges in full or at all, GWH is prepared to come to individual arrangements to make it easier for its customers to meet their payment obligations in addition to waiving termination. This home pledge and the resulting intensive support provided to tenants set GWH apart and exceed normal industry standards.

Combating bribery and corruption

It is a fundamental principle at Helaba that the Group will comply at all times with laws and regulations at local, national and international levels. The risk that legal provisions could be breached is considered legal risk and is managed as part of operational risk (see Risk Report).

As part of the preventive approach, an annual Group risk analysis report is prepared and submitted to the Board member responsible for these activities, the Executive Board as a whole and the Supervisory Board. In addition, Internal Audit conducts an independent assessment of risk management and the controls in the course of its auditing activities and reports on this to the Executive Board. In 2023, as in previous years, no corruption proceedings were notified to Helaba.

In view of the nature of banking business, the prevention of criminal economic activity through a compliance management system with a preventive focus is of key importance at Helaba in this context. One of the measures taken by Helaba is to set up the independent functions of the Money Laundering and Fraud Prevention Compliance Office, which acts as the central authority within the meaning of section 25h KWG; these functions are being constantly updated with the involvement of the branches and the relevant subsidiaries. The tasks of this office include the development and implementation of internal principles and adequate transaction- and customer-related safeguards, measures and checks to prevent money laundering, the funding of terrorism, and other criminal acts such as fraud and bribery.

Any kind of active or passive corruption is prohibited at Helaba. This is laid down in the code of conduct, which serves as an overarching set of guidelines and framework of principles for all employees. Procedures and the company regulations set out binding rules and regulations and offer support for a wide variety of activities, including the handling of inducements and action to be taken if criminal economic activity is suspected, to ensure that business decisions are taken objectively and transparently on the basis of a clear fact-based rationale. Helaba holds regular training sessions on this subject in line with the regulatory requirements and it is mandatory for employees to attend these events at least every two years.

A whistleblowing system, WhistProtect®, has been instituted so that any employee can report potentially unlawful activities. Any employee in the Group can contact an external ombudsperson via a range of communications channels (web portal, postal mail, telephone), either anonymously or safe in the knowledge that their identities will not be disclosed.

Appreciative corporate culture and sustainable HR activities

The knowledge and experience of employees is key to the long-term successful performance of Helaba as a provider of specialised financial services in a dynamic and complex market environment. Employees help Helaba to build its successful long-term customer relationships through their achievements, their commitment and their ideas. Helaba aims to foster a corporate culture founded on mutual trust and confidence to enable this flexible, agile and innovative collaborative ethos to flourish and grow.

Attractive employer and employee professional development

Helaba endeavours to attract, develop and retain highly-qualified and motivated specialists, managers and high-potential junior staff so that it can continue to address the ongoing regulatory changes, the advances in digitalisation in the financial sector and the issues presented by demographic change.

In the future, in response to the market's higher recruiting expectations, Helaba will be organising recruitment centrally and optimising the hiring process. In 2023, it began advertising newly introduced benefits. For example, employees are given a monthly sustainability allowance, the offer of deferred compensation to lease a bike from JobRad or the option of mobile working from another EU country within the legally permissible limits. Moreover, a referral programme enables the Bank's employees to recommend potential new employees, thereby helping to fill vacant positions. Employees receive a bonus for each successful referral. The new "Willkommen@Helaba" format makes onboarding new employees more effective, helping them to network and building their loyalty to Helaba.

It promotes regular dialogue between employee and line manager in addition to formal job descriptions to help ensure the required employee skills are always available. This dialogue process considers the performance, motivation and qualifications of each employee, creates transparency regarding work requirements and individual targets and provides a forum for discussing development opportunities and agreeing appropriate actions.

Helaba provides a range of in-house services aimed at training and professional development to ensure that employee skills and qualifications are maintained and expanded. For example, it invested € 2.0 m in employee skills development in 2023 (2022: € 1.6 m) to ensure all employees have access to a needs-based range of internal seminars covering professional, personal, social and methodological development. Employees can also make use of external training services; sponsored opportunities in the form of work and study programmes or courses leading to professional qualifications are also available.

Helaba focuses particularly on the recruitment and development of junior talents. The New Talent Agenda introduced in 2023 aims to increase the percentage of Helaba Bank employees aged under 30 to 10 % in the long term. This is to be achieved by direct recruitment as well as through vocational training and trainee programmes. Moreover, contact programmes are to be increased, offering internships to students to raise their awareness of Helaba before the end of their degree courses. More is also being done to retain young talents during their development phase. For example, there are various dialogue and networking formats and, in 2023, the E-Sports company sports programme was established. Helaba's combined work/study programmes remain crucial. Training is provided at the Frankfurt/Offenbach and Kassel sites.

Promoting internal careers and developing high-potential staff so that, ideally, they can be integrated into succession planning is a key priority for Helaba and an important step in making HR work more sustainable. Sustainable in this context means being committed to long term partnerships with employees and bringing them on within the organisation so that they are ready to take up important roles as these become vacant. In July 2023, Helaba laid the basis for future-oriented human resources activities with the introduction of a structured function assessment system, market-oriented remuneration bands and a modern job title structure for employees not covered by collectively agreed terms of employment. This initially applied only to Germany. Uniform job titles are also to be introduced outside Germany by the end of 2024. Since 2023, the development options available to employees not covered by collectively agreed terms of employment include not only traditional management careers but also equivalent technical, sales and project management careers. With these modern development opportunities, Helaba aims to provide its employees with high-quality new perspectives for their individual development in order to remain an attractive employer in the long term for high-performing and high-potential employees especially. In addition, internal careers are fostered by way of structured potential identification and development programmes. The employees selected have the opportunity to undertake professional development at Helaba based on their strengths and areas of learning, either by following a structured personal development plan or through a defined programme for high-potential employees.

Occupational health management at Helaba is designed to maintain the physical and mental well-being of employees by focusing on preventive measures, to nurture an awareness of the need for a healthy lifestyle and to improve quality of life. Events, presentations and seminars provide regular information for employees on health issues such as healthy eating, physical activity in day-to-day office work and avoiding workplace stress. A comprehensive company sports programme is provided to help employees maintain their physical fitness. An employee assistance programme including a qualified counselling service is available for employees facing challenging personal or professional circumstances. Employees can make use of this service if they have professional, family, health or other personal issues, for example in connection with help at home or care for relatives requiring support and assistance.

Corporate culture

As a corporate citizen, Helaba wishes to be a major force for good in society. It therefore offers employees the opportunity to undertake social volunteering during working hours. Corporate social volunteering is possible at all Helaba sites in the form of various projects that are open to all employees.

In particular, the mood barometer survey conducted in 2022 offered a sound basis for refining the corporate culture in all departments in 2023. This comprehensive view of the company was combined with other perspectives and approaches to cultural transformation in the “Let’s go 2030” programme in the course of 2023. Under the motto of “Make more possible together”, Helaba is developing ideas and measures for the continuous optimisation of cross-company collaboration and the performance and innovation culture. One highlight of the programme was the “Let’s go 2030 live” event in January 2024. More than 2,000 employees registered for the event, some elements of which were interactive, and were able to work together on future topics and build networks across organisational borders.

Diversity and equal opportunities

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

Helaba’s internal life-stage model, which offers possibilities based on equality of opportunity and takes full account of different career stages, is intentionally designed to capitalise on the diversity of the company’s workforce. The model’s long-term focus supports a sustainable approach to HR activities.

Helaba supports a range of network formats aimed at making diversity visible and tangible. HelaWiN is a network for women in all of the Bank’s departments and at all hierarchy levels. HelaPride creates greater visibility for the LGBTIQ* community. NextGeneration brings together young employees from across the Helaba Regulatory Group. HelaNations reaches out to employees from outside Germany or employees of other ethnicities. HelabaTransform is a forum for discussing the latest digital trends and developments.

Also provided in support of these objectives are a mentoring programme and a development programme for high-potential junior staff, the aims of which include developing the potential of female employees for positions of responsibility. These various opportunities are augmented by seminars to support career development for female employees, established childcare options, comprehensive part-time working models and other similar provisions. Helaba intends that particular attention should be paid to women when identifying people with high potential and carrying out succession planning and has voluntarily undertaken to try to raise the percentage of women in management positions above 30 % overall in accordance with KPI 3 for the ESG targets.

Diversity in the Helaba Bank workforce, key figures

	31.12.2023	31.12.2022	31.12.2021
Proportion of women	46,0 %	45,5 %	45.6 %
Proportion of female managers	25,9 %	22,6 %	22.5 %
Proportion of women on the Executive Board (Helaba Bank)	16,7 %	0,0 %	0.0 %
Proportion of women on the Supervisory Board (Helaba Bank)	32,1 %	28,3 %	30.2 %
Proportion aged > 50	51,4 %	53,2 %	53.0 %
Proportion aged 30 – 50	42,9 %	41,7 %	43.0 %
Proportion aged < 30	5,7 %	5,1 %	4.0 %
Proportion of employees with disabilities	4,4 %	4,4 %	4.6 %

Basic principles under employment law and remuneration policy

In 2023, 95.2 % (2022: 95.2 %) of employees worked in Germany. Relevant employment law and health & safety provisions are a fixed integral component of the internal rules, regulations and processes. 98.6 % (2022: 98.5 %) of employees had a permanent employment contract. As provided for in the Hessian Act concerning Personnel Representation (HPVG), the Human Resources Council (HRC) represents the interests of the employees and monitors compliance with the regulations intended to protect these interests. As the representative body, the Human Resources Council is the first point of contact for senior management in all matters concerning employees. The General Human Resources Council at Helaba is supported by personnel representative bodies at individual sites and at Frankfurter Sparkasse and by the body representing young trainees and the severely disabled. The Human Resources Council takes part in activities at Helaba on the basis of co-determination, involvement and consultation, primarily in relation to organisational, personnel and social matters.

Helaba's remuneration strategy and remuneration principles set out the relationship between business strategy, risk strategy, the long-term objectives and gender-neutral remuneration. The remuneration for 51.0 % of employees is set under the collective agreement for public-sector banks (2022: 50.7 %). Remuneration for the remaining 49.0 % (2022: 49.3 %) is not subject to a collective salary agreement. The remuneration systems for the employees and the Executive Board of Helaba and Frankfurter Sparkasse satisfy the requirements specified in the German Regulation on the Supervisory Requirements for Institutions' Remuneration Systems (IVV) and the EBA guidelines.

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

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

A breakdown of the remuneration systems and the total values of all remuneration components is published annually in the form of a separate report (remuneration report pursuant to section 16 IVV in conjunction with Article 450 CRR) on Helaba's website (www.helaba.com).

Overall, a low employee turnover rate of 3.5 % (departure initiated by the employee; 2022: 2.5 %), an average period of service of 13.5 years (2022: 13.8 years) and a low absenteeism rate of 5.3 % (absence caused by illness as evidenced by a doctor's certificate; 2022: 6.1 %) are testimony to a high degree of satisfaction and significant employee commitment.

Outlook and opportunities

Economic conditions

In light of continuing geopolitical uncertainty, the global economy is unlikely to grow faster in 2024 than it did the previous year. At around 5 %, growth in China should also be similar to the 2023 level. Despite massive interest rate hikes, the USA should avoid recession and economic growth there is expected to reach 1.8 % in 2024.

Since 2021, the euro zone has been growing faster than Germany which is facing a slew of structural problems. Having recorded just a slight plus in 2023, the common currency area is likely to see expansion of around 1 % in 2024, also due to lower interest and inflation rates. Key countries such as Italy and Spain are still benefiting from large-scale European transfers.

The ECB and the Fed are expected to respond to the fall in inflation by dropping interest rates at around the middle of 2024. They are each likely to reduce their benchmark rates by 75 basis points by the end of the year. At the same time, the decline in total assets is projected to continue. In the quarters ahead, the capital market rates on bond markets on both sides of the Atlantic are likely to see net sidewards movement because interest rate declines have already been factored in. The central banks' accelerated scaling back of their securities portfolios coupled with relatively high government issuing activities will restrict price potential here.

Opportunities

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

The Helaba Group has long maintained a stable and viable strategic business model that it continues to develop.

The key factors behind the Helaba Group's success remain its conservative risk profile, backed up by effective risk management, and the strategic business model for the Group as a whole based on the concept of a full-service bank with its own retail business, a strong base in the region, a very close relationship with the Sparkassen and robust capital and liquidity adequacy.

The Helaba Group is valued by its customers as a reliable partner because of its sound business model. Thanks to its diversification, this strategic business model has also stood the test in a difficult market environment, as evidenced by the positive development of the operating business.

Helaba has adopted five strategic sustainability objectives and its endeavours in the area of sustainability target all three ESG dimensions: environment, social and governance. Its second ESG objective frames Helaba's aim to help bring the Paris Agreement targets within reach and increase the volume of sustainable business in its portfolio to 50 % by 2025. The Sustainable Lending Framework provides a standardised method for the definition, measurement and management of sustainable lending business. This represents the initial step in a holistic impact assessment and management process. At the end of 2023, Helaba published the Sustainable Lending Framework to define, measure and manage the sustainable lending business.

The Sustainable Finance Advisory service advises both corporate customers and customers of the Sparkassen in order to keep pace with the growing demand for specific advice and individual structuring of sustainable financing solutions. By offering low-entry-threshold products, Helaba primarily taps customer groups that are just embarking on the transformation journey and want to use sustainable finance measures to pivot their business model or strategic management to sustainability. Helaba is thus underscoring its efforts to encourage companies to join the sustainable transformation and intends to continue building up its market position here in 2024.

The Helaba Group intends to expand its ESG expertise across its entire range of products and services so that it can make the most of future growth opportunities and have the necessary capability to support its customers with sustainable finance products. Helaba also offers all employees a comprehensive ESG training course comprising a number of different modules.

Helaba sees particular opportunities for growth in sustainable finance. It has been structuring projects in the renewable energy, rail transport 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 is growing continuously.

Helaba was able to take on the role of ESG Coordinator for a number of mandates, for example, thus cementing its expertise in the market. It supports customers with client-focused, cross-product information and advisory services regarding financing solutions that incorporate sustainability elements and is tapping into further potential for growth in the sustainability segment. Helaba's range in this area includes innovative, low-entry-threshold solutions intended to help companies with their sustainable transformation and designed to appeal to SMEs in particular.

With its Green Bond Framework introduced in 2021, Helaba has positioned itself in the bond market as a sustainable issuer. In this regard, Helaba is making the most of its established market access to place sustainable funding instruments with investors as well.

The digital transformation is marching on and will continue to bring huge changes to the banking industry as well as to attract other competitors to the market. Having now become well established across the financial market, innovative technologies including blockchain, artificial intelligence and cloud services are advancing at an extraordinary pace. These changes bring with them new customer expectations in terms of exactly what constitutes a comprehensive digital customer offer. In particular, the omnipresent developments in the fields of artificial intelligence (AI) and automation are leading customers to expect faster and more efficient process handling and offer inherent opportunities to handle more business using the same resources. A programme covering all aspects of artificial intelligence has been initiated in order to leverage these opportunities. Its goal is to introduce an AI strategy and adequate governance structures. Moreover, use cases are to be implemented across the Group with the goal of achieving efficiencies and improving the customer experience.

Helaba continues to drive its digital transformation consistently, focusing on the key areas of innovation and new business models, ecosystems and partnerships, digital culture and collaboration, and new technologies. This is supported by the Digital Transformation Committee, which brings together senior management expertise from the front office and corporate centre units and ensures that Helaba maintains a comprehensive overview of the action areas and opportunities opened up by digital transformation. Agile working methods and collaboration in cross-functional teams pave the way for greater flexibility and a faster response to customer needs. In order to foster this development and give employees the opportunity to integrate digitalisation measures into their daily work, Helaba is working on a series of formats aimed at providing information for employees and encouraging them to actively participate in innovation measures, thus increasing the innovative capability of all divisions.

Plans are in place to introduce a performance measurement system and a digital roadmap to facilitate tracking and management of progress in the action areas. Digital ecosystems and partnerships are of great importance for Helaba, not least as a way to provide new options for more efficient collaboration for the Sparkassen and other S-Group companies. Digital platforms harbour remarkable market potential by virtue of the numerous possibilities they open up to automate process chains and integrate supply and demand even more effectively.

Through its equity investment company Helaba Digital, Helaba pursues partnerships with fintechs, proptechs and start-ups with a sustainability focus or makes equity investments in such entities. 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 2022. In the future, more syndication arrangements are to by handled via this platform, thus creating new market opportunities. Encouraged by the success of vc trade, Helaba has identified opportunities to reproduce other elements of debt capital markets business in digital form on platforms in the future to generate corresponding added value for customers and banks.

In addition, Helaba is participating in venture capital funds such as the proptech vc-FundsPT1 to enable it to leverage the opportunities offered by sharing knowledge with start-ups in the real estate area that is so important to Helaba.

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 the partner of the Sparkassen, Helaba provides support in the form of a modern, diverse and competitive portfolio of products and services.

In 2023, Helaba, the DSGV and start-up Komuno established the "Spring" marketplace for the rapid and easy outplacement of risks associated with foreign trade transactions. Spring makes it possible to offer foreign risks to other banks within the Sparkassen-Finanzgruppe. In this way, the Sparkassen and their customers can handle many different transactions more efficiently, resulting in an improved service offering for all the parties involved. The platform will further strengthen the position of the Sparkassen as an alternative to other international banks.

Helaba is establishing a public participation financing solution for the Sparkassen. A crowdfunding platform can be used to implement public participation projects such as wind farms. It is currently being piloted with several Sparkassen. Developed in collaboration with the Deutsche Leasing Group, it will offer the Sparkassen a complete solution for debt financing and public participation.

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

The latest available technology already enables providers to offer innovative and significantly more efficient payments solutions in B2B transactions by integrating these solutions into customer business processes (embedded finance). In addition to the use of distributed ledger technology for programmable payments, opportunities also stem from the wide range of potential applications for the tokenisation of assets. Connected with this, Helaba invested in Cashlink in mid-2023. This already offers an end-to-end tokenisation solution that enables the rights and obligations in respect of virtual and physical assets, for example, 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 and subsidiaries 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.

Other major opportunities for Helaba relate to innovations in connection with the digital euro, a development that continues to be monitored in light of the ongoing evolution of payment transactions. Helaba is playing an active role in the collaborative project run by the German Banking Industry Committee to design tokenised commercial bank money known as the “Giralgeldtoken” and draw up use cases for programmable payments. The challenge now is to develop specific solutions for ongoing use by customers. For a leading provider of payment transaction processing services like Helaba, this initiative could open up opportunities for additional innovative business models such as pay-per-use.

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

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

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

Helaba intends to continue expanding and modernising its IT infrastructure so that it can continuously improve its processes and respond flexibly to future challenges. It aims to establish a modern, capable and efficient IT environment that supports the development of innovative products and the integration of platform solutions.

It is implementing a programme throughout the Bank with the aim of extensively enhancing the efficiency of Helaba IT systems over the next few years, during the course of which the application landscape and IT platforms will be upgraded and related innovations implemented. The associated reduction in complexity will simplify working processes, cut duplicated data capture and retention, and enhance the quality of value creation. This will increase the benefits for both customers and employees of Helaba significantly. In addition, the necessary foundations are being laid for access to innovative products, the use of modern platforms inside and outside Helaba, and for strategic partnerships that offer our customers added value and enable Helaba to stand out effectively from its competitors. The overall programme will run until mid-2027.

The rise in interest rates has created new challenges in the real estate market in particular. Due to the resulting price and funding risks, German and international markets are still characterised by great restraint on the part of investors which is impacting both values and financing parameters. Against the backdrop of the business area’s cyclicality, which has always been a factor in the real estate strategy, as well as the quality-focused selection of customers and transactions, Helaba considers these risks to be manageable overall. In 2024, the focus will be mainly on managing the existing portfolio and taking a more selective and cautious approach to new business. In the current market, Helaba’s range of attractive products – including those with an ESG focus – and its existing expertise in sustainable financing will support its activities. These are flanked by the expansion of digital expertise, coupled with rapid decision-making in cases that demonstrate sufficient reliability.

The higher interest rates have strengthened the focus on the LBS business model. Thanks to attractive interest rates for home loan savings, opportunities exist especially in connection with the demand from private customers for energy-efficient new construction and energy-related modernisation measures. Some aspects of the LBS portfolio are complemented by inexpensive products from WIBank.

Helaba is broadening its activities in corporate finance business with targeted product initiatives that include the development and expansion of sustainable products and the strengthening of development loan structuring activities. Another key component of Helaba's activities is the provision of finance for infrastructure and infrastructure-related services in the form of project and transport finance. Long-term business potential should be strong in this segment thanks to the focus of project finance activities on the priority energy sector, principally renewable energy, and the modal shift towards rail transport. It has identified opportunities associated with the digitalisation and optimisation of processes and systems throughout the value chain as well as with closer integration of corporate banking activities with the FBG Group.

The continuing integration of Helaba products into the Sparkasse sales and production processes in the Sparkasse lending business (as a core element of the S-Group business) is boosting efficiency and creating new business potential. Helaba's collaboration with vc trade, a web-based platform solution for promissory note and syndicated loan business, enables it to realise the benefits of joint lending business, such as risk diversification and balance sheet management. Through the establishment of this web-based platform solution, Helaba is also helping the Sparkassen to meet their requirements for digital solutions with the goal of achieving standardisation and automated processes.

Export-oriented corporate customers expect their partner bank to offer a range of products that will help them with their international activities. Its institutional roots in the Sparkassen-Finanzgruppe and its extended customer base are enabling Helaba to establish itself within the Sparkassen-Finanzgruppe as a service and solution provider for international business. This segment has been strengthened by the takeover of NordLB's international documentary business. It also stands to receive a boost from the development of the risk marketplace with Komuno and from its leading role in developing and financing the Spring risk marketplace. Helaba is continuously investigating additional opportunities to expand this business area further.

In the precious metals and foreign notes business area, Helaba is a reliable and competent partner to the Sparkassen and their customers especially. Pooling this expertise within the Sparkassen-Finanzgruppe provides further opportunities for achieving economies of scale and tapping into new customer groups such as coin traders and third-party banks.

In the payments business, Helaba continues to be one of Germany's leading payment transaction clearing houses and a leading Landesbank. It also serves as an access service provider and clearing house for the card business as an extension to the product and service portfolio. The associated opportunities are being systematically exploited with the aim of boosting fee and commission income in the long term.

For Helaba as one of the largest users of the pan-European payment infrastructure platform for high-value euro transactions (EBA Clearing), innovation in this area plays an important role. The ongoing expansion of the virtual girocard in e-commerce is just one of the steps being taken in response to the digital structural change in the 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 ("wero") in Germany and, optionally, in Europe. Helaba is continuing to systematically advance the digitalisation of its payment transactions services.

By taking over the foreign payment transactions of the Sparkassen in Baden-Württemberg, Rhineland-Palatinate and Saxony, Helaba has the opportunity to continue growing its market position and consolidate cross-border payment transactions.

In the development business, there are more opportunities and potential available from the further expansion of the product portfolio, in particular the accelerated integration of sustainability objectives and support for the transformation of the economy in Hesse. Venture capital and guarantee products are primarily used for this purpose. In order to provide equity, new equity investments are being created in collaboration with private and public-sector investors, thus developing a range of lifetime products as liability funding for everything from the pre-seed phase to large-volume later-stage investment.

Particular opportunities are also seen in residential construction and subsidies for owner-occupied homes. The State of Hesse has improved the conditions of its subsidy programmes, resulting in consistently high demand. Likewise, the new photovoltaic subsidy programme has generated additional impulses in new business. Moreover, despite the lower financial headroom of municipal authorities and companies, growing business potential is expected in infrastructure development due to the continuing high need for investment in municipal infrastructure in the medium and long term.

Another focus of investment is on measures which help to boost the transformation, increase resilience and foster digitalisation, innovation and climate neutrality. In addition, there is an unchanged internal focus on further process digitalisation and optimisation and the simultaneous improvement of online services for customers, especially through the further development of the digital customer portal. Integrating ESG requirements into processes is becoming increasingly important.

Helaba receives ratings from rating agencies Moody's Investors Service (Moody's) and Fitch Ratings (Fitch).

Moody's has awarded Helaba an issuer rating of "Aa3", plus a rating of "P-1" for its short-term liabilities. In the case of Fitch, Helaba is rated jointly with the Sparkassen in Hesse and Thuringia in the form of an S-Group rating. Fitch confirmed its ratings for the Sparkassen-Finanzgruppe Hessen-Thüringen at "A+/F1+" in 2023.

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. Efficiency improvements and targeted collaborations are creating additional options for further increasing S-Group benefits for the Sparkassen. 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 prevailing economic conditions remain challenging, and so the banking sector finds itself in a continuous process of adjustment, with increasing pressure to consolidate. Inorganic growth is an option for public-sector banks too as a way of putting their business model on an even sounder footing, facilitating sustainable growth and exploiting new opportunities in the market. In recent years, for example, various transactions between the Landesbanken have bundled expertise in individual business areas. Helaba will remain open to the idea of such transactions in the future.

Overall, the Helaba Group finds itself well placed to meet the challenges of the future over the long term with its established strategic business model. The fundamental business strategy is sound and the broad diversification of the business model has acted as a stabilising factor, particularly in the current market situation. 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. Added to this are the digital transformation megatrend and the advance of artificial intelligence into ever more areas of life. The Helaba Group's objective in its profitability strategy is to additionally stabilise its sustainable earnings power to strengthen its capital base while observing risk strategy requirements and taking account of changes in the regulatory environment. Alongside growth initiatives, Helaba is also aiming for further efficiency enhancements as part of digital transformation.

Expected development of Helaba

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a credit institution organised under public law; its business model is based on a strong regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkasse organisation and therefore provides an excellent foundation for business growth in 2024.

Following the slight recession in 2023, forecasters currently expect the economy to recover slowly in 2024. In light of falling interest rates, the leading central banks are projected to make the first interest rate cuts in mid-2024. Moreover, even now the cycle has peaked, interest rates are still above the level of the negative interest rate phase which is having a positive impact on the banking industry's profitability – especially net interest income. Despite the still challenging environment, falling interest rates are expected to reduce the pressure slightly on real estate financing costs. For this reason, selected segments of the real estate sector are forecast to start stabilising from 2024. Against this backdrop, a moderate decline in the recognition of loss allowances is anticipated in 2024.

Overall, these expectations represent the primary constraints for Helaba's forecast earnings growth in 2024.

The total medium- and long-term lending business is budgeted to be significantly above the previous year's level in 2024. New business has been planned taking account of the assumptions of slight economic growth. Loans and advances to customers are budgeted to decline overall, with total assets expected to remain virtually unchanged.

The stabilised interest rates will be beneficial for net interest income because there are no offsetting interest rate management effects in Treasury, as the result of which net interest income is expected to rise sharply.

In the 2023 reporting year, additions to loss allowances were significantly higher given the situation of the real estate sector; as a result, total loss allowances are substantial in size. It is therefore assumed that additions to loss allowances will not increase in 2024.

Net fee and commission income is expected to remain almost unchanged in 2024 while net trading income is expected to fall substantially year on year. The positive effects from the repurchase portfolio in 2023 are unlikely to be repeated.

Budgeted other net operating income mainly comprises operating income and expenses relating to buildings, the addition to provisions and the interest cost from unwinding the discount on pension provisions. This figure is predicted to be very much lower in 2024 compared with the previous year.

From 2024, general and administrative expenses will decline because there will be no expense for the European bank levy. By contrast, project activities – especially the implementation of regulatory requirements and the modernisation of IT infrastructure – and hiring due to the insourcing of regulatory functions will also be reflected in general and administrative expenses, as will a growth initiative in the development business. As a result, general and administrative expenses are expected to increase moderately overall.

Overall, Helaba forecasts that the operating result before taxes for 2024 will be above the prior-year figure. The cost-income ratio is expected to remain within the target range.

Geopolitical uncertainties such as the continuation of the Ukraine war, further developments in the Middle East, the conflict relating to Taiwan and the US elections remain the risks to Helaba's performance in 2024. The aforementioned uncertainties are the factor most likely to cause actual developments to differ substantially from the economic parameters assumed by Helaba on the basis of its macroeconomic forecasts.

Expected development of the business lines

In the Real Estate Finance division, business performance will be affected by the projected real estate market situation. The negative trend is expected to bottom out in the course of the year and Helaba is anticipating a slow stabilisation of some sub-segments. The office real estate market in the USA remains under pressure due to rising vacancy rates and declining prices, although office rents are still robust in preferred locations. Due to Helaba's continuing strong market position, business volume is expected to remain stable in 2024, with income declining only slightly year on year. The volume of the medium- and long-term real estate lending business in 2024 is likely to be higher than the previous year, with a countervailing trend in repayments. Additions to loss allowances are expected to stabilise compared with the prior year.

The Asset Finance division anticipates income marginally below the prior-year figure in 2024, with the volume of business remaining stable during the course of the year. This prediction is based on stagnating interest margins and a sharp year-on-year reduction in the volume of medium- and long-term new business.

As a result of a slight decline in the volume of business in the Corporate Banking division in 2024, a noticeable decrease in income is expected. The volume of medium- and long-term new business envisaged for 2024 is down very significantly on the previous year but the margin will be noticeably better.

Following restructuring, income in the Capital Markets and Treasury divisions is projected to be marginally weaker overall compared with the previous year.

The Public Sector division focuses on serving municipal authority customers and municipal corporations. It is anticipated that income from the municipal lending business in Germany will see an appreciable decline in 2024.

The average business volume of the Savings Banks and SME division in 2024 is expected to remain at the prior-year level, which will also hold earnings performance at an unchanged level. A significant reduction in medium- and long-term new business is anticipated. For cash management products, earnings are expected to stabilise at a high level in 2024 following the significant increase in income during the current year.

LBS assumes that gross new business will increase in financial year 2024. This is based on the assumption that home loan savings will remain in demand because of their ability to provide long-term interest rate protection. Overall, LBS expects the operating contribution to incomes to stabilise in 2024.

Earnings generated by the WIBank public development business in 2024 will probably be very significantly lower than the prior-year level.

Overall assessment

Despite the pressures in the real estate business, Helaba recorded a solid operating result before taxes of € 277 m for financial year 2023 (2022: € 488 m). In light of the difficult economic environment in Germany in 2023, current geopolitical uncertainties and the turmoil on the real estate markets, this performance highlights the stability of the diversified business model and the operational strength of the business segments.

The actions implemented from the strategic agenda are working and were progressed consistently in 2023. The modernisation of the IT infrastructure continued as planned.

Helaba continues to support customers proactively through the current turbulence, especially in the context of transitioning to more sustainable business models. In particular, work to expand the ESG product range and the Sustainable Finance Advisory proposition further consolidated Helaba's strong market position in 2023.

The moderate increase in general and administrative expenses was lower than anticipated due to factors such as the lower bank levy.

In response to the worsened risk situation in the real estate segment, higher additions were made to loss allowances (including a post-model adjustment).

Levels of geopolitical and economic uncertainty remain high worldwide. The further development and resulting implications of conflicts, the realignment of trade flows and structural factors such as the increasing shortage of qualified labour, locally inadequate infrastructure and high energy prices in Germany have combined to create a challenging environment. Added to this are the upcoming elections in the USA.

Thanks to the continuing resilience of its well-diversified business model with its focus on stable growth, Helaba is well placed for the challenges of 2024. There are opportunities available for further growth too in connection with the essential transformation process on the pathway to sustainable economic systems.

Helaba is confident for 2024 and expects its pre-tax earnings to be above the prior-year level.

The net profit generated in financial year 2023 allows Helaba to service all subordinated debt and silent participations, pay a dividend and make appropriations to reserves.

Frankfurt am Main / Erfurt, 27 February 2024

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Kemler	Nickel
Rhino	Schmid	Weiss

Report on gender equality and equal pay in accordance with Section 21 of the Transparency in Wage Structures Act (Entgelttransparenzgesetz – EntgTranspG)

Germany's Act to Promote Transparency in Wage Structures among Women and Men came into force on 6 July 2017. Pursuant to the new law, companies with a workforce that usually counts more than 500 employees and that are required to file a management report must also file a report on gender equality and equal pay (also known as a pay report).

Landesbank Hessen-Thüringen Girozentrale ("Helaba") is required to file a pay report within the meaning of Section 21 (1) EntgTranspG. The first pay report was published in calendar year 2018 and – at the start of the reporting obligation – only covered calendar year 2016. This Helaba pay report is attached as an annex to the management report as at 31 December 2023.

The pay report is required to disclose (i) certain measures taken by Helaba to promote equality between women and men and (ii) to maintain and promote equal pay for women and men as well as (iii) certain statistics on the number of employees disaggregated by gender.

Helaba is full-service bank with a strong regional presence and a long-term and sustainable focus on its customers' needs. As a legal entity under public law, Helaba is conscious of its sociopolitical and social responsibility as an employer and fosters a corporate culture that is free of prejudice and discrimination and characterised by respect and appreciation for all employees.

Since it is a significant bank, Helaba is also subject to the provisions on remuneration contained in the German Banking Act and the Institutions' Remuneration Systems, for which reason alone it is required to implement clear and transparent remuneration systems.

1. Measures taken by Helaba to foster the equality of women and men and their impact

When implementing diversity, Helaba considers it a key priority to identify, develop and optimally deploy available talents and skills. Within the context of our sustainable human resources work, we are facilitating a more diverse corporate culture and establishing corresponding concepts to give women and men at the Bank equal career development opportunities.

Compared with 2020, we have become slightly more diverse overall with a slight gain of 5 % in management positions. At the same time, the proportion of women at all management levels rose by 4.3 %.

To ensure that we receive far more applications from women for higher-level positions (management, specialist, project and sales) in the future and, in particular, are able to appoint women to more than 30 % of all management positions, Helaba has established:

- a structured system for identifying potential
- a corresponding succession planning system.

Moreover, it will give greater consideration to women on internal and external short lists in appointment processes.

In order to improve employees' work-life balance, Helaba has, in particular:

- established an offering of childcare places for children up to six years of age and the option of elder care.
- greatly accelerated the expansion of flexible and mobile working.
- promoted part-time working in management.

2. Measures taken by Helaba to create equal pay for women and men

In order to create equal pay for women and men, Helaba already applies appropriate measures and procedures when defining salaries, for example when employees start working for Helaba or if they change roles within the Bank, which may result in a change in salary.

When defining salaries, Helaba starts by differentiating on a gender-neutral basis between those employees who are subject to a collective salary agreement and those who are not (AT).

a) Material principles for defining the salary of employees subject to a collective salary agreement

The salary of an employee subject to a collective salary agreement is based on their individual assignment to the applicable salary group of Germany's collective salary agreement for banks (MTV Banken) in line with predefined job characteristics as well as a possible (additional) salary component that is not part of the collective salary agreement and is applied equally to all employees in a gender-neutral and gender-unbiased approach in accordance with the remuneration framework (uniform regulation with functional grades) in use at Helaba.

b) Material principles for defining the salary of employees not subject to a collective salary agreement

In the case of employees not subject to a collective salary agreement and its functional grade system, salaries are defined individually with a distinction made initially between the specialist, project, sales and management tracks.

Specialist, project and sales tracks	Management track
▪ AT 1	
▪ AT 2	
▪ AT 3	▪ Head of group
▪ AT 4	▪ Head of department
	▪ Head of division

Salaries are defined in close consultation with the hiring division and Human Resources and Legal. In the case of employees assigned to AT3 and AT4 and heads of department, the Executive Board member responsible for the hiring division is usually also involved in defining salaries. Within the specialist, project, sales and management tracks, salaries are defined in a gender-neutral and gender-unbiased approach in line with the respective functional grade and the salary scales for each functional grade, which in turn are aligned with Helaba's organisational structure. The following organisational aspects are considered when defining salaries:

- Bank
- Sales unit, product unit or Corporate Center
- Division
- Department or group
- Consideration of the specific requirements of the candidate and labour market

Moreover, in line with the applicable co-determination rights stipulated in the Hessian Act concerning Personnel Representation, the respective local Human Resources Council must be consulted when hiring, promoting or demoting employees and deciding their allocation to functional grades – up to the head of division level. Here, too, a gender-neutral and gender-unbiased approach is taken.

3. Statistics for 2023 disaggregated by gender

In 2023, the average number of employees was 3,406.3 full-time equivalents (FTEs). Of this figure, 1,558.7 FTEs were female employees and 1,847.6 FTEs were male employees.

Of the female employees, 756.6 FTEs were full-time employees and 464.2 FTEs were part-time employees.

Of the male employees, 1,756.6 FTEs were full-time employees and 91.0 FTEs were part-time employees.

Landesbank Hessen-Thüringen Girozentrale

Frankfurt am Main, 1 January 2024

Annual financial statements of Landesbank Hessen-Thüringen Girozentrale

Balance sheet of Landesbank Hessen-Thüringen Girozentrale

as at 31 December 2023

Assets in € m

	Note no.				31.12.2023	31.12.2022
Cash reserve						
a) Cash in hand				12		11
b) Balances with central banks				381		328
thereof: With Deutsche Bundesbank		−705				(311)
					392	**339**
Loans and advances to banks	(2)					
b) Municipal loans				10,287		9,268
c) Other loans and advances				33,267		41,057
					43,555	**50,325**
thereof:						
Payable on demand		33,147				(40,940)
Loans and advances to customers	(3)					
a) Mortgage loans				20,332		22,268
b) Municipal loans				32,448		32,756
c) Other loans and advances				50,529		51,721
d) Bausparkasse building loans						
da) From allocations (home savings loans)			220			116
db) For interim and bridge-over financing			932			948
dc) Other			14			11
				1,166		1,074
thereof: Secured by mortgage charges		778				(738)
					104,474	**107,819**
Carried forward:					**148,422**	**158,483**

Equity and liabilities in € m

	Note no.				31.12.2023	31.12.2022
Liabilities due to banks	(15), (18)					
a) Registered mortgage Pfandbriefe issued				46		46
b) Registered public Pfandbriefe issued				1,789		1,747
c) Other liabilities				44,974		60,678
thereof: Payable on demand		10,192				(9,776)
d) Home savings deposits				83		103
					46,892	**62,574**
Liabilities due to customers	(19)					
a) Registered mortgage Pfandbriefe issued				147		132
b) Registered public Pfandbriefe issued				7,856		8,774
c) Deposits from home savings business and savings deposits						
ca) Home savings deposits			5,136			5,211
thereof:						
On terminated contracts		65				(51)
On allocated contracts		88				(89)
				5,136		5,211
d) Other liabilities				31,217		31,965
					44,357	**46,081**
thereof: Payable on demand		15,248				(13,514)
Carried forward:					**91,249**	**108,656**

Assets in € m

	Note no.				31.12.2023	31.12.2022
Carried forward:					148,422	158,483
Bonds and other fixed-income securities	(4)					
a) Money market instruments						
aa) Public-sector issuers			–			333
thereof:						
Eligible as collateral with Deutsche Bundesbank		–				(333)
ab) Other issuers			953			583
thereof:						
Eligible as collateral with Deutsche Bundesbank		292				(199)
				953		916
b) Bonds and notes						
ba) Public-sector issuers			2,609			2,119
thereof:						
Eligible as collateral with Deutsche Bundesbank		2,402				(1,877)
bb) Other issuers			10,431			10,537
thereof:						
Eligible as collateral with Deutsche Bundesbank		9,781				(9,729)
				13,040		12,656
					13,992	13,571
Equity shares and other variable-income securities	(5)				202	157
Trading portfolio	(6), (35), (36)				11,927	17,007
Equity investments	(7), (17)				27	27
thereof:						
In banks		14				(14)
In financial services institutions		0				(0)
Shares in affiliated companies	(8), (17)				1,815	1,811
thereof:						
In banks		771				(921)
In financial services institutions		18				(18)
Trust assets	(9)				1,792	1,641
thereof: Trustee loans		1,620				(1,469)
Carried forward:					178,177	192,698

Equity and liabilities in € m

	Note no.				31.12.2023	31.12.2022
Carried forward:					91,249	108,656
Securitised liabilities	(20)					
a) Bonds issued						
aa) Mortgage Pfandbriefe			8,984			11,503
ab) Public Pfandbriefe			11,112			14,493
ac) Other debt instruments			42,312			33,098
				62,408		59,094
b) Other securitised liabilities				2,613		763
					65,022	59,857
thereof: Money market instruments		2,613				(763)
Trading portfolio	(21), (35), (36)				9,368	11,361
Trust liabilities	(22)				1,792	1,641
thereof: Trustee loans		1,620				(1,469)
Other liabilities	(23)				1,321	714
Deferred income	(24)					
a) From issuing and lending operations				159		241
b) Other				528		632
					687	873
Provisions	(25)					
a) Provisions for pensions and similar obligations				899		979
b) Provisions for taxes				97		200
c) Other provisions				414		447
					1,410	1,625
Home savings protection fund					11	11
Subordinated liabilities	(26)				2,853	3,167
Additional Tier 1 capital instruments	(27)				374	374
Fund for general banking risks	(29)				599	599
thereof: Special reserve under section 340e (4) of the HGB		123				(123)
Carried forward:					174,685	188,879

Assets in € m

	Note no.				31.12.2023	31.12.2022
Carried forward:					178,177	192,698
Intangible assets	(10), (17)					
a) Internally generated industrial rights and similar rights and assets				8		3
b) Purchased concessions, industrial property rights and similar rights and assets, and licences in such rights and assets				195		156
					203	**158**
Property and equipment	(11), (17)				**775**	**724**
Other assets	(12)				**1,708**	**1,299**
Prepaid expenses	(13)					
a) From issuing and lending operations				491		479
b) Other				171		253
					662	**732**
Total assets					**181,526**	**195,612**

Equity and liabilities in € m

	Note no.				31.12.2023	31.12.2022
Carried forward:					174,685	188,879
Equity	(29)					
a) Subscribed capital						
aa) Share capital			589			589
ab) Capital contribution			1,920			1,920
ac) Silent partner contributions			18			18
				2,527		2,527
b) Capital reserves				1,546		1,546
c) Retained earnings						
cc) Reserves in accordance with the Charter			294			294
cd) Other reserves			2,383			2,275
				2,678		2,569
d) Net retained profits				90		90
					6,841	**6,732**
Total equity and liabilities					**181,526**	**195,612**
Contingent liabilities	(30)					
b) Liabilities from guarantees and indemnity agreements					**8,289**	**9,690**
Other obligations	(31)					
b) Placement and underwriting obligations				822		860
c) Irrevocable loan commitments				25,312		25,925
					26,134	**26,785**

Income statement of Landesbank Hessen-Thüringen Girozentrale

for the period 1 January to 31 December 2023

in € m

	Note no.				2023	2022
Interest income from	(38), (39)					
a) Lending and money market transactions			8,533			4,391
thereof: Bausparkasse interest income:						
aa) From home savings loans		4				(3)
ab) From interim and bridge-over loans		20				(18)
ac) From other loans		0				(0)
b) Fixed-income securities and registered government debt			233			136
				8,766		4,528
thereof: Interest income from financial liabilities		4				(228)
Interest expenses				7,592		3,365
thereof: On home savings deposits		40				(47)
thereof: Interest expenses from financial assets		1				(153)
					1,175	**1,163**
Current income from	(38)					
a) Equity shares and other variable-income securities				8		6
b) Equity investments				1		3
c) Shares in affiliated companies				7		15
					15	**25**
Income from profit pooling, profit transfer or partial profit transfer agreements					**85**	**100**
Fee and commission income	(38), (40)			322		359
thereof: Bausparkasse fee and commission income:						
a) On contracts signed and arranged		28				(33)
c) From the commitment and administration of interim and bridge-over loans		0				(0)
Fee and commission expenses				80		104
thereof: On Bausparkasse contracts signed and arranged		29				(37)
					242	**255**
Carried forward:					**1,517**	**1,543**

in € m

	Note no.				2023	2022
Carried forward:					**1,517**	**1,543**
Net income of the trading portfolio	(38)				**333**	**328**
Other operating income	(38), (41)				**101**	**104**
General and administrative expenses						
a) Personnel expenses						
aa) Wages and salaries			345			339
ab) Social security, post-employment and other benefit expenses			51			68
				396		407
thereof: Post-employment benefit expenses		−3				(8)
b) Other administrative expenses				662		624
					1,058	**1,031**
Amortisation and write-downs of intangible assets and depreciation and write-downs of property and equipment					**44**	**43**
Other operating expenses	(41)				**22**	**179**
Write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions					**505**	**293**
Write-downs of and allowances on equity investments, shares in affiliated companies and securities classified as fixed assets					**2**	**–**
Income from the reversal of write-downs of and allowances on equity investments, shares in affiliated companies and securities classified as fixed assets					**–**	**45**
Cost of loss absorption					**58**	**0**
Result from ordinary activities					**262**	**474**
Taxes on income	(43)			63		209
Other taxes not included in item Other operating expenses				1		1
					64	**211**
Net income for the year					**198**	**263**
Allocations to revenue reserves					**108**	**173**
Net retained profits					**90**	**90**

Notes to the annual financial statements of Landesbank Hessen-Thüringen Girozentrale

as at 31 December 2023

The annual financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main, a legal entity under public law entered in the commercial register at the Frankfurt am Main local court under number HRA 29821 and at the Jena local court under number HRA 102181, are prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with the German Regulation on the Accounting of Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV) and the German Pfandbrief Act (Pfandbriefgesetz – PfandBG).

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

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

The reporting currency of the annual financial statements is the euro (€). Euro amounts are generally rounded to the nearest million. Minor discrepancies may arise in totals or in the calculation of percentages in this report due to rounding.

(1) Accounting policies

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

As a rule, the same accounting policies have been applied in the annual financial statements for the period ended 31 December 2023 as were applied in the prior-year annual financial statements. Any deviations from such accounting policies are described in the following section.

Receivables and liabilities

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

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

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

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

Securities

The items included under bonds and other fixed-income securities, equity shares and other variable-income securities, are measured using the strict lower of cost or market principle, with the exception of “valuation units” in accordance with Section 254

HGB and fixed assets. Accordingly, they have to be reported at fair value if this is lower than their (amortised) cost. In active markets, fair value corresponds to the exchange or market price on the reporting date. The analysis of the securities portfolio at the balance sheet date established an active market for all securities. Any reversals of write-downs required by law were made.

The securities included in assets are recognised at cost or, in the event of an impairment that is likely to be permanent, at the lower fair value at the reporting date. In the event of an impairment that is unlikely to be permanent, the option provided in Section 253 (3) HGB in conjunction with Section 340e (1) HGB is exercised such that no write-downs are made at the lower fair value (moderate lower of cost or market principle). They also include shares in domestic closed-end investment limited partnerships and similar foreign structures in accordance with Section 17 RechKredV in conjunction with the definition of an investment fund as set out in Section 1 of the German Investment Code (Kapitalanlagegesetzbuch – KAGB).

Equity investments and shares in affiliated companies

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

Trading portfolio

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

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

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

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

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

Fixed assets and intangible assets

Fixed assets and intangible assets with finite useful lives are carried at depreciated or amortised cost less any impairment write-downs to fair values. Depreciation and amortisation are charged over the useful life of the asset. Low-value assets with an acquisition value of up to € 800 are fully depreciated or amortised in the year of acquisition. Alternatively, a compound item can be recognised for low-value assets with an individual acquisition value of more than € 250 but less than € 1,000 which is reversed through profit or loss at a rate of 20 % each in the year of acquisition and the four subsequent financial years. Goodwill acquired for a consideration is regarded as an asset with a finite useful life. If the finite useful life cannot be estimated reliably, the Bank applies an amortisation period of ten years for goodwill in accordance with Section 253 (3) sentence 4 HGB.

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

Provisions

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

Pension obligations are determined annually by external actuarial experts. They are measured using the projected unit credit method, based on biometric assumptions (2018G mortality tables of Professor Dr. Heubeck), salary and pension increases and employee turnover rates expected in the future as well as the average market rate published by the Bundesbank for an assumed remaining maturity of 15 years. According to Section 253 (2) sentence 1 HGB, pension obligations are measured using the average market interest rate for the last ten years. The resulting difference of € 20 m according to Section 253 (6) HGB is subject to a distribution restriction.

The measurement parameters applied are shown in the table below:

in %

	31.12.2023	31.12.2022
Discount rate	1.82	1.78
Salary trend	2.00	2.00
Pension trend	1.00 – 2.00	1.00 – 2.00
Employee turnover rate	3.00	3.00

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

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

Fair value measurement

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

The market price is the best indicator of the fair value of financial instruments. If an active market exists, observable market prices are used to measure the financial instruments recognised at fair value. These are normally prices quoted on a stock exchange or market prices quoted on the interbank market. If an observable market price does not exist for a financial instrument, it is measured using recognised and commonly used valuation techniques, with all input data (e.g. yield curves, volatilities, spreads) being based on observable market data and taken from external sources. Such techniques mainly comprise discounted cash flow-based forward pricing and swap pricing models or option pricing models (e.g. Black-Scholes and variants thereof). These valuation techniques are normally used for OTC derivatives (including credit derivatives) and for financial instruments that are recognised at fair value and not traded on an active market. In those cases in which not all inputs are directly observable on the market, fair values are calculated using realistic assumptions based on market conditions. This valuation technique is used in particular for complex structured (derivative) spread products where correlations not directly observable in the market are significant to the measurement. If no market prices are available for non-derivative financial instruments, arranger prices are used. Unlisted equity investments are measured on the basis of unobservable inputs, particularly the surpluses derived from corporate planning.

Implications of the reform of interbank offered rates (IBOR)

In the second half of 2023, Helaba successfully concluded the bank-wide project to implement the reforms initiated by the regulators. The implementation of the reforms required extensive modifications to contracts and IT systems.

The end of the USD-LIBOR on 30 June 2023 marked the switch of the last material reference rates affected by the IBOR reforms. As a result, items that used the GBP LIBOR, CHF LIBOR, JPY LIBOR, EUR LIBOR, EONIA and USD LIBOR as the reference rates prior to the respective switching dates in 2021 and 2023 were switched to alternative reference rates. A switch was still pending in very few individual cases concerning only loans and no derivatives. These are of subordinate importance overall.

The measures to switch the contracts resulted in no material impacts on the economic conditions.

Currency translation

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

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

Derivatives

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

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

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

Valuation units

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

Deferred taxes

Deferred taxes are not recognised because the existing asset surplus is not recognised in the balance sheet, as a result of using the option provided for in Section 274 HGB. Deferred tax assets are based on differences between the carrying amount of loans and advances to customers, bonds and other fixed-income securities, equity investments, deferred income, provisions for pensions and similar obligations, and other provisions in the financial statements and their tax base. The company-specific tax rates were used to measure the deferred taxes. In Germany, the Bank has a combined income tax rate of 31.6 % with an average municipality trade tax multiplier of 451 %. Deferred tax items in foreign permanent establishments are measured using the tax rates applicable in those jurisdictions.

Taxes

As at the reporting date, the base erosion and profit sharing (BEPS) Pillar Two rules were adopted into Germany's Minimum Tax Act (Mindeststeuergesetzes – MinStG) through the enactment of the Minimum Tax Directive Implementation Act (Mindestbesteuerungsrichtlinien-Umsetzungsgesetz – MinBestRL-UmsG). However, these rules did not enter into force until 1 January 2024. Helaba closely monitors the progress of the legislative process in every country in which it is active. The BEPS Pillar Two rules have been adopted into national legislation in all tax jurisdictions relevant to Helaba – with the exception of Brazil, Switzerland and the USA – and will come into force from 2024.

Helaba's single entity financial statements under HGB are also affected by the introduction of thes rules. The matter is being analysed and dealt with at Group level. New legislation had no impact on the 2023 annual financial statements.

The exemption introduced by Section 274 (3) HGB means that Helaba neither recognises nor reports deferred taxes in connection with income taxes resulting from applicable or announced tax regulations to implement the Pillar Two model rules.

Compensation

Expenses from write-downs of equity investments, shares in affiliated companies, securities treated as fixed assets and transactions with these assets are offset against income from such assets in accordance with Section 340c HGB. A surplus is reported in the income statement under income from reversals of write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets. If there is a surplus, it is reported under write-downs of and allowances on equity investments, shares in affiliated companies and securities treated as fixed assets.

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

(2) Loans and advances to banks

in € m

	31.12.2023	31.12.2022
This item includes:		
Loans and advances to affiliated Sparkassen	7,617	6,627
Loans and advances to affiliated ompanies	1,218	582
Loans and advances to other long-term investees and investors	56	5
Subordinated loans and advances	5	7
thereof: To affiliated companies	–	–
thereof: To other long-term investees and investors	–	–
Payable on demand	33,147	40,940
Remaining maturities:		
Up to three months	2,187	1,921
More than three months and up to one year	1,200	593
More than one year and up to five years	1,647	1,589
More than five years	5,374	5,282

(3) Loans and advances to customers

in € m

	31.12.2023	31.12.2022
This item includes:		
Loans and advances to affiliated companies	611	528
Loans and advances to other long-term investees and investors	160	340
Subordinated loans and advances	7	12
thereof: To affiliated companies	–	–
thereof: To other long-term investees and investors	–	–
Remaining maturities:		
Up to three months	5,604	6,113
More than three months and up to one year	13,973	13,825
More than one year and up to five years	41,804	43,135
More than five years	40,410	42,331
With an indefinite term	2,684	2,415

(4) Bonds and other fixed-income securities

in € m

	31.12.2023	31.12.2022
Securitised receivables:		
From affiliated companies	–	–
From other long-term investees and investors	–	–
The marketable securities comprise:		
Listed securities	12,916	12,864
Unlisted securities	1,072	703
Not measured at the lower of cost and market	2,362	1,622
Remaining maturities:		
Amounts due in the following year	2,583	4,386
Subordinated assets	–	–
Deposited as collateral in open market transactions	3,561	7,012
Carrying amount of unimpaired investment securities	1,701	1,455
Fair value of unimpaired investment securities	1,629	1,327
Temporary impairment of investment securities	72	128

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

(5) Equity shares and other variable-income securities

Write-downs were not recognised for shares in investment limited partnerships classified as fixed assets whose carrying amount exceeds the fair value of € 30 m (31 December 2022: € 14 m) by € 3 m (31 December 2022: € 2 m), as they were not permanently impaired.

In accordance with Section 17 RechKredV in conjunction with the definition of an investment fund as set out in Section 1 KAGB, this item also includes shares in domestic closed-end investment limited partnerships and similar foreign structures, in the amount of € 202 m (31 December 2022: € 157 m).

The Equity shares and other variable-income securities item does not include any marketable securities.

(6) Trading portfolio (assets)

in € m

	31.12.2023	31.12.2022
Derivative financial instruments	3,018	3,058
Loans and advances	714	1,508
Bonds and other fixed-income securities	8,195	12,441
Equity shares and other variable-income securities	–	1
Total	**11,927**	**17,007**
thereof: Subordinated assets	–	–

The decline in the trading portfolio (assets) is mainly a result of the decrease in bonds and other fixed-income securities. It also reflects the offsetting of trading derivatives (liabilities) and related collateral, which resulted in an amount of € 20,714 m (31 December 2022: € 25,861 m) being set off.

(7) Equity investments

in € m

	31.12.2023	31.12.2022
The marketable equity investments comprise:		
Listed securities	–	–
Unlisted securities	14	14

(8) Shares in affiliated companies

in € m

	31.12.2023	31.12.2022
The marketable shares in affiliated companies comprise:		
Listed securities	–	–
Unlisted securities	–	150

(9) Trust assets

in € m

	31.12.2023	31.12.2022
This item includes:		
Loans and advances to banks	1,016	887
Loans and advances to customers	604	582
Equity investments	64	64
Shares in affiliated companies	5	5
Equity shares and other variable-income securities	88	88
Other assets	15	15

(10) Intangible assets

in € m

	31.12.2023	31.12.2022
Purchased standardised software	195	156
Internally generated software under development	8	3

Total research and development costs for the financial year amounted to € 124 m (2022: € 59 m), of which € 8 m (2022: € 3 m) was accounted for by internally generated intangible fixed assets in the form of internally generated software. The software is currently in the development phase, which is expected to end in 2026. A restriction of dividends in the amount of the capitalised development costs has been recognised.

(11) Property and equipment

in € m

	31.12.2023	31.12.2022
This item includes:		
Land and buildings used for own operations	360	371
Operating and office equipment	27	29

(12) Other assets

in € m

	31.12.2023	31.12.2022
Significant items are:		
Interest receivables under swap agreements	850	544
Currency translation differences	228	368
Income tax assets	158	98

(13) Prepaid expenses

in € m

	31.12.2023	31.12.2022
From issuing and lending operations, this item includes:		
Premiums on loans and advances	270	296
Discounts on liabilities and bonds issued	222	182
The other prepaid expenses include:		
Upfront payments	114	187
Other	57	66

(14) Repurchase agreements

in € m

	31.12.2023	31.12.2022
Trading assets sold under repo agreements	–	–
Assets in the liquidity reserve sold under repo agreements	–	3

(15) Assets pledged as collateral

in € m

	31.12.2023	31.12.2022
Assets of the following amounts were transferred for the following liabilities:		
Liabilities due to banks	3,780	3,722
Trading liabilities	3,535	3,851
Assets transferred for contingent liabilities	–	–

As in the previous year, the Bank borrowed no securities as at 31 December 2023 that had been transferred on to credit institutions in connection with repurchase agreements.

(16) Assets denominated in foreign currency

in € m

	31.12.2023	31.12.2022
Assets denominated in foreign currency	24,149	25,726

(17) Statement of changes in fixed assets

in € m

	Intangible assets	Intangible assets	Long-term securities	Equity investments	Shares in affiliated companies	Fixed assets total
Cost						
As at 1.1.2023	**369**	**898**	**1,787**	**61**	**1,826**	**4,940**
Additions	73	67	1,252	2	155	1,549
Exchange rate changes	−0	−1	2	–	−0	1
Reclassifications	–	–	–	–	–	–
Disposals	5	16	469	1	150	641
Other adjustments	−1	1	0	–	–	−0
As at 31.12.2023	**435**	**950**	**2,571**	**62**	**1,831**	**5,850**
Depreciation, amortisation and writedowns and reversals of write-downs						
As at 1.1.2023	**210**	**174**	**7**	**34**	**15**	**441**
Reversals of write-downs	–	–	0	–	–	0
Depreciation and amortisation	28	16	–	–	–	44
Write-downs	–	–	0	2	–	2
Exchange rate changes	−0	−0	−0	–	–	−1
Reclassifications	–	–	–	–	–	–
Disposals	5	15	–	–	–	21
Other adjustments	−0	0	–	–	−0	−0
As at 31.12.2023	**232**	**175**	**7**	**36**	**15**	**465**
Carrying amounts						
As at 1.1.2023	**158**	**724**	**1,780**	**27**	**1,811**	**4,500**
As at 31.12.2023	**203**	**775**	**2,564**	**27**	**1,815**	**5,384**

(18) Liabilities due to banks

in € m

	31.12.2023	31.12.2022
This item includes:		
Liabilities due to affiliated Sparkassen	15,365	15,005
Liabilities due to affiliated companies	4,933	5,005
Liabilities due to other long-term investees and investors	3	3
Payable on demand	10,192	9,776
Remaining maturities:		
Up to three months	148	279
More than three months and up to one year	2,351	16,740
More than one year and up to five years	12,087	14,696
More than five years	22,031	20,979

Targeted longer-term refinancing operations (TLTRO III)

Liabilities due to banks include borrowing of € 6.5 bn under the ECB's TLTRO (31 December 2022: € 22.5 bn). For the period from 23 November 2022 until the maturity date or early repayment date (final interest rate period), the interest rate is indexed to the average applicable key ECB interest rates over that period. This interest rate was determined for the period from 1 January 2024 to the end of the remaining term of the TLTRO tranche based on the interest rate applying as at 31 December 2023 for the deposit facility (4 %) in accordance with the BFA decision of 7 November 2022. The pro rata amounts of interest are presented under interest expense from financial liabilities. In the prior year, interest income and expense from financial liabilities were reported and included a bonus amount of € 56 m.

(19) Liabilities due to customers

in € m

	31.12.2023	31.12.2022
This item includes:		
Liabilities due to affiliated companies	290	444
Liabilities due to other long-term investees and investors	65	58
Payable on demand	15,248	13,514
Remaining maturities:		
Up to three months	6,692	5,957
More than three months and up to one year	2,943	3,848
More than one year and up to five years	3,450	4,983
More than five years	10,887	12,569

(20) Securitised liabilities

in € m

	31.12.2023	31.12.2022
This item includes:		
Liabilities due to affiliated companies	–	9
Liabilities due to other long-term investees and investors	–	–
Remaining maturities of the sub-item – bonds issued:		
Amounts due in the following year	15,372	6,227
Remaining maturities of the sub-item – other securitised liabilities:		
Up to three months	1,598	763
More than three months and up to one year	1,015	–
More than one year and up to five years	–	–
More than five years	–	–

(21) Trading portfolio (liabilities)

in € m

	31.12.2023	31.12.2022
Derivative financial instruments	4,426	6,800
Liabilities	4,911	4,525
thereof: other securitised liabilities	79	413
Risk premium	31	36
Total	**9,368**	**11,361**

As at 31 December 2023, the offsetting of trading derivatives (assets) and related collateral resulted in an amount of € 16,525 m (31 December 2022: € 19,051 m) being set off. The decrease in trading liabilities is a result of lower negative fair values of derivatives in particular.

(22) Trust liabilities

in € m

	31.12.2023	31.12.2022
Liabilities due to banks	540	553
Liabilities due to customers	1,080	915
Other liabilities	172	173

(23) Other liabilities

in € m

	31.12.2023	31.12.2022
Significant items are:		
Interest obligations arising from swap agreements in the non-trading portfolio	1,032	588
Taxes to be paid	9	10

(24) Deferred income

in € m

	31.12.2023	31.12.2022
From issuing and lending operations, this item includes:		
Premiums on liabilities and bonds issued	113	202
Discounts on lending operations	43	34
Other	3	5
The other prepaid expenses include:		
Upfront payments	358	415
Other	170	217

(25) Provisions

The difference between the carrying amount of the pension provisions measured using the average market rate for the past ten financial years (1.82 %) and the carrying amount of the provisions measured using the appropriate average market rate for the past seven financial years (1.74 %) was € 20 m as at the balance sheet date. This amount is subject to a distribution restriction.

The cost of the assets offset against provisions in accordance with Section 246 (2) sentence 2 HGB amounted to € 547 m (31 December 2022: € 551 m) and the fair value to € 535 m (31 December 2022: € 495 m). The settlement amount of the offset liabilities amounted to € 1,210 m (31 December 2022: € 1,227 m). In the income statement, income associated with these assets amounting to € 43 m was offset against expenses from the corresponding liabilities amounting to € 14 m in 2023. In 2022, expenses associated with these assets amounting to € 60 m and expenses from the corresponding liabilities amounting to € 35 m were recognised.

The other provisions were recognised mainly for personnel-related items and for credit and country risks in off-balance sheet lending business. Provisions are recognised for litigation risks if it is likely that they will be used. Further provisions are attributable to liabilities for which the actual amount or the reason is uncertain. There are also restructuring provisions of € 2 m (2022: € 19 m).

(26) Subordinated liabilities

As at 31 December 2023, there was one subordinated liability that accounted for more than 10 % of total subordinated liabilities:

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

The reported figure includes pro rata interest of € 46 m (2022: € 41 m). Interest expense on subordinated borrowings amounted to € 128 m in the year under review (2022: € 97 m).

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

(27) Additional Tier 1 capital instruments

AT1 bonds represent unsecured and subordinated bonds of the Bank. The repayment as well as the nominal amount of the AT1 bonds may be reduced if a triggering event occurs. The decline of the Bank's Tier 1 capital ratio to under 5.125 % on a consolidated basis would be a triggering event. After the occurrence of a triggering event, any reduced bond amounts may be increased under specific conditions. Helaba may terminate the bonds at an early maturity date, and has additional termination options every ten years; if specific conditions are met, and after approval of the competent supervisory authority, bonds may be terminated early. Bonds are subject to the terms and conditions as provided in the respective bond terms, which stipulate, among other things, that the Bank may terminate bonds only entirely, but not partially, provided that specific supervisory or tax conditions are met.

Bond interest payments are based on their nominal amount, and have been fixed for the period between the issue date and the first possible early repayment date. Subsequently, the applicable interest rate for the following ten years will be established. According to the bond terms, Helaba may be obliged (but also has extensive rights) to take the sole decision to suspend interest payments at any time. Interest payments in subsequent years will not be increased to compensate suspended interest payments from previous years on a cumulative basis.

As at 31 December 2023, the carrying amount of issued bonds excluding pro-rata interest stood at € 374 m (31 December 2022: € 374 m). Accrued interest expenses from issued bonds amounted to € 0.5 m in 2023 (2022: € 0.5 m).

(28) Liabilities denominated in foreign currency

in € m

	31.12.2023	31.12.2022
Liabilities denominated in foreign currency	11,198	9,465

(29) Own funds

in € m

	31.12.2023	31.12.2022
Subscribed capital	**2,527**	**2,527**
a) Share capital	589	589
b) Capital contribution	1,920	1,920
c) Silent partner contributions	18	18
Capital reserves	**1,546**	**1,546**
Retained earnings	**2,678**	**2,569**
Including		
additional Tier 1 capital instruments,	374	374
fund for general banking risks,	599	599
home savings protection fund and	11	11
subordinated liabilities	2,853	3,167
the liable capital reported in the balance sheet amounted to	**10,588**	**10,794**

A distribution of € 90 m and an appropriation to revenue reserves of € 108 m are proposed for the appropriation of net profit.

Non-distributable amounts

Non-distributable amounts in accordance with Section 268 (8) HGB as at 31 December 2023 totalled € 28 m (31 December 2022: € 94 m), € 20 m (31 December 2022: € 91 m) of which is accounted for by the difference between the average market interest rate for ten years and seven years for the discounting of provisions for pension liabilities and € 8 m (31 December 2022: € 3 m) of which is accounted for by internally generated intangible fixed assets.

(30) Contingent liabilities

in € m

	31.12.2023	31.12.2022
This item includes:		
Credit guarantees	6,197	6,329
Other guarantees and sureties	2,092	3,362

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

(31) Other obligations

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

(32) Statement of cover assets for the mortgage and municipal authorities business

in € m

	31.12.2023	31.12.2022
Issued mortgage Pfandbriefe	**9,156**	**11,654**
Cover pool	**16,481**	**17,544**
Loans and advances to customers	13,389	14,637
Bonds and other fixed-income securities	981	1,169
Eligible collateral received	2,111	1,738
Overcollateralisation	**7,325**	**5,891**
Issued public Pfandbriefe	**20,710**	**24,879**
Cover pool	**32,213**	**31,781**
Loans and advances to banks	133	137
Loans and advances to customers	30,557	30,236
Bonds and other fixed-income securities	522	572
Eligible collateral received	1,001	836
Overcollateralisation	**11,503**	**6,902**

(33) Pfandbriefe and statement of cover assets

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

in € m

	Nominal amount		Net present value		Risk-adjusted net present value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Mortgage Pfandbriefe:						
Cover pool	16,481	17,544	16,466	17,193	15,449	15,428
Pfandbriefe outstanding	9,156	11,654	8,964	11,228	8,790	10,835
Overcollateralisation	7,325	5,891	7,503	5,965	6,659	4,594
Statutory overcollateralisation	364	464	179	453		
Contractual overcollateralisation	–	–		–		
Voluntary overcollateralisation	6,960	5,427	7,324	5,512		
Overcollateralisation of Pfandbriefe outstanding (in %)	80.0	50.5	83.7	53.1	75.8	42.4
Public Pfandbriefe:						
Cover pool	32,213	31,781	32,990	31,440	30,552	26,361
Pfandbriefe outstanding	20,710	24,879	20,671	24,269	19,503	21,771
Overcollateralisation	11,503	6,902	12,319	7,171	11,048	4,590
Statutory overcollateralisation	805	969	413	977		
Contractual overcollateralisation	–	–	–	–		
Voluntary overcollateralisation	10,698	5,933	11,906	6,194		
Overcollateralisation of Pfandbriefe outstanding (in %)	55.5	27.7	59.6	29.5	56.6	21.1

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

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

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

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

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

in € m

	Cover assets (fixed-interest periods)		Pfandbriefe (remaining maturities)		Effects of maturity extension for Pfandbriefe (remaining maturities)	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Mortgage Pfandbriefe:						
Up to six months	1,683	1,178	1,048	1,069	–	–
More than six months and up to one year	1,425	1,690	2,800	15	–	–
More than one year and up to eighteen months	1,686	1,836	1,250	2,523	1,048	1,069
More than eighteen months and up to two years	1,287	1,164	1,010	2,800	2,800	15
More than two years and up to three years	2,565	2,686	1,542	2,260	2,260	5,323
More than three years and up to four years	2,270	2,404	1,335	1,542	1,542	2,260
More than four years and up to five years	1,661	1,959	–	1,335	1,335	1,542
More than five years and up to ten years	3,200	3,888	153	60	103	1,395
More than ten years	704	738	18	50	68	50
Public Pfandbriefe:						
Up to six months	1,623	2,650	698	1,399	–	–
More than six months and up to one year	1,695	1,510	3,002	2,267	–	–
More than one year and up to eighteen months	1,406	1,617	373	2,128	698	1,399
More than eighteen months and up to two years	1,318	1,291	895	3,976	3,002	2,267
More than two years and up to three years	3,115	2,469	1,892	1,292	1,268	6,104
More than three years and up to four years	2,786	2,817	2,809	1,892	1,892	1,292
More than four years and up to five years	3,241	2,536	2,498	2,068	2,810	1,892
More than five years and up to ten years	7,735	7,692	4,101	5,015	6,019	6,940
More than ten years	9,294	9,200	4,441	4,843	5,021	4,986

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

Prerequisites for the extension of Pfandbrief maturity: it is necessary to extend maturity to avoid the "Pfandbrief bank with limited business activity" (Pfandbriefbank mit beschränkter Geschäftstätigkeit) becoming insolvent, the "Pfandbriefbank mit beschränkter Geschäftstätigkeit" is not overindebted and there is reason to assume that the "Pfandbriefbank mit beschränkter Geschäftstätigkeit" will be able to meets its obligations falling due before or at the end of the longest possible extension period, factoring in any additional possibilities for extension (see also Section 30 (2b) PfandBG for additional information).

Authority of the cover pool administrator when extending the maturity of Pfandbriefe: the cover pool administrator may postpone repayments if the material prerequisites for this step according to Section 30 (2b) PfandBG are satisfied. The cover pool administrator determines the length of the extension based on the specific requirements. The extension period may not exceed twelve months.

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

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

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

Mortgage Pfandbriefe

in € m

	31.12.2023	31.12.2022
Pfandbriefe in circulation	**9,156**	**11,654**
thereof: Fixed-income Pfandbriefe (in %)	78.6	70.6
Cover pool	**16,481**	**17,544**
Thereof: Total amount of the claims according section 12 para. 1 which exceed the limits laid down in section 13 para.1 s. 2 2nd half sentence	–	–
Thereof: Total amount of the claims according section 19 para. 1 which exceed the limits laid down in section 19 para.1 s. 7	–	–
Thereof: Claims which exceed the limits laid down in section 19 para. 1 no. 2	–	–
Thereof: Claims which exceed the limits laid down in section 19 para. 1 no. 3	–	–
Thereof: Claims which exceed the limits laid down in section 19 para. 1 no. 4	–	–
Thereof: Further cover	981	1,169
Thereof: claims according to section 19 para. 1 no. 2a) and b)	–	–
Thereof: claims according to section 19 para. 1 no. 3a) to c)	194	303
Thereof: claims according to section 19 para. 1 no. 4	788	866
Thereof: Share of fixed-rate cover assets (in %)	72.7	68.4
Net present value per section 6 of Present Value Regulation for Pfandbriefe, by foreign currency:		
US dollar	3,351	3,687
Pound sterling	202	225
Norwegian krone	22	83
Swiss franc	1	2
Swedish krona	174	188
Japanese yen	479	516
Average elapsed term of loans and advances since granting (in years)	**4.9**	**4.6**
Weighted average loan-to-value ratio (in %)	**59.0**	**59.0**

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

		31.12.2023	31.12.2022
Key figures on liquitity according to section 28 para. 1 no. 6 Pfandbrief Act			
Largest negative amount within the next 180 days within the meaning of section 4 para. 1a s.3	in € m	905	956
Day on which the largest negative sum results	Days (1 – 180)	39	79
Total amount of cover assets meeting the requirements of section 4 para. 1a s.3	in € m	1,000	1,185
Key figures according to section 28 para. 1 no. 15 Pfandbrief Act			
Share of cover assets in the cover pool for which or for whose debtor a default pursuant to Art. 178 para. 1 of Regulation (EU) no. 575/2013 is deemed to have occurred	in %	–	–

Public Pfandbriefe

in € m

	31.12.2023	31.12.2022
Pfandbriefe in circulation	**20,710**	**24,879**
thereof: Fixed-income Pfandbriefe (in %)	81.9	68.1
Cover pool	**32,213**	**31,781**
Thereof: total amount of the claims according to section 20 para. 1 and 2 which exceed the limits laid down in section 20 para.3	–	–
Thereof: claims which exceed the limits laid down in section 20 para. 2 no. 2	–	–
Thereof: claims which exceed the limits laid down in section 20 para. 2 no. 3	–	–
Thereof: Further cover	–	–
Therof: claims according to section 20 para. 2 no. 2	–	–
Therof: claims according to section 20 para. 2 no. 3a) to c)	–	–
Therof: claims according to section 20 para. 2 no. 4	–	–
Thereof: Share of fixed-rate cover assets (in %)	93.7	93.9
Net present value per section 6 of Present Value Regulation for Pfandbriefe, by foreign currency:		
US dollar	407	295
Swiss franc	74	102

		31.12.2023	31.12.2022
Key figures on liquitity according to section 28 para. 1 no. 6 Pfandbrief Act			
Largest negative amount within the next 180 days within the meaning of section 4 para. 1a s.3	in € m	–	284
Day on which the largest negative sum results	Days (1 – 180)	–	175
Total amount of cover assets meeting the requirements of section 4 para. 1a s.3	in € m	543	584
Key figures according to section 28 para. 1 no. 15 Pfandbrief Act			
Share of cover assets in the cover pool for which or for whose debtor a default pursuant to Art. 178 para. 1 of Regulation (EU) no. 575/2013 is deemed to have occurred	in %	–	–

Breakdown of the cover pool for mortgage Pfandbriefe by type of use in accordance with Section 28 (2) nos. 1 b, 1 c, 2 and 5 PfandBG

Residential breakdown:

in € m

	Homes for owner occupation		Single-family and two-family homes		Multiplefamily homes		Incomplete and not-yet-profitable new buildings		Building sites		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Germany	339	271	1,018	830	1,682	2,014	–	1	0	0	3,040	3,116
Finland	–	–	–	–	12	12	–	–	–	–	12	12
France	–	–	–	–	27	–	–	–	–	–	27	–
Sweden	–	–	–	–	28	–	–	–	–	–	28	–
USA	–	–	–	–	1,569	1,896	–	–	–	–	1,569	1,896
Total	**339**	**271**	**1,018**	**830**	**3,318**	**3,923**	**–**	**1**	**0**	**0**	**4,676**	**5,024**

Commercial breakdown:

in € m

	Office buildings		Retail buildings		Industrial buildings		Other commercially used buildings		Incomplete and not-yet-profitable new buildings		Building sites		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Belgium	187	100	–	–	–	–	–	–	–	–	–	–	187	100
Germany	2,662	2,716	1,379	1,807	182	191	184	171	0	62	–	–	4,407	4,946
Finland	234	179	127	174	–	–	–	–	–	–	–	–	361	353
France	1,070	1,089	301	309	–	–	–	–	–	–	–	–	1,371	1,398
Luxembourg	106	106	–	–	–	–	–	–	–	–	–	–	106	106
The Netherlands	277	208	164	164	–	–	8	8	–	–	–	–	449	380
Norway	–	61	21	23	–	–	–	–	–	–	–	–	21	84
Austria	127	121	32	32	–	–	–	–	–	–	–	–	159	152
Poland	669	636	679	590	–	–	–	–	–	–	–	–	1,348	1,226
Sweden	26	38	114	146	–	–	–	–	–	–	–	–	140	184
Czech Republic	233	251	52	52	–	–	–	–	–	–	–	–	285	303
USA	1,719	1,797	51	53	–	–	–	–	–	–	–	–	1,770	1,850
United Kingdom	220	272	–	–	–	–	–	–	–	–	–	–	220	272
Total	**7,530**	**7,572**	**2,920**	**3,348**	**182**	**191**	**192**	**179**	**0**	**62**	**–**	**–**	**10,824**	**11,352**

There were payments of € 0 m (2022: no payments) at least 90 days past due at the reporting date. There is no specified total amount for these loans and advances if the respective due payment accounts for at least 5 % of the loans and advances. There were no instances of receivership or forced sales in the year under review, nor was it necessary to take charge of any land in order to avoid losses.

There were residential interest payments of € 0 m (2022: no payments) that were past due at the reporting date.

Breakdown of the cover pool for public Pfandbriefe (public-sector covered bonds) by issuer under Section 28 (3) nos. 2 and 3 PfandBG

in € m

	Central government		Regional authorities		Municipal authorities		Public-law credit institutions / Other		Total		Thereof: Guarantees for promoting exports	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Belgium	–	–	–	–	663	720	–	–	663	720	–	–
Denmark	44	43	–	–	–	–	–	–	44	43	44	43
Germany	1,256	1,105	10,341	10,550	13,714	13,295	4,932	4,796	30,242	29,746	1,170	1,054
Finland	16	–	–	–	20	20	–	–	36	20	16	–
France	50	22	117	136	87	112	–	26	254	296	20	22
Austria	60	61	546	–	–	630	–	–	606	691	2	2
Portugal	–	–	–	–	–	50	–	–	–	50	–	–
Sweden	25	28	–	–	–	–	–	–	25	28	25	28
Switzerland	125	84	54	51	–	–	–	–	179	135	125	84
Spain	–	–	16	22	29	30	–	–	45	52	–	–
United Kingdom	118	–	–	–	–	–	–	–	118	–	118	–
Total	**1,695**	**1,343**	**11,074**	**10,759**	**14,512**	**14,857**	**4,932**	**4,822**	**32,213**	**31,781**	**1,521**	**1,233**

As in the previous year, there were no payments at least 90 days past due at the reporting date. Correspondingly, there is no specified total amount for these loans and advances if the respective due payment accounts for at least 5 % of the loans and advances.

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

in € m

	31.12.2023	31.12.2022
Mortgage Pfandbriefe		
Up to € 0.3 m	1,180	1,021
More than € 0.3 m and up to € 1 m	432	316
More than € 1 m and up to € 10 m	842	833
More than € 10 m	13,046	14,206
Further cover	981	1,169
Public Pfandbriefe		
Up to € 10 m	3,595	3,733
More than € 10 m and up to € 100 m	8,467	8,259
More than € 100 m	20,151	19,789
Further cover	–	–

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

Mortgage Pfandbriefe

The following securities were held in the portfolio as at 31 December 2023 and 31 December 2022:

DE000HLB4LY4 DE000HLB4YL4 DE000HLB4116
DE000HLB42M2 DE000HLB42Y7 DE000HLB7515
XS1767931477 XS1883355601 XS2001346480
XS2022037795 XS2106576494 XS2433126807
XS2446114600 XS2536375368

The following securities were held in the portfolio as at 31 December 2023 but not at 31 December 2022:

DE000HLB43H0 DE000HLB43J6 XS2589441943

The following securities were held in the portfolio as at 31 December 2022 but not at 31 December 2023:

DE000HLB1J20 DE000HLB42D1 DE000HLB4J92
DE000HLB78B9 XS1793271716

Public Pfandbriefe

The following securities were held in the portfolio as at 31 December 2023 and 31 December 2022:

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

The following securities were held in the portfolio as at 31 December 2023 but not at 31 December 2022:

DE000HLB4249 DE000HLB43N8 XS2590759044
XS2673929944 XS2711420054

The following securities were held in the portfolio as at 31 December 2022 but not at 31 December 2023:

DE000HLB0P49 DE000HLB0P98 DE000HLB41B7
DE000HLB41C5 DE000HLB42Q3 DE000HLB4JE0
DE000HLB4JK7 DE000HLB4JN1 DE000HLB4Y69
DE000HLB4ZG1 XS0946693834

(34) Non-trading derivative financial instruments

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

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

Disclosure of volumes

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Interest rate risk	**247,383**	**249,239**	**7,764**	**9,573**	**10,463**	**13,615**
Interest rate swaps	228,920	230,062	7,732	9,545	9,923	13,035
Interest rate options	11,265	10,239	4	2	480	476
Calls	255	205	4	2	–	–
Puts	11,009	10,034	–	–	480	476
Caps, floors	4,752	4,588	24	26	59	98
Market contracts	2,447	4,350	3	0	0	6
Currency risk	**27,421**	**29,046**	**364**	**747**	**363**	**575**
Currency futures	8,534	7,270	10	31	125	224
Currency swaps / cross-currency swaps	18,885	21,774	354	716	238	351
Currency options	2	2	0	0	–	–
Calls	2	2	0	0	–	–
Total	**274,804**	**278,285**	**8,128**	**10,320**	**10,826**	**14,191**

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

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

The fair values are in some cases offset by unrealised premium and special cash flows and interest accrued on derivatives, which are shown in the balance sheet under other assets or liabilities and under prepaid expenses or deferred income. The total amount of assets related to derivatives is € 1,195 m (31 December 2022: € 1,101 m), while liabilities related to derivatives amount to € 1,395 m (31 December 2022: € 1,009 m).

Breakdown of notional amounts by maturity

in € m

	Interest rate risk		Currency risk		Equity and other price risks		Credit derivatives		Commodity derivatives		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Up to three months	26,862	15,861	8,833	7,402	–	–	–	–	–	–	35,696	23,263
More than three months and up to one year	27,152	25,785	3,034	4,298	–	–	–	–	–	–	30,186	30,083
More than one year and up to five years	101,902	108,988	12,561	13,803	–	–	–	–	–	–	114,462	122,791
More than five years	91,467	98,604	2,993	3,544	–	–	–	–	–	–	94,460	102,148
Total	**247,383**	**249,239**	**27,421**	**29,046**	**–**	**–**	**–**	**–**	**–**	**–**	**274,804**	**278,285**

The volume of short-term interest rate transactions increased. Short-term interest rate transactions (with a remaining maturity of up to one year) now account for 21.8 % of total business in this risk category (31 December 2022: 16.7 %).

The majority of transactions in “valuation units” in accordance with Section 254 HGB was entered into for mid-term maturities, i.e. between one and five years. The notional volume of all mid-term transactions amounted to € 7,232 m at the reporting date (31 December 2022: € 5,201 m).

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Breakdown by counterparty

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Banks in OECD countries	213,539	198,026	5,710	6,992	8,942	11,111
Other counterparties	61,265	80,259	2,417	3,327	1,885	3,080
Total	**274,804**	**278,285**	**8,128**	**10,320**	**10,826**	**14,191**

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

A significant proportion of transactions with other counterparties relate to market contracts and OTC transactions with central counterparties; they account for 98.8 % of the notional volume (31 December 2022: 98.2 %).

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

(35) Derivative financial instruments held for trading

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

The notional volume of derivative trades increased by 27.7 % year on year. The increase was due in particular to the higher volume of interest rate swaps.

Disclosure of volumes

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

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Interest rate risk	**635,748**	**482,688**	**2,599**	**2,387**	**4,105**	**6,352**
Interest rate swaps	589,342	415,700	2,479	2,245	3,917	6,053
Forward rate agreements	–	19,600	–	0	–	0
Interest rate options	22,280	21,971	108	131	43	59
Calls	10,605	11,503	96	124	3	4
Puts	11,674	10,468	12	6	40	54
Caps, floors	16,406	18,401	11	12	145	241
Market contracts	7,437	7,016	–	–	0	0
Other interest rate futures	283	–	0	–	–	–
Currency risk	**44,432**	**45,647**	**388**	**571**	**299**	**410**
Currency futures	39,947	40,331	198	290	234	322
Currency swaps / cross-currency swaps	4,267	5,141	190	281	64	88
Currency options	218	176	1	1	1	1
Calls	109	82	1	1	–	–
Puts	109	94	–	–	1	1
Equity and other price risks	**684**	**1,960**	**30**	**98**	**10**	**31**
Equity options	653	1,931	30	98	10	31
Calls	327	966	30	98	–	–
Puts	327	965	–	–	10	31
Market contracts	30	29	–	–	–	–
Other equity futures	–	1	–	0	–	–
Credit derivatives	**2,014**	**4,443**	**1**	**2**	**12**	**7**
Calls	1,121	2,462	0	2	12	7
Puts	893	1,981	1	0	–	0
Commodity risk	**336**	**210**	**0**	**0**	**0**	**0**
Commodity futures	273	–	0	–	0	–
Commodity options	63	210	0	0	0	0
Total	**683,213**	**534,948**	**3,018**	**3,058**	**4,426**	**6,800**

Breakdown of notional amounts by maturity

in € m

	Interest rate risk		Currency risk		Equity and other price risks		Credit derivatives		Commodity derivatives		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Up to three months	21,006	25,850	20,583	21,170	61	266	–	21	336	210	41,986	47,517
More than three months and up to one year	126,976	57,665	15,710	15,881	370	371	376	387	–	–	143,433	74,304
More than one year and up to five years	217,577	148,401	6,603	6,994	252	1,321	1,520	4,007	–	–	225,952	160,724
More than five years	270,188	250,771	1,536	1,603	–	2	118	28	–	–	271,842	252,404
Total	**635,748**	**482,688**	**44,432**	**45,647**	**684**	**1,960**	**2,014**	**4,443**	**336**	**210**	**683,213**	**534,948**

Short-term interest rate transactions (with a remaining maturity of up to one year) account for 23.3 % of total business in this risk category (31 December 2022: 17.3 %).

Breakdown by counterparty

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Banks in OECD countries	190,412	194,105	1,427	1,246	3,027	4,541
Banks outside OECD countries	1	0	0	0	0	–
Public institutions in OECD countries	10,117	11,067	725	688	55	109
Other counterparties	482,683	329,777	866	1,123	1,344	2,150
Total	**683,213**	**534,948**	**3,018**	**3,058**	**4,426**	**6,800**

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

A significant proportion of transactions with other counterparties relate to market contracts and OTC transactions with central counterparties; they account for 89.5 % of the notional volume (31 December 2022: 82.4 %).

The percentage of the total volume of derivatives accounted for by trading derivatives increased slightly year on year to 71.3 % (31 December 2022: 65.8 %).

As in previous years, interest rate contracts accounted for most of the trading activities. In this case, 72.0 % (31 December 2022: 65.9 %) of the total portfolio is attributable to trading derivatives. 61.8 % (31 December 2022: 61.1 %) of the currency risk contracts and 100 % (31 December 2022: 100 %) of the credit derivatives relate to the trading portfolio.

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(36) Trading products

in € m

	Assets		Liabilities		Net income of the trading portfolio	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	2023	2022
Derivative financial instruments	**3,018**	**3,058**	**4,426**	**6,800**	**83**	**877**
Interest rate trading	2,599	2,387	4,105	6,352	36	836
Equity trading	30	98	10	31	5	–8
Currency trading	388	571	299	410	22	22
Credit derivatives	1	2	12	7	–3	6
Commodities	0	0	0	0	23	21
Receivables/liabilities	**714**	**1,508**	**4,742**	**4,516**	**–154**	**–187**
Promissory note loans	355	1,232	–	–	36	–200
Receivables/liabilities payable on demand, overnight and time deposits	153	230	4,632	4,067	–181	6
Repos/reverse repos/securities lending	206	46	–	–	5	–1
Issued money market instruments/securitised liabilities	–	–	–	346	–0	–2
Issued equity/index certificates	–	–	79	66	–13	9
Other	–	–	31	36	–	–
Bonds and other fixed-income securities	**8,195**	**12,441**	**199**	**45**	**412**	**–335**
Equity shares and other variable-income securities	**–**	**1**	**0**	**–**	**9**	**–1**
Other					**–17**	**–25**
Commissions					–17	–25
Fund for general banking risks in accordance with section 340e of the HGB					**–**	**–**
Total	**11,927**	**17,007**	**9,368**	**11,361**	**333**	**328**

Offsetting was reflected in both the year under review and the prior-year amounts when presenting derivative financial instrument assets and liabilities. A total of € 20,714 m (31 December 2022: € 25,861 m) was set off in the case of trading assets and € 16,525 m (31 December 2022: € 19,051 m) in the case of trading liabilities.

(37) Valuation units in accordance with Section 254 HGB

The carrying amount of the securities included in valuation units was € 9,287 m (31 December 2022: € 8,391 m).

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

in € m

	2023	2022
Changes in value for the unhedged credit risk	–10	–21
Change in provision for expected losses for interest rate-related measurement effects that were not fully offset	3	–6

(38) Breakdown by geographical market

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

in € m

	31.12.2023	31.12.2022
Germany	8,693	4,685
European Union, excl. Germany	1	1
Other	844	658

(39) Net interest income

In the year under review, interest income from lending and money market transactions included income arising from financial liabilities (negative interest) in the amount of € 4 m (2022: € 228 m), while interest expenses included expenses arising from financial assets of € 1 m (2022: € 153 m).

The item includes prior-period income of € 154 m (2022: € 6 m) and prior-period expenses of € 21 m (2022: € 0 m). The prior-period income is largely offset by amounts arising from the termination of hedging transactions.

(40) Fee and commission income

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

(41) Other operating income and expenses

Under other operating income for the year under review, the Bank reports, among other things, income from the reversal of provisions in the amount of € 24 m (2022: € 25 m), rental and leasing income of € 19 m (2022: € 19 m), and cost reimbursements on commissioned work undertaken for third parties of € 17 m (2022: € 19 m).

The interest income from provisions of € 30 m (2022: interest cost on provisions of € 103 m) resulted mainly from the remeasurement gains on plan assets due to market interest rate changes.

The item includes prior-period income of € 3 m (2022: € 6 m) and prior-period expenses of € 4 m (2022: € 2 m).

(42) Extraordinary result

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

(43) Taxes on income

Of the income tax expense of € 64 m, a tax expense of € 46 m was in respect of countries other than Germany. The low tax expense of € 18 m in Germany is the result of high taxable losses in the current year associated largely with differing measurement rules for tax purposes relating to loss allowances.

(44) Other financial obligations

At the balance sheet date, the Bank had obligations to make contributions to the subscribed capital of 40 companies totalling € 186 m, of which € 0 m was attributable to one affiliated company.

Helaba is a partner with unlimited liability in GLB GmbH & Co. OHG, Frankfurt am Main.

Helaba is also jointly liable for ensuring that other members belonging to the Deutscher Sparkassen- und Giroverband e.V. (DSGV) meet their obligations to make additional contributions. If a claim were made against a former guarantor of DekaBank under the grandfathering provisions applicable to the guarantor liability in accordance with the Brussels Accord I, Helaba would be obliged to pay pro-rata internal liability compensation. The owners of DekaBank on 18 July 2005 are liable for the fulfilment of all liabilities of DekaBank existing at that date. The liability applies without any time limitation for liabilities that had been agreed up to 18 July 2001.

The Bank is a member of the protection scheme of the Sparkassen-Finanzgruppe through its membership of the sub-funds of the Landesbanken and Girozentralen in Germany. The purpose of this protection scheme is to guarantee the institution, i. e. to protect the continued existence of the affiliated institutions as going concerns. If a situation should arise in which a scheme has to provide financial support or pay compensation, Helaba could be required to pay additional or special contributions to the protection scheme. In June 2023, the general meeting of members of the German Savings Banks Association (DSGV) adopted a resolution on the necessary amendments to the articles of association in connection with refining the Sparkassen-Finanzgruppe's protection scheme. This includes the establishment of an additional fund to be built up over a period of eight years from 2025 and to which Helaba will also contribute. Sparkassen- und Giroverband Hessen-Thüringen will be liable to make up any shortfall should a claim be made against the fund before the full amount has been contributed in cash.

In addition, Helaba is a member of the reserve fund of the Sparkassen- und Giroverband Hessen-Thüringen (SGVHT). This provides additional protection on top of Germany's existing national protection scheme, protecting both institutions and creditors. The total volume of the fund has been set at € 600 m.

The sundry obligations include obligations of € 101 m (31 December 2022: € 82 m) to the European Single Resolution Fund. Helaba has elected to fully utilise the option to make some of the annual contribution in the form of an irrevocable payment undertaking backed in full by cash collateral. The European Single Resolution Fund is authorised to require the (partial) payment of (partial) payment undertakings as soon as the irrevocable payment undertakings amount to or exceed 30 % of the fund's volume. If an institution does not pay the amount required by the due date, the

European Single Resolution Fund shall be entitled to utilise the collateral in respect of the amount required. In a European court ruling from October 2023 that was not final as at the reporting date, it was stated that collateral will only not be returned if an institution gives up its banking licence; other grounds for the return of collateral are not ruled out. A claim based on the irrevocable payment undertaking is considered unlikely given the financial adequacy of the European Single Resolution Fund.

The Reserve Fund of the Landesbanken and Girozentralen and the deposit security reserve fund of the Landesbausparkassen also give their member banks an option to pay part of their contributions in the form of irrevocable payment undertakings backed in full by collateral. The Bank and the Landesbausparkasse have utilised this option for contributions of € 99 m (31 December 2022: € 73 m). Under similar conditions to the European Single Resolution Fund, the Reserve Fund is authorised to require the payment of payment undertakings and to utilise the collateral if necessary. A claim based on the irrevocable payment undertaking is considered unlikely given the financial adequacy of the Reserve Fund of the Landesbanken and Girozentralen,

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

Securities with a value of € 2,007 m have been pledged for settling clearing transactions. In connection with the Bank's short-term liquidity management, a volume of € 9,092 m was allocated for off-balance sheet draw-down risks and payment transactions. Securities with a market value of € 6,623 m were provided as collateral for secured money trading. These included securities with a market value of € 2,613 m from securities lending transactions. In accordance with international requirements, securities with an equivalent market value of € 1,597 m had been pledged as collateral.

If Sparkassen-Immobilien-Vermittlungs-GmbH or OFB Projektentwicklung GmbH (both affiliated companies) becomes insolvent, Helaba has agreed to make the equalisation payments to the relevant supplementary pension fund.

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

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

Further obligations in accordance with Section 285 no. 3 HGB are attributable in particular to long-term property rental and lease agreements for properties used for banking operations. Rental and lease payment obligations of € 13 m are expected for 2024 for the properties used by Helaba with contract terms and notice periods of one month up to ten years and four months. Other financial obligations arise from various rental, usage and service agreements as well as consultancy agreements to the extent customary in business.

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

The line of liquidity provided for the OPUSALPHA programme as a whole amounted to € 3,609 m (31 December 2022: € 3,338 m), of which € 2,946 m had been drawn down as at 31 December 2023 (31 December 2022: € 2,715 m).

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

As in the previous year, no liquidity lines existed for external securitisation platforms as at 31 December 2023.

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

Under local measurement procedures, a foreign pension fund for a foreign subsidiary's pension commitments has a deficit for which appropriate provisions have been recognised. This deficit must be eliminated by making payments into the corresponding plan assets starting in 2015. In the process, regular comparisons will be made between the value of the plan assets after payments and the effects arising from changes in local measurement parameters. Under international accounting requirements, the indirect pension obligation (before the existing plan assets are taken into account) amounts to € 44 m (31 December 2022: € 43m).

Helaba acquires receivables eligible for inclusion in the cover assets pool from S-Group as part of its Pfandbrief business; these items may be used to cover public Pfandbriefe or mortgage Pfandbriefe, including any collateral ("cover pooling"). According to the transfer agreements, the beneficial ownership of these items remains with the transferring bank, which continues to carry them on its balance sheet, although they have been entered into Helaba's cover register. Helaba does not recognise the obligations arising from the transfer agreements (amounting to the total nominal value of the receivables transferred to Helaba). At 31 December 2023, the total nominal value of all transferred receivables included in Helaba's cover register amounted to € 3,111 m (municipal authority loans of € 1,001 m and mortgage loans of € 2,111 m).

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

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

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

(45) Auditors' fees

Please refer to the IFRS Annual Report for further information on auditors' fees according to Section 285 no. 17 HGB.

The fees for financial statements auditing services include, in addition to the fees for audits of financial statements required under EU law, the fees for the review of interim financial statements by an auditor and those for audits of annual financial statements not prescribed under EU law.

Fees for other attestation services related to statutory, contractually agreed or voluntary review or attestation services, particularly attestations for protection schemes and statutory notifications, project reviews, reviews of the service-related internal control system and reviews of the custody business and securities service business.

(46) Related party disclosures

Helaba is required to report its transactions with related parties in accordance with Section 285 no. 21 HGB. These transactions are conducted on an arm's-length basis. Over and above the minimum disclosures required by Section 285 no. 21 HGB, we provide a comprehensive report on related party transactions in accordance with international accounting requirements (IAS 24). With regard to the Sparkassen- und Giroverband Hessen-Thüringen, the Federal State of Hesse and the Free State of Thuringia in their capacity as shareholders and owners, the criteria for exemption from reporting on related parties that are public-sector entities are satisfied; this option is always utilised if the business volumes involved are insignificant. The following information relates to the transactions with affiliated companies, associates and equity investments in joint ventures of the Helaba Group, the SGVHT and the Federal State of Hesse and the Free State of Thuringia in their capacity as shareholders, as well as subsidiaries of the SGVHT.

The disclosures relating to the persons in key positions at Helaba as defined in Section 285 no. 21 HGB, including their close family relations and companies controlled by those persons, are also included in the following table.

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

in € m

	Affiliated companies		Investments in joint ventures and associates		Shareholders of Helaba		Other related parties		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Assets	**3,648**	**2,907**	**121**	**92**	**7,654**	**7,845**	**0**	**0**	**11,422**	**10,844**
Loans and advances to banks	1,218	582	–	–	–	–	–	–	1,218	582
Loans and advances to customers	575	492	116	88	7,351	7,695	–	–	8,042	8,274
Bonds and other fixed-income securities	–	–	–	–	278	139	–	–	278	139
Equity shares and other variable-income securities	0	–	–	–	–	–	–	–	0	–
Trading assets	3	–	–	–	25	10	–	–	27	10
Equity investments	–	–	4	5	–	–	0	0	4	5
Shares in affiliated companies	1,815	1,810	–	–	–	–	–	–	1,815	1,810
Other assets	37	23	–	–	1	1	–	–	38	24
Liabilities	**5,270**	**5,435**	**13**	**15**	**3,227**	**3,136**	**0**	**0**	**8,511**	**8,586**
Securitised liabilities	–	9	–	–	–	–	–	–	–	9
Liabilities due to banks	4,933	5,005	–	–	67	141	–	–	5,000	5,146
Liabilities due to customers	288	409	10	15	2,778	2,991	0	0	3,077	3,415
Trading liabilities	0	–2	4	0	379	1	–	–	383	–2
Other liabilities	49	14	0	0	3	3	–	–	51	18
Off-balance sheet liabilities	**567**	**574**	**131**	**76**	**764**	**976**	**–**	**–**	**1,462**	**1,626**

Allowances of € 156 m (31 December 2022: € 162 m) were recognised on receivables from subsidiaries and joint ventures.

As in the previous year, receivables from other related parties comprised no loans to members of the Executive Board or Supervisory Board.

The total remuneration paid by the Bank to the Executive Board amounted to € 5.3 m (2022: € 4.1 m). A total of € 1.0 m (2022: € 0.9 m) was paid to the Supervisory Board and € 0.1 m (2022: € 0.1 m) was paid to the members of the Advisory Board. In addition, the employee representatives on the Supervisory Board (including deputy members) received a combined amount of € 1.9 m in salary payments as company employees. This amount was unchanged compared with the previous year. An amount of € 4.0 m was paid to former members of the Executive Board and their surviving dependants (2022: € 4.0 m). Provisions of € 63 m were recognised for pension obligations for this group of persons (31 December 2022: € 64 m).

(47) Average number of employees during the year

	Female		Male		Total	
	2023	2022	2023	2022	2023	2022
Bank	1,120	1,118	1,550	1,577	2,670	2,695
WIBank – Wirtschafts- und Infrastrukturbank Hessen	322	314	226	216	548	530
Landesbausparkasse	117	116	71	71	188	187
Bank as a whole	**1,559**	**1,548**	**1,848**	**1,864**	**3,406**	**3,412**

(48) Members of the Supervisory Board

Stefan G. Reuß
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main/Erfurt
– Chairman –

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

Michael Boddenberg
Member of the State Parliament of
Hesse
Wiesbaden
– Second Vice-Chairman –

Karin-Brigitte Göbel
Düsseldorf
– Third Vice-Chairman
since 3 July 2023 –

Klaus Moßmeier
Chairman of the Board of Managing
Directors
Kreis- und Stadtsparkasse Unna-
Kamen
Unna
– Third Vice-Chairman
until 2 July 2023 –

Karolin Schriever
Executive Member of the Board
Deutscher Sparkassen- und
Giroverband e.V.
Berlin
– Fifth Vice-Chairwoman –

Dr. Sascha Ahnert
Chairman of the Board of Managing
Directors
Stadt- und Kreis-Sparkasse
Darmstadt
Darmstadt

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

Hans-Georg Dorst
Chairman of the Board of Managing
Directors
Sparkasse Mittelthüringen
Erfurt

Günter Högner
Chairman of the Board of Managing
Directors
Nassauische Sparkasse
Wiesbaden
– until 31 May 2023 –

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

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

Marcus Nähser
Chairman of the Board of Managing
Directors
Nassauische Sparkasse
Wiesbaden
– since 1 July 2023 –

Dr. Hagen Pfeiffer
Managing Director
HP Management Advisory GmbH
Eschborn

Günter Rudolph
Member of the State Parliament of
Hesse
Wiesbaden
– until 11 October 2023 –

Anita Schneider
Chief Administrative Officer
County District of Gießen
Gießen

Dr. Hartmut Schubert
Secretary of State
Ministry of Finance of the State of
Thuringia

Erfurt

Wolfgang Schuster
Chief Administrative Officer
County District of Lahn-Dill

Wetzlar

Dr. Heiko Wingenfeld
Mayor
City of Fulda
Fulda

Employee representatives

Thorsten Derlitzki
Vice-President
Frankfurt am Main
– Fourth Vice-Chairman –

Sven Ansorg
Bank employee
Erfurt
– since 1 July 2023 –

Frank Beck
Vice-President
Frankfurt am Main

Katja Elsner
Vice-President
Frankfurt am Main
– until 30 June 2023 –

Thorsten Kiwitz
President
Frankfurt am Main

Christiane Kutil-Bleibaum
President
Düsseldorf

Annette Langner
Senior expert
Frankfurt am Main

Susanne Noll
Bank employee
Frankfurt am Main

Birgit Sahliger-Rasper
Bank employee
Frankfurt am Main

Thomas Sittner
Bank employee
Frankfurt am Main

(49) Members of the Executive Board

Thomas Groß – CEO –	Helaba Chief Executive Officer and Chief Financial Officer (CEO and CFO) and Dezernent (Board member) with responsibility for Group Steering, Human Resources and Legal Services, Finance, Group Audit, Frankfurter Sparkasse and Frankfurter Bankgesellschaft
Dr. Detlef Hosemann – until 30 November 2023 –	Helaba Chief Risk Officer (CRO) and Dezernent (Board member) with responsibility for Risk Control, Credit Risk Management, Restructuring & Recovery and Compliance
Hans-Dieter Kemler	Dezernent (Board member) with responsibility for Corporate Banking, Capital Markets, Treasury and Helaba Invest
Frank Nickel	Dezernent (Board member) with responsibility for Savings Banks and SME, Public Sector, WIBank and LBS
Christian Rhino	Helaba Chief Information Officer and Chief Operating Officer (CIO and COO) and Dezernent (Board member) with responsibility for Information Technology, Organisation and Operations
Christian Schmid	Dezernent (Board member) with responsibility for Real Estate Finance, Asset Finance, Real Estate Management, Distribution and Portfolio Management, GWH Immobilien Holding GmbH, OFB Projektentwicklung GmbH, Branch Management New York and Branch Management London
Tamara Weiss – as of 1 December 2023 –	Helaba Chief Risk Officer (CRO) and Dezernent (Board member) with responsibility for Risk Control, Credit Risk Management, Restructuring & Recovery and Compliance

(50) List of shareholdings

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

		Holding in % as per Section 16 (4) AktG						
No.	Name and location of the entity	Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
1	"Dia" Productions GmbH & Co. KG, Pullach	0.27	0.00		1.4	3,467	€	
2	1822direkt Gesellschaft der Frankfurter Sparkasse mbH, Frankfurt am Main	100.00	0.00		7.1	0	€	1)
3	ABE CLEARING S.A.S à capital variable, Paris, France	2.08	2.08		42.6	6,108	€	
4	ABG FRANKFURT HOLDING Wohnungsbau- und Beteiligungsgesellschaft mbH, Frankfurt am Main	0.00	0.00		1,123.9	68,070	€	
5	Advent International GPE IX-A SCSp, Luxembourg, Luxembourg	0.43	0.43		2,415.9	–1,264,835	€	
6	Advent International GPE V-B Limited Partnership, George Town, Cayman Islands	2.01	2.01	0.30	12.1	1,755	€	
7	Advent International GPE VI Limited Partnership, George Town, Cayman Islands	0.24	0.24		482.6	–43,402	€	
8	Advent International GPE X-A SCSp, Luxembourg, Luxembourg	0.30	0.30		149.8	–25,834	€	
9	Airport Office One GmbH & Co. KG, Schönefeld	100.00	0.00		–0.0	–11	€	
10	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	1.14	1.14		283.8	10,195	€	
11	Antenne Thüringen GmbH & Co. KG, Weimar	3.50	3.50		3.2	746	€	
12	ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	100.00	100.00		–4.6	19,160	€	
13	ASTARTE Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	–3	€	
14	Atruvia AG, Karlsruhe	0.02	0.00		449.0	9,936	€	
15	AVW Assekuranzvermittlung der Wohnungswirtschaft GmbH & Co. KG, Bosau	13.32	0.00	13.51	29.0	28,706	€	
16	Bauverein für Höchst a. M. und Umgebung eG, Frankfurt am Main	0.03	0.00		36.5	1,094	€	
17	BC European Capital VIII-8, St. Peter Port, Guernsey	1.83	1.83	0.17	129.1	–884	€	
18	BC Partners XI LE - 2 SCSp, Luxembourg, Luxembourg	3.87	3.87		109.6	2,767	€	
19	BCEC X Luxembourg 1 SCSp, Luxembourg, Luxembourg	7.37	7.37		378.5	–17,939	€	
20	BGT GmbH, Frankfurt am Main	100.00	100.00		0.0	0	€	1)
21	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Wiesbaden	100.00	100.00		1.8	649	€	
22	BOF III CV Investors LP, Wilmington, USA	4.16	4.16		6.5	–9	€	
23	Bürgschaftsbank Hessen GmbH, Wiesbaden	21.03	21.03		24.7	967	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Holding in % as per Section 16 (4) AktG: Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
24	Bürgschaftsbank Thüringen GmbH, Erfurt	31.50	31.50		27.7	172	€	
25	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		0.2	−0	€	
26	Campus Kronberg GmbH & Co. KG, Hamburg	6.00	0.00		52.1	2,326	€	
27	Capnamic Ventures Fund II GmbH & Co. KG, Cologne	4.27	4.27	4.35	78.0	1,187	€	
28	Capnamic Ventures Fund III GmbH & Co. KG, Cologne	2.60	2.60		52.5	−76	€	
29	CapVest Equity Partners II, L.P., Hamilton, Bermuda	3.48	3.48		0.6	91	€	
30	CapVest Equity Partners IV (Feeder) SCSp, Findel, Luxembourg	2.35	2.35		363.2	34,124	€	
31	CapVest Equity Partners V (Feeder 2) SCSp, Senningerberg, Luxembourg	5.85	5.85		−8.8	−8,787	€	
32	Carlyle Europe Partners V - EU SCSp, Luxembourg, Luxembourg	0.31	0.31		4.2	791	€	
33	CARMA FUND I Capital GmbH & Co. KG, Munich	5.93	5.93		0.2	−892	€	
34	CASHLINK Technologies GmbH, Frankfurt am Main	9.35	0.00		n.a.	n.a.		
35	Clareant Mezzanine Fund II (No. 1) Limited Partnership, St. Helier, Jersey	4.07	4.07		10.1	−2,299	€	
36	Clareant Mezzanine No. 1 Fund Limited Partnership, St. Helier, Jersey	3.40	3.40		9.2	−1,917	€	
37	CP Campus Projekte GmbH, Frankfurt am Main	50.00	0.00		1.3	861	€	
38	DBAG Fund V GmbH & Co. KG, Frankfurt am Main	7.59	7.59	15.11	10.2	2,167	€	
39	DBAG Fund VIII A (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		296.2	3,324	€	
40	DBAG Fund VIII B (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		57.2	8,445	€	
41	Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v. d. H.	1.71	0.00		697.1	51,994	€	
42	Deutsche WertpapierService Bank AG, Frankfurt am Main	3.74	3.74		284.9	1,478	€	
43	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	5.41	5.41		239.4	24,936	€	2)
44	Digital Growth Fund II GmbH & Co. KG, Munich	1.24	1.24		127.2	−9,783	€	
45	DIV Grundbesitzanlage Nr. 30 Frankfurt-Deutschherrnufer GmbH & Co. KG i.L., Frankfurt am Main	0.06	0.06		1.8	12	€	
46	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89	0.00		36.7	2,469	€	
47	Dritte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.1	−101	€	
48	Dritte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.4	−151	€	
49	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	6.00	0.00		16.6	2,216	€	
50	Eighth Cinven Fund (No. 2) Limited Partnership, London, United Kingdom	0.17	0.17		n.a.	n.a.		

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Holding in % as per Section 16 (4) AktG: Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
51	Einkaufszentrum Wittenberg GmbH, Leipzig	50.00	0.00		–0.8	302	€
52	EQT Expansion Capital II (No. 1) Limited Partnership, St. Peter Port, Guernsey	4.57	4.57		29.3	–12,162	€
53	EQT IX (No.1) EUR SCSp, Luxembourg, Luxembourg	0.17	0.17		9,566.3	349,162	€
54	EQT V (No. 1) Limited Partnership, St. Peter Port, Guernsey	0.28	0.28		226.4	102,462	€
55	EQT X (No.1) EUR SCSp, Luxembourg, Luxembourg	0.88	0.88		–173.5	–173,442	€
56	Erste OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.0	–67	€
57	Erste Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	4	€
58	Erste ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		–2.7	–2,113	€
59	Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Neuhardenberg	1.76	0.00		3,285.3	2,830	€
60	Eschborn Gate GmbH, Frankfurt am Main	50.00	0.00		0.5	–3,452	€
61	ESG Book GmbH, Frankfurt am Main	1.83	0.00		4.8	–5,993	€
62	Family Office der Frankfurter Bankgesellschaft AG, Frankfurt am Main	100.00	0.00		1.6	430	€
63	FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	50.00	0.00		–0.5	–133	€
64	FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	50.00	0.00		–1.4	–989	€
65	FHP Friedenauer Höhe Fünfte GmbH & Co. KG, Berlin	100.00	0.00		–0.5	–15	€
66	FHP Friedenauer Höhe Projekt GmbH, Berlin	100.00	0.00		0.1	–13	€
67	FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	50.00	0.00		–1.7	–223	€
68	FHP Friedenauer Höhe Verwaltungs GmbH, Berlin	50.00	0.00		0.0	2	€
69	FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	50.00	0.00		–3.0	–18	€
70	FHP Friedenauer Höhe Zweite GmbH & Co. KG, Berlin	100.00	0.00		–0.5	–25	€
71	FHP Projektentwicklung GmbH & Co. KG, Berlin	100.00	0.00		–0.0	–23	€
72	FIDUCIA Mailing Services eG, Karlsruhe	0.13	0.06		0.1	0	€
73	FinTech Community Frankfurt GmbH, Frankfurt am Main	25.00	25.00		0.2	–12	€
74	Forum Direktfinanz GmbH & Co. KG, Münster	14.29	14.29		3.4	1,425	€
75	Fourth Cinven Fund (No. 1) Limited Partnership, St. Peter Port, Guernsey	1.42	1.42		69.7	1,145,743	€
76	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00	0.00		26.2	4,986	€
77	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00	0.00		143.7	10,581	CHF

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
78	Frankfurter Bankgesellschaft Holding AG, Frankfurt am Main	100.00	100.00		0.1	0	€	
79	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		937.7	9,000	€	
80	G & O Alpha Hotelentwicklung GmbH, Frankfurt am Main	50.00	0.00		–0.5	–569	€	
81	G & O Alpha Projektentwicklungs-GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.2	–179	€	
82	G & O Alpha Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.1	–15	€	
83	G & O Gateway Gardens Dritte GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.1	–9	€	
84	G & O Gateway Gardens Erste GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	–10	€	
85	G & O MK 12 GmbH & Co. KG, Frankfurt am Main	50.00	0.00		–1.0	–610	€	
86	G & O MK 17.7 Nord GmbH & Co. KG, Frankfurt am Main	50.00	0.00		–0.7	603	€	
87	G & O MK 17.7 Süd GmbH & Co. KG, Frankfurt am Main	50.00	0.00		–0.1	–75	€	
88	G & O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.1	35	€	
89	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	100.00	0.00		23.4	0	€	1)
90	Galerie Lippe GmbH & Co. KG, Frankfurt am Main	94.90	0.00		–35.7	–16	€	
91	gatelands Immobilien GmbH & Co. KG, Schönefeld	75.00	0.00		0.5	–16	€	
92	gatelands Verwaltungs GmbH, Schönefeld	75.00	0.00		0.1	6	€	
93	GBOF VI Feeder 2 SCSP, Luxembourg, Luxembourg	2.20	2.20		453.7	49,285	€	
94	GbR Datenkonsortium OpRisk, Bonn	0.00	0.00	9.09	n.a.	n.a.		
95	GbR VÖB-ImmobilienAnalyse, Bonn	0.00	0.00	20.00	n.a.	n.a.		
96	GeckoGroup AG in Insolvenz, Wetzlar	5.02	0.00		n.a.	n.a.		
97	GGM Gesellschaft für Gebäude-Management mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
98	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
99	GIZS GmbH & Co. KG, Frankfurt am Main	33.33	33.33		2.8	–13,743	€	
100	GIZS Verwaltungs-GmbH, Frankfurt am Main	33.33	33.33		0.1	11	€	
101	GLB GmbH & Co. OHG, Frankfurt am Main	11.20	11.20		2.8	–59	€	
102	GLB-Verwaltungs-GmbH, Frankfurt am Main	11.20	11.20		0.1	2	€	
103	GLD Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	1	€	
104	GOB Dritte E & A Grundbesitz GmbH, Frankfurt am Main	50.00	0.00		–0.2	205	€	

		Holding in % as per Section 16 (4) AktG						
No.	**Name and location of the entity**	**Total**	**Thereof directly**	**Voting rights if different from holding total in %**	**Equity in € m**	**Net profit in € thousands**	**Original currency**	
105	GOB Projektentwicklung Fünfte GmbH & Co. KG, Frankfurt am Main	8.84	0.00		–0.3	–39	€	
106	GOB Projektentwicklungsgesellschaft E & A mbH, Frankfurt am Main	50.00	0.00		0.0	3	€	
107	GreenTech Accelerator Gernsheim GmbH, Gernsheim	20.00	20.00		0.2	–10	€	
108	Gründerfonds Ruhr GmbH & Co. KG, Essen	8.70	8.70		15.9	–611	€	
109	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33	0.00		–0.6	–6,004	€	
110	Grundstücksverwaltungsgesellschaft KAISERLEI GmbH & Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100.00	0.00		0.7	–54	€	
111	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH, Frankfurt am Main	100.00	0.00		0.9	6	€	
112	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00	5.10		87.8	7,068	€	
113	GWH Bauprojekte GmbH, Frankfurt am Main	100.00	0.00		13.6	0	€	1)
114	GWH Digital GmbH, Frankfurt am Main	100.00	0.00		0.2	50	€	
115	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		949.9	0	€	1)
116	GWH Komplementär I. GmbH, Frankfurt am Main	100.00	0.00		0.1	27	€	
117	GWH Projekt Braunschweig I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		9.2	–52	€	
118	GWH Projekt Dresden I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		12.1	–19	€	
119	GWH Projekt Dresden II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		14.2	–19	€	
120	GWH Projekt Dresden III GmbH & Co. KG, Frankfurt am Main	100.00	0.00		14.2	–25	€	
121	GWH Projekt Eppstein GmbH & Co. KG, Frankfurt am Main	100.00	0.00		6.1	–15	€	
122	GWH Projekt Friedrichsdorf I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	–19	€	
123	GWH Projekt Gunderslache GmbH & Co. KG, Frankfurt am Main	100.00	0.00		21.8	–29	€	
124	GWH Projekt Lyoner Gärten GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	–15	€	
125	GWH Projekt Wolfsburg I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.1	–19	€	
126	GWH WertInvest GmbH, Frankfurt am Main	100.00	0.00		2.3	763	€	
127	GWH Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	100.00	0.00		451.3	63,648	€	
128	HaemoSys GmbH, Jena	38.33	0.00		–4.8	–524	€	
129	Hafenbogen GmbH & Co. KG, Frankfurt am Main	5.10	5.10		21.8	–391	€	
130	HANNOVER LEASING GmbH & Co. KG, Pullach	5.10	5.10		55.6	662	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
131	HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG, Pullach	48.27	0.00		5.1	148	€	
132	HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG, Pullach	63.10	0.00		6.0	733	€	
133	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	54.51	0.00		1.5	–923	€	
134	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.8	–97	€	
135	Helaba Asset Services Limited, Dublin, Ireland	100.00	100.00		39.0	–2,799	€	
136	Helaba Digital GmbH & Co. KG, Frankfurt am Main	100.00	100.00		5.9	–1,584	€	
137	Helaba Digital Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	–0	€	
138	Helaba Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.2	0	€	
139	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	100.00		18.0	0	€	1)
140	Helaba Representação Ltda., São Paulo, Brazil	100.00	99.00		0.1	0	BRL	
141	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Frankfurt am Main	50.00	50.00		0.5	298	€	
142	Hello Darmstadt Projektentwicklung GmbH & Co. KG, Darmstadt	5.10	0.00		0.8	439	€	
143	Hessen Kapital I GmbH, Wiesbaden	100.00	100.00		41.6	–2,625	€	
144	Hessen Kapital II GmbH, Wiesbaden	100.00	100.00		12.2	178	€	
145	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	37.11	37.11		108.6	6,017	€	
146	Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH, Frankfurt am Main	15.49	0.00		4.0	147	€	
147	HeWiPPP II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–2.0	–927	€	
148	Honua'ula Partners LLC, Wilmington, USA	100.00	0.00		–255.7	–13,500	USD	
149	HP Holdco LLC, Wilmington, USA	100.00	100.00		–0.5	–152	USD	
150	HQ Equita Beteiligungen V GmbH & Co. KG, Bad Homburg v. d. H.	3.24	3.24		173.4	3,412	€	
151	HTB Grundstücksverwaltungsgesellschaft mit beschränkter Haftung, Frankfurt am Main	100.00	100.00		0.1	–0	€	
152	ICG Europe Fund VII Feeder SCSp, Luxembourg, Luxembourg	0.64	0.64		3,004.3	158,665	€	
153	ICG Europe Fund VIII Feeder SCSp, Senningerberg, Luxembourg	0.34	0.34		1,349.0	144,093	€	
154	IMAP M&A Consultants AG, Mannheim	78.97	0.00		5.0	3,952	€	
155	Immomio GmbH, Hamburg	15.65	0.00		8.3	–1,453	€	
156	Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Frankfurt am Main	16.90	4.21		23.7	7,978	€	
157	Investcorp Private Equity 2007 Fund, L.P., George Town, Cayman Islands	2.01	2.01		5.2	–45	USD	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
158	Kalypso Projekt GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	6	€
159	KKR European Fund V (EUR) SCSp, Luxembourg, Luxembourg	0.70	0.70		2,158.1	–158,119	USD
160	KKR European Fund VI (EUR) SCSp, Luxembourg, Luxembourg	0.64	0.64		–33.4	–33,358	USD
161	Komuno GmbH, Frankfurt am Main	100.00	0.00		1.6	–1,590	€
162	Kornmarkt Arkaden Dritte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		5.0	14	€
163	Kornmarkt Arkaden Erste GmbH & Co. KG, Frankfurt am Main	5.10	0.00		29.5	1,016	€
164	Kornmarkt Arkaden Verwaltung GmbH, Frankfurt am Main	100.00	0.00		0.0	–0	€
165	Kornmarkt Arkaden Vierte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		74.1	–26	€
166	Kornmarkt Arkaden Zweite GmbH & Co. KG, Frankfurt am Main	5.10	0.00		20.2	–2,998	€
167	LBS IT Informations-Technologie GmbH & Co KG, Berlin	7.30	7.30		0.0	61	€
168	LEA Mittelstandspartner II GmbH & Co. KG, Karlsruhe	2.09	2.09		53.7	–2,949	€
169	LEA Venturepartner GmbH & Co. KG, Karlsruhe	4.17	4.17		38.2	–1,360	€
170	Magical Productions GmbH & Co. KG, Pullach	2.11	0.00		2.4	836	€
171	Magnum Capital III SCA SICAV-RAIF, Luxembourg, Luxembourg	2.22	2.22		191.9	40,708	€
172	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	100.00	0.00		16.0	1,777	€
173	MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Wiesbaden	32.52	32.52		11.6	12	€
174	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	94.90	0.00		31.7	1,783	€
175	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.56	38.56		29.1	529	€
176	MKB PARTNERS, LLC, Wilmington, USA	100.00	0.00		7.7	–1	USD
177	MML Partnership Capital VII SCSp, Senningerberg, Luxembourg	1.51	1.51		682.7	19,342	€
178	Montindu S.A./N.V., Brussels, Belgium	100.00	99.97		15.7	369	€
179	Multi Park Verwaltungs GmbH i.L., Neu-Isenburg	50.00	0.00		0.1	–9	€
180	NAsP III/V GmbH, Marburg	14.92	0.00		0.5	–262	€
181	Nassauische Heimstätte Wohnungs- und Entwicklungsgesellschaft mbH, Frankfurt am Main	0.84	0.00		1,096.1	10,837	€
182	neue leben Pensionskasse Aktiengesellschaft, Hamburg	3.20	0.00		30.4	500	€
183	Neunte P 1 Projektgesellschaft mbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	–16	€
184	Nordic Capital XI Alpha SCSp, Senningerberg, Luxembourg	0.73	0.73		–12.7	–12,736	€

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
185	Objekt Limes Haus GmbH & Co. KG, Hamburg	5.10	0.00		14.2	–2,225	€	
186	OFB & Procom Objekt Neu-Ulm GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	3	€	
187	OFB Beteiligungen GmbH, Frankfurt am Main	100.00	0.00		3.4	71	€	
188	OFB Biotech Campus GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.0	–40	€	
189	OFB Bleidenstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		7.4	15,165	€	
190	OFB gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	100.00	0.00		–0.4	–388	€	
191	OFB gatelands Verwaltung GmbH, Schönefeld	100.00	0.00		0.0	6	€	
192	OFB Limes Haus II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.7	–5	€	
193	OFB Löwenhöhe GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.6	1,953	€	
194	OFB MK 14.3 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–1.4	–918	€	
195	OFB Projektentwicklung GmbH, Frankfurt am Main	100.00	100.00		1.1	0	€	1)
196	OFB Sechste PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		6.7	6,455	€	
197	OFB Seven Gardens 2. BA GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.1	–120	€	
198	PALMYRA Verwaltungsgesellschaft mbH & Co. Vermietungs KG S.e.n.c., Luxembourg, Luxembourg	5.20	0.00		9.9	–1,353	€	
199	Pan-European Infrastructure Fund LP, St. Helier, Jersey	0.73	0.73		0.6	–264	€	
200	PATRIZIA Hessen Zehn GmbH & Co. KG, Hamburg	5.20	0.00		14.6	717	€	
201	PineBridge PEP IV Co-Investment L.P., Wilmington, USA	9.51	0.00		5.2	1,059	USD	
202	PineBridge PEP IV Non-U.S. L.P., Wilmington, USA	17.00	0.00		1.0	–81	USD	
203	PineBridge PEP IV Secondary L.P., Wilmington, USA	16.10	0.00		3.9	–524	USD	
204	PineBridge PEP IV U.S. Buyout L.P., Wilmington, USA	17.21	0.00		3.6	–974	USD	
205	PineBridge PEP IV U.S. Venture L.P., Wilmington, USA	17.51	0.00		9.3	–1,282	USD	
206	Private Equity Thüringen GmbH & Co. KG i.L., Erfurt	14.11	14.11		1.7	38	€	
207	Projekt Am Sonnenberg Wiesbaden GmbH, Essen	49.00	0.00		–0.7	–655	€	
208	Projekt Erfurt B38 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	–12	€	
209	Projekt Feuerbachstraße Verwaltung GmbH, Frankfurt am Main	70.00	0.00		0.0	0	€	
210	Projekt Hirschgarten MK8 GmbH & Co. KG, Stuttgart	5.10	0.00		169.9	7,220	€	
211	Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt am Main	30.00	0.00		0.1	44	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
212	Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Frankfurt am Main	30.00	0.00		–0.0	–6	€	
213	Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		–0.1	–101	€	
214	Projektentwicklungs-GmbH & Co. Landratsamt KG, Wolfhagen	6.00	0.00		7.5	777	€	
215	Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	93	€	
216	PT1 Early Stage Fund II GmbH & Co. KG, Berlin	11.36	11.36		n.a.	n.a.		
217	PVG GmbH, Frankfurt am Main	100.00	100.00		1.0	0	€	1)
218	Rotunde - Besitz- und Betriebsgesellschaft der S-Finanzgruppe mbH & Co. KG, Erfurt	34.00	34.00	25.00	4.4	22	€	
219	Rotunde Verwaltungsgesellschaft mbH, Erfurt	34.00	34.00	25.00	0.0	0	€	
220	RSU GmbH & Co. KG, Munich	9.60	9.60		10.9	241	€	
221	S CountryDesk GmbH, Cologne	5.88	2.94		0.9	67	€	
222	S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication SCRL, La Hulpe, Belgium	0.00	0.00	0.22	664.1	38,075	€	
223	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		7.0	–1	€	
224	SCHUFA Holding AG, Wiesbaden	0.31	0.00		157.2	50,866	€	
225	Seventh Cinven Fund (No. 1) Limited Partnership, St Peter Port, Guernsey	0.16	0.16		7,691.1	1,183,767	€	
226	S-International Saar Pfalz GmbH & Co. KG, Saarbrücken	9.90	9.90		0.5	–399	€	
227	SIX Group AG, Zurich, Switzerland	0.00	0.00		5,360.2	75,586	CHF	
228	SIZ GmbH, Bonn	5.32	5.32		6.5	576	€	
229	Sparkassen-Immobilien-Vermittlungs-GmbH, Frankfurt am Main	100.00	100.00		3.5	958	€	1)
230	Sparkassen-Marktservice Beteiligungs GmbH & Co. KG, Frankfurt am Main	50.00	40.00		4.1	198	€	
231	Sparkassen-Marktservice Verwaltungs GmbH, Frankfurt am Main	50.00	40.00		0.0	–0	€	
232	SQO Stadt Quartier Offenburg GmbH & Co. KG, Frankfurt am Main	100.00	0.00		31.3	–293	€	
233	Systeno GmbH, Frankfurt am Main	100.00	0.00		13.8	3,981	€	
234	TE Beta GmbH i.L., Frankfurt am Main	100.00	100.00		0.4	–2	€	
235	TE Gamma GmbH i.L., Frankfurt am Main	100.00	100.00		0.1	–2	€	
236	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.0	–0	€	
237	TF H III Technologiefonds Hessen Gesellschaft mit beschränkter Haftung, Wiesbaden	25.00	25.00		7.1	532	€	
238	TF H IV Goodwill GmbH, Wiesbaden	100.00	0.00		n.a.	n.a.		

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG – Total	Holding in % as per Section 16 (4) AktG – Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
239	TF H IV Technologiefonds Hessen GmbH & Co. KG, Wiesbaden	34.78	34.78		n.a.	n.a.		
240	TF H IV Verwaltungs GmbH, Wiesbaden	100.00	0.00		n.a.	n.a.		
241	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH) i.L., Frankfurt am Main	66.67	66.67		0.5	−25	€	
242	THE TRITON FUND II L.P. i.L., St. Helier, Jersey	0.77	0.77		46.4	−158	€	
243	Treuhandgesellschaft für die Südwestdeutsche Wohnungswirtschaft mbH, Frankfurt am Main	3.25	0.00		2.2	113	€	
244	Triton Fund III L.P., St. Helier, Jersey	0.71	0.71		70.2	−31,329	€	
245	Triton Fund V SCSp, Luxembourg, Luxembourg	2.44	2.44		866.5	200,598	€	
246	True Sale International GmbH, Frankfurt am Main	8.33	8.33		4.7	136	€	
247	unIQus Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	32	€	
248	vc trade GmbH, Frankfurt am Main	9.52	0.00		4.9	−1,241	€	
249	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
250	Verso Grundstücksentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.2	175	€	
251	Verso Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.2	−172	€	
252	Vierte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.1	−47	€	
253	Vierte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.9	−242	€	
254	Volks- Bau- und Sparverein Frankfurt am Main eG, Frankfurt am Main	0.01	0.00		68.4	3,256	€	
255	Westhafen Haus GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	50.00	0.00		0.0	2	€	
256	WoWi Media GmbH & Co. KG, Hamburg	23.72	0.00	19.24	2.8	11,461	€	
257	yabeo Impact AG, Pullach	8.54	8.54		5.2	−3,502	€	
258	Zweite OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.4	347	€	
259	Zweite OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.1	−190	€	
260	Zweite Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	3	€	
261	Zweite ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		5.9	−85	€	

[1] A control agreement and / or profit and loss transfer agreement has been signed with the entity.

[2] Holding larger than 5 % in a large corporation.

n.a. There are no adopted financial statements.

(51) List of positions on supervisory bodies in accordance with Section 340a (4) No. 1 of the HGB

Positions held by the members of the Executive Board

Office holderr	Corporation	Function
Thomas Groß	Frankfurter Bankgesellschaft Holding AG, Frankfurt am Main	Chairman
	Frankfurter Bankgesellschaft (Schweiz) AG, Zürich, Schweiz	President
	Frankfurter Sparkasse, Frankfurt am Main	Chairman
	GWH Immobilien Holding GmbH, Frankfurt am Main	Member
Hans-Dieter Kemler	Frankfurter Bankgesellschaft Holding AG, Frankfurt am Main	Vice Chairman
	Frankfurter Sparkasse, Frankfurt am Main	First Vice Chairman
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Chairman
Frank Nickel	Frankfurter Bankgesellschaft Holding AG, Frankfurt am Main	Member
	Frankfurter Sparkasse, Frankfurt am Main	Member
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Vice Chairman
	Thüringer Aufbaubank, Erfurt	Member
Christian Rhino	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	Member
	DSGF Deutsche Servicegesellschaft für Finanzdienstleister mbH, Köln	Member
	paydirekt GmbH, Frankfurt am Main	Member
Christian Schmid	GWH Immobilien Holding GmbH, Frankfurt am Main	Chairman
Tamara Weiss	Frankfurter Sparkasse, Frankfurt am Main	Member
	GWH Immobilien Holding GmbH, Frankfurt am Main	Member

Positions held by other employees

Office holder	Corporation	Function
Uwe Höppner	Bürgschaftsbank Thüringen GmbH, Erfurt	Member
Hans-Dieter Kemler	Eurex Deutschland, Frankfurt am Main	Member
Lioudmila Mathea	GWH Immobilien Holding GmbH, Frankfurt am Main	Member
Dirk Mewesen	Helaba Asset Services Limited, Dublin, Irland	Member
Dr. Michael Reckhard	Bürgschaftsbank Hessen GmbH, Wiesbaden	Member
Jörg Schirrmacher	Helaba Asset Services Limited, Dublin, Irland	Member
Peter Schnell	Städtische Sparkasse Offenbach a. M., Offenbach	Member
Peter Marc Stober	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Member

(52) Report on events after the reporting date

There were no significant events after 31 December 2023.

Frankfurt am Main / Erfurt, 27 February 2024

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß Kemler Nickel

Rhino Schmid Weiss

Responsibility statement

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

Frankfurt am Main/Erfurt, 27 February 2024

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Kemler	Nickel
Rhino	Schmid	Weiss

Independent auditor's report

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

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

Opinions

We have audited the annual financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, which comprise the balance sheet as at 31 December 2023 and the income statement for the financial year from 1 January 2023 to 31 December 2023 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Landesbank Hessen-Thüringen Girozentrale for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the non-financial statement included in the "Non-Financial Statement" section of the management report.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Institution as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Institution's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the non-financial statement referred to above.

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

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Institution in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Calculation of global allowances

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

The Bank calculates global allowances in the annual financial statements prepared in accordance with German commercial law based on the requirements of IFRS 9.

The estimate of the credit risk parameters underlying the calculation of the global allowances in the Bank's loss allowance model is based on historical information, obligor characteristics, current economic developments and forward-looking macroeconomic assumptions. Some of these parameters can only be observed with a time lag and are subject to estimation uncertainty.

The increased risks from the significant deterioration in the situation on the real estate markets compared to the prior year are not yet fully reflected in the credit risk parameters. Against this backdrop, the Bank recognized a post-model adjustment (portfolio-based loss allowance). The post-model adjustment leads to a significant increase in loss allowances for performing exposures, particularly for the commercial real estate portfolio. The assumptions regarding changes in probabilities of borrower default and the recoverability of real estate collateral were decisive in determining the post-model adjustment.

In light of the increased estimation uncertainty and the associated judgement, the calculation of global allowances was a key audit matter.

Auditor's response

We assessed the design and operating effectiveness of the internal control system with regard to the calculation of global allowances. considering governance, IT applications and the relevant valuation models as well as the results of the Bank's internal backtesting. We particularly assessed whether the procedures and controls implemented to update the parameters as well as the existing approval processes were appropriate and effective.

We performed substantive analytical procedures based on a full data excerpt. We recalculated the global allowances on a sample basis. We analysed the extent to which assumptions on macroeconomic forecasts lie within a range of reasonable values from external information sources.

We satisfied ourselves of the need to recognize a post-model adjustment and assessed the determination of the sub-portfolios affected by the post-model adjustment in accordance with internal bank requirements. Furthermore, we obtained an understanding of the calculation of the post-model adjustment by assessing the underlying assumptions regarding changes in the probabilities of default and collateral values in the Bank's commercial real estate portfolio. In addition, we checked the arithmetical accuracy of the Bank's post-model adjustment.

As part of the audit, we consulted internal specialists who have particular expertise in the area of credit risk management.

Our procedures did not lead to any reservations relating to the calculation of global allowances.

Reference to related disclosures

The Institution's disclosures on the recognition and measurement principles applied to global allowances are contained in Note (1) of the notes to the financial statements and in the "Risk-Bearing Capacity/ICAAP" section of the management report.

2. Identification and calculation of loss allowances for defaulted exposures in the commercial real estate portfolio

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

Identification of defaulted exposures constitutes a significant area of management judgement. Exposures in the office and retail property sub-portfolios of the Bank's commercial real estate portfolio were particularly affected by the significant deterioration in the situation on the real estate markets compared to the prior year. The procedure for calculating loss allowances for defaulted exposures involves various assumptions and estimations, particularly with regard to the financial situation of the borrower, expectations of future cash flows, observable market prices and expectations of net sales prices as well as the realization of collateral. Minimal changes in the assumptions and estimation inputs may mean that defaulted exposures are not identified promptly. They can also lead to significantly different measurements and thus to a change in the loss allowances required.

In light of the significance for the assets, liabilities and financial performance, we considered the identification and calculation of loss allowances for defaulted exposures in the commercial real estate portfolio to be a key audit matter.

Auditor's response

We considered the processes for identifying default risks and monitoring borrowers in the office and retail property sub-portfolios. To this end, we assessed in particular the processes for monitoring early warning indicators, the application of default criteria and the correct allocation to the relevant risk status.

We also examined the process for calculating loss allowances, which included testing the operating effectiveness of the controls implemented for the calculation of loss allowances.

As part of our credit file review, we took a risk-based sample and analysed in particular exposures in the office and retail property sub-portfolios with regard to loss allowances required for defaulted exposures.

We performed substantive audit procedures, assessing whether the significant assumptions concerning the estimated future cash flows from the exposures including the carrying amount of the collateral held were consistent with the financial situation of the borrower and the publicly available market and industry forecasts. In addition, we assessed the identified loss allowance scenarios for consistency with the Bank's assessment of the borrower and the planned measures.

In the case of property collateral for which the Institution provided us with appraisals from a real estate expert it had appointed, we used these appraisals as audit evidence. In this context, we obtained an understanding of the underlying source data, the valuation inputs used and the assumptions made, critically evaluated them and assessed whether they are within a reasonable range. We also consulted internal specialists who have particular expertise in the area of real estate valuation for this purpose.

Our procedures did not lead to any reservations relating to the calculation of loss allowances for defaulted exposures in the commercial real estate portfolio.

Reference to related disclosures

The Institution's disclosures on the recognition and measurement principles applied in the valuation of the loan portfolios are contained in Note (1) of the notes to the financial statements and in the "Risk-Bearing Capacity/ICAAP" section of the management report.

Other information

The executive directors are responsible for the other information. The other information comprises the non-financial statement pursuant to Sec. 289b (1) HGB included in the management report. The other information also comprises the report on equality and equal pay in accordance with Sec. 21 EntgTranspG ["Entgelttransparenzgesetz": German Pay Transparency Act], which is included as an annex to the management report, and the responsibility statement. Furthermore, the other information comprises additional parts of the annual financial report of which we received a version before issuing this auditor's report, in particular the "Helaba Addresses" section, but not the annual financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

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

In preparing the annual financial statements, the executive directors are responsible for assessing the Institution's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Institution's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

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

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Institution’s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. •

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Institution.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Institution to cease to be able to continue as a going concern.

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

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

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

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

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file HELABA_JA+LB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January 2023 to 31 December 2023 contained in the "Report on the audit of the annual financial statements and of the management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Institution are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Institution are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

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

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

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

We were elected as auditor by the Board of Public Owners on 31 March 2023. We were engaged by the Executive Board on 17 May 2023. We have been the auditor of Landesbank Hessen-Thüringen Girozentrale without interruption since financial year 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

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

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marcus Binder.

Eschborn/Frankfurt am Main, 29 February 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Binder	Alt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Independent auditor’s report on a limited assurance engagement

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

We have performed a limited assurance engagement on the non-financial statement of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt (hereinafter the “Institution”) contained in the “Non-Financial Statement” section of the management report, and on the section “Basic Information About Helaba”, incorporated by reference, of the management report for the period from 1 January 2023 to 31 December 2023 (“non-financial reporting”).

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

Responsibilities of the executive directors

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

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

Independence and quality assurance of the auditor’s firm

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

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

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

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Institution’s non-financial reporting is not prepared, in all material respects, in accordance with Secs. 289c to 289e HGB. Not subject to our assurance engagement were other references to disclosures made outside the non-financial reporting.

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

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

- Gained an understanding of the structure of the Institution’s sustainability organization and stakeholder engagement

- Inquiries of the executive directors and relevant employees involved in the preparation of the non-financial reporting regarding the preparation process, to evaluation of the reporting system and the methods of data capture and preparation, the internal controls and the disclosures in the non-financial reporting
- Inquiries of relevant employees regarding the selection of topics for the non-financial reporting, the assessment of effects and risks and the policies of the Institution for the topics identified as material
- Identification and assessment of the risk of material misstatement in the non-financial reporting
- Analytical procedures on selected disclosures in the non-financial reporting
- Performance of selective sampling relating to the collection and reporting of selected disclosures in the non-financial reporting
- Evaluation of the presentation of disclosures in the non-financial reporting

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial reporting of the Institution for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with Secs. 289c to 289e HGB. We do not express an assurance conclusion on the other references to disclosures made outside the non-financial reporting.

Restriction of use

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

General Engagement Terms and Liability

The attached "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2024 are an integral part of this engagement, also in relation to third parties (ey-idw-aab-de-2024.pdf).

In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarised in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn/Frankfurt am Main, 29 February 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Marcus Binder	Martin Alt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Management report and annual financial statements of Landesbausparkasse Hessen-Thüringen 2023

Management report of Landesbausparkasse Hessen-Thüringen

Management report of Landesbausparkasse Hessen-Thüringen

I. Basic information

Legal and organisational structure

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

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

Strategic business model and strategic goals of the LBS

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

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

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

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

Management system

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

Sustainability

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

In mid-2023, Helaba held strategy workshops with all front office units and subsidiaries in order to analyse the exposure of the respective unit's customers to climate-related and environmental risks. LBS was involved in this Group-wide strategy process. The findings revealed "low" short- to mid-term impacts of climate-related and environmental risks on the residential real estate portfolio.

II. Economic report

Macroeconomic development

Calculations from the German Federal Statistical Office (Destatis) indicate that real gross domestic product (GDP) was 0.3 % higher in 2023 than in the previous year. On a seasonally adjusted basis, economic growth was 0.1 %. Macroeconomic performance in Germany in 2023 slowed in an environment that remains impacted by various crises. Despite recent declines, prices are still high in all markets and continue to dampen the economy. Additional factors were unfavourable financing conditions due to rising interest rates and low demand from domestic and international markets. As a result, the German economy was unable to continue its recovery from the severe slump in the pandemic year 2020. Average consumer prices in 2023 rose by 5.9 % compared with 2022. The prices of energy products increased by 5.3 % in 2023 and, as in the previous year, were subject in part to government relief measures.

Development of the real estate market

After an upswing that has lasted many years, the real estate market in Germany is undergoing a correction. Having doubled since 2010, real estate prices in key segments began falling around the middle of 2022. The end of the boom was not triggered by excess supply or a lack of demand for real estate but resulted mainly from the large hike in interest rates on the capital market which meant that borrowing became far more expensive in just a short time. Real household income losses, massively increased building costs, higher financing costs and stricter lending policies have greatly reduced the demand for housing. Net lending for home construction has more or less come to a standstill. The number of building permits issued and new orders for residential construction projects in the third quarter fell significantly below the levels seen at the start of 2022. In Germany, the average decrease in residential building prices was previously in the range of around 5 % (vdp index) to 10 % (German Federal Statistical Office). However, recently, both these data sets have pointed to a deceleration of the downwards trend. Generally speaking, particularly marked price decreases have been recorded for buildings that do not comply with increasingly stringent energy efficiency requirements. A total of 196,700 new residential properties were approved between January and November 2023, a decrease of 28.8 % on the prior-year period. The number of building permits issued for single-family homes fell by more than one third. The number of residential properties approved in two-family homes almost halved while those approved in multiple-family homes declined by almost one quarter. An increase was seen only in the number of residential facilities approved (+29.4 %).

Sales in the first ten months of 2023 fell by 3.2 % in real terms compared with the prior-year period. The number of people employed in the structural and civil engineering sector was 1.2 % higher in October 2023 than in the same month in the previous year.

According to German Central Bank forecasts, residential construction investment will also decline in 2024, albeit at a slower rate than in the previous year. This slump is not expected to end until early 2025. A modest recovery should then start and will be based on a number of factors. The fundamental demand for housing remains intact and will be boosted by high migration. Moreover, financing costs are not likely increase any further and real household incomes should recover significantly. During the forecast period, the energy-related renovation of existing properties will have a supporting effect.

Economic implications for home savings business

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

Contract portfolio

LBS serviced a home loan and savings volume of € 21,564 m (2022: € 21,126 m) in the year under review representing 632,979 (2022: 656,717) home savings contracts. The year-on-year change in volume terms amounts to a 2.1 % increase.

Contract development

LBS concluded a total of 38,672 (2022: 41,606) new home savings contracts with a total net value of € 2,235 m (2022: € 2,724 m) in the year under review, a year-on-year decrease of 18.0 % in volume terms. Gross new business was therefore lower than forecast for 2023. The average value of the home savings contracts concluded declined by 11.7 %.

LBS arranged 29,069 (2022: 31,368) home savings contracts with a total net value of € 1,792 m (2022: € 2,172 m) in Hesse and 9,603

(2022: 10,238) home savings contracts with a total net value of € 444 m (2022: € 552 m) in Thuringia.

The Sparkassen in Hesse and Thuringia have traditionally been the main sales partners for new contracts and the proportion of business arranged by the Sparkassen (including joint business) remained high in the year under review at 87.3 % (2022: 89.0 %), corresponding to home savings contracts with a value of € 2.0 bn, 1.7 percentage points lower than the previous year.

New business adjusted for the amounts actually paid in was up year on year, both in terms of the number of home savings contracts (2023: 37,477; 2022: 33,849) and in terms of total net value (2023: € 2,159 m; 2022: € 2,080 m). There were 28,033 (2022: 25,204) new contracts in an amount of € 1,723 m (2022: € 1,647 m) paid in in Hesse and 9,444 (2022: 8,645) new contracts in an amount of € 436 m (2022: € 433 m) paid in Thuringia, which represents a year-on-year increase of 4.6 % in Hesse and 0.7 % in Thuringia in terms of total net value. Home savings customers under the age of 25 accounted for 32.3 % of the first-time contracts concluded in the year under review.

Lending business

At € 153.7 m, the value of home savings loans disbursed increased compared with the prior year (2022: € 53.3 m). Disbursements of loans outside the home savings collective fell by € 38.7 m (– 29.0 %) year on year to € 94.8 m.

Development of allocations

The target valuation index that has to be reached in order for allocation by LBS has been constant at 224, which is the minimum valuation index specified in the general terms and conditions, for more than 25 years. Some 54,694 contracts representing a home loan and savings volume of € 1,269.4 m were allocated in the year under review.

Of the inflows to the allocation fund, € 708.1 m (– 8.1 %) was attributable to savings deposits, including employer contributions to employee capital formation schemes, the “Wohnungsbauprämie” (a government subsidy paid on savings to be used for the construction, purchase or improvement of residential real estate) and interest credits, while € 49.4 m (+ 13.3 %) was attributable to redemption payments. In total, an amount of € 757.5 m (– 6.9 %) was added to the allocation fund. These inflows were offset by withdrawals in the amount of € 957.4 m (+ 28.6 %), meaning that the allocation fund had increased by € 199.9 m at the end of the year.

Results of operations

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

Interest income

Interest income was increased by growth in the annual average portfolio of home savings loans, which expanded by € 57.0 m (+ 51.7 %). The average interest rate for home savings loans declined in 2023 by 17 basis points (BP) to 2.67 % (2022: 2.84 %). The contradictory volume and interest rate effects increased the interest income from home savings deposits by € 1.4 m to € 4.5 m.

Interest income in lending business outside the home savings collective increased by € 1.8 m to € 20.2 m. The average portfolio subject to interest (interim and bridge-over loans including other home finance loans) increased by € 14.8 m (+ 1.5 %) year on year and the average interest earned on loans outside the home savings collective rose to 2.08 % (2022: 1.93 %).

The average interest rate increased by 24 BP to 1.85 % as a result of rising yields for money market transactions thanks to the optimisation of the maturity structure in the medium-term area. Interest received from financial investments increased by € 11.5 m overall (+ 14.1 %), € 10.6 m of which was accounted for by overnight money deposits. This development was favoured by the adjustment of interest for unutilised RWA made available within the Group by LBS, which increased by € 0.7 m to € 9.6 m. Overall interest income dropped by € 14.6 m to € 117.9 m.

Interest expense

The introduction of new home loan and savings tariffs over recent years has had a positive impact on interest expenses. The inflow of home savings deposits in 2023 pushed annual average holdings of home savings deposits up by € 21.0 m year on year to € 5.3 bn. This volume effect was more than offset by the lower average interest rate for home savings deposits: the average interest rate for 2023 was down 14 BP year on year to 0.76 %. The contradictory volume and interest rate effects reduced the interest expense for home savings deposits by € 7.5 m to € 40.0 m.

Net interest income is € 11.9 m higher than forecast at € 70.9 m overall.

The home savings collective interest margin, which is calculated as the difference between the average interest rates for home savings loans and home savings deposits, amounted to 1.91 % in 2023.

Net fee and commission income/expense

The net fee and commission income / expense variable declined by € 4.0 m to net expense of € 2.3 m and was thus lower than forecast figure. The fees and commissions paid decreased by € 4.3 m (– 11.3 %) due to the fall in gross new business. Fee and commission income also decreased, in this case by € 8.2 m (– 21.0 %) to € 31.0 m.

General and administrative expenses

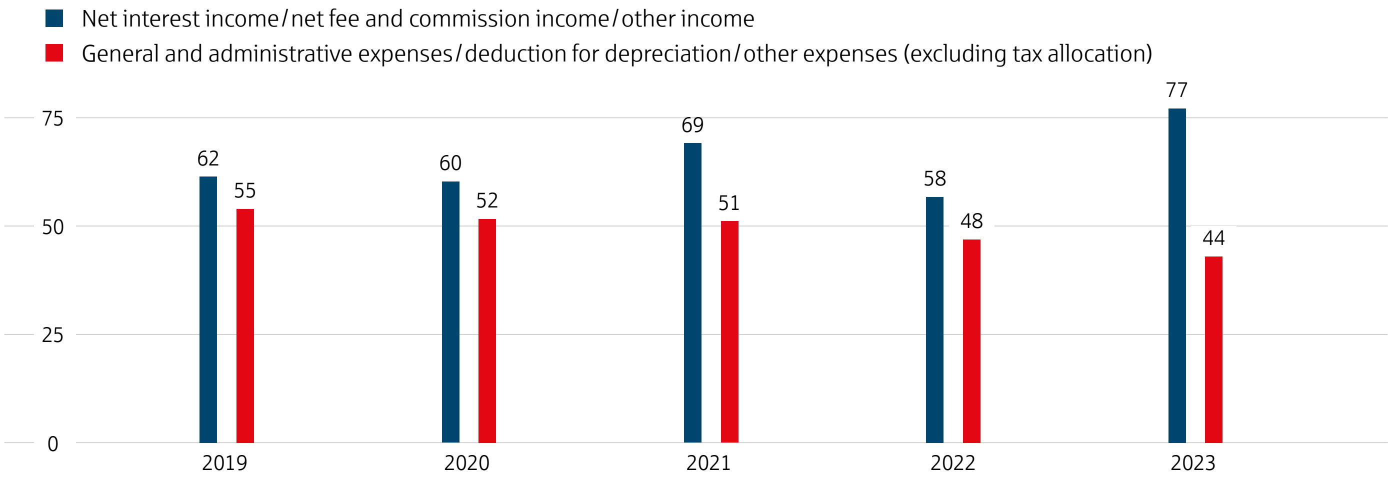
Net interest income, net fee and commission income / expense and other operating income together totalled € 76.5 m (+ 32.1 %), which was offset by € 44.2 m (– 4.1 %) for general and administrative expenses including depreciation, amortisation and write-downs of property and equipment and other operating expenses.

Other operating income increased by € 2.9 m overall (+ 58.4 %). Personnel expenses rose by € 0.1 m to € 17.8 m. Other operating expenses declined by € 4.1 m to € 2.6 m. Depreciation and write-downs of fixed assets remained constant at € 1.1 m.

Pre-tax earnings were up € 29.4 m year on year at € 19.4 m which also exceeded the figure of approximately € 12.0 m anticipated in the previous year's forecast report.

The cost-income ratio decreased by 20.8 percentage points to 56.3 % (31 December 2022: 77.1 %), remaining below the forecast figure for the year (75 %).

Significant income statement components €m



Financial position

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

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

LBS calculates capital requirements using an internal ratings-based approach (IRBA). The total capital ratio in accordance with Article 92 CRR fell in 2023, but is still high at 47.33 % (31 December 2022: 49.6 %). The Tier 1 ratio likewise fell, dropping by 2.3 percentage points to 46.9 %.

As at 31 December 2023, the liquidity coverage ratio (LCR) significantly exceeded the minimum limit of 100 % required by the regulatory authorities. It was not possible to calculate a precise figure for the LCR for technical reasons following the removal of the cap because there were no eligible cash flows. LBS was in a position to meet its payment obligations at all times.

LBS prepares quarterly collective forecasts and an annual ongoing collective monitoring report in order to ensure that the home savings contracts concluded can always be fulfilled. The ongoing collective monitoring report and the corresponding collective management report, which contain a description of the initial position and scenarios with presentations of results and related analysis as well as an overall assessment, are transmitted to the German Federal Financial Supervisory Authority (BaFin). According to the collective management report for 2022, funds sufficient for the allocation of home savings contracts were available at all times.

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

Net assets

At 6,191.6 m, total assets remained more or less unchanged year on year. Home savings deposits decreased to € 5,219 m. Home finance loans rose by € 91.8 m to € 1,165.9 m, while financial investments declined by € 91.1 m to € 4,998.8 m. The proportion of total assets accounted for by home finance loans increased to 18.8 %. Interim and bridge-over loans decreased by 1.7 % to € 932 m in the financial year and are largely funded with matching maturities.

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

III. Report on opportunities, risks and expected developments

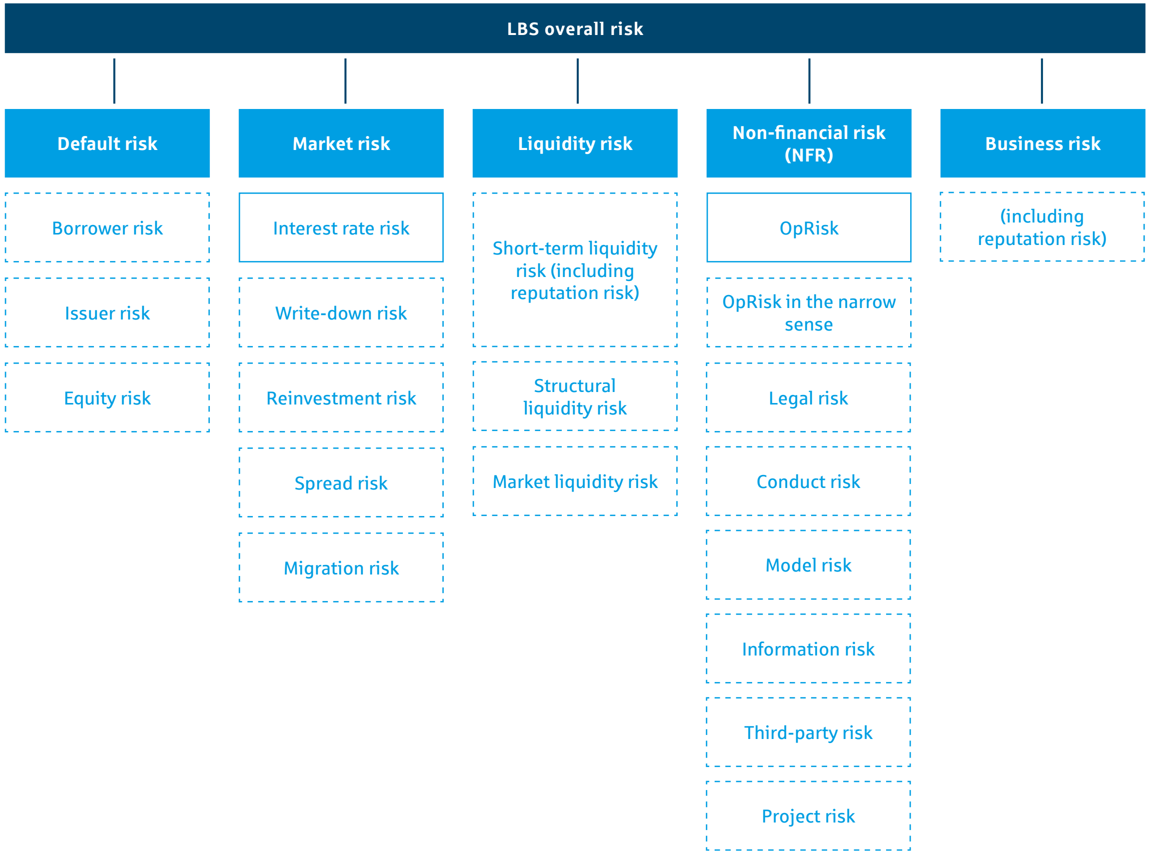
Risk management

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

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

LBS determines the applicable containment requirements in each case based on its primary risk types, namely default risk, market risk, liquidity risk and non-financial risk. Business risk is not defined as being of primary importance. The impacts of climate risks on the primary risk types are also considered (no relevance to the non-financial risk). Physical risks (for example, resulting from ex-

The broad risk types comprise the following specific risks: :



treme weather events) and transition climate risks (for example, resulting from statutory energy efficiency requirements) are defined as material risk drivers.

Risk strategy

Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities, the risk strategy lays down the principal elements of the approach adopted to dealing with risk, the objectives of risk containment and the measures employed to achieve these objectives at LBS. It is consistent with the Helaba risk strategy.

The risk strategy is modular in nature and consists of a general risk strategy and sub-risk strategies specific to the primary risk types.

The risk strategy is aligned with the business strategy.

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

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

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

Default risk

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

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

Borrower risk

The main focus of business at LBS is private home finance, which is pursued as standardised customer business. The total lending portfolio, including trading business and irrevocable loan commitments, amounts to € 6,245.7 m. Home savings loans make up € 225.0 m of this figure and loans concluded outside of the home savings collective make up € 965.2 m, meaning that the customer lending business accounts for € 1,190.2 m, or 19.2 %, of total assets (€ 6,191.6 m). A total of 89.3 % of home finance loans were extended to private persons who were not self-employed and the proportion of home finance loans secured by mortgage charges amounted to 65.5 %.

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

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

The forecast probability of default figures for performing retail exposures as at 31 December 2023 (PD volume-weighted / based on number of customers) was 1.68 % / 1.05 % (31 December 2022: 1.61 % / 1.10 %). As at 31 December 2023, this corresponds to risk category 9 in volume-weighted terms and risk category 7 based on the number of customers (31 December 2022: risk category 8 in both cases). A loss given default figure of 23.3 % was determined as at 31 December 2023 (downturn LGD 31 December 2022: 22.4 %). The RWA figure in the overall perspective stands at € 356 m (IRBA and CRSA) as at 31 December 2023 (31 December 2022: € 333 m).

LBS applies the IFRS accounting treatment and calculation method for portfolio loan loss allowances. Forward-looking information is taken into account in the calculation of the lifetime ECL by generally including such information in the PD and LGD input parameters and by reviewing specific scenarios. Exceptional circumstances are situations in which an adjustment of the risk parameters is required because of unusual macroeconomic circumstances. The review at 31 December 2023 identified no additional loss allowance requirement. Contingency reserves in accordance with Section 340f HGB were recognised for special risks relating to credit institutions. All allowances and contingency reserves are reported separately under assets.

Specific loan loss allowances for home finance loans decreased by € 0.1 m to € 1.0 m in the year under review. The default ratio, which equals the sum of direct write-offs and utilisation of loss allowances expressed in relation to the lending volume, amounted to 0.01 %. The largest new specific allowance recognised for a single exposure in 2023 was € 17,100. There were no defaults within the framework of trading transactions.

Impact of ESG risk

The evaluation is based on the findings of the ongoing climate stress test scenario in conjunction with the annual risk inventory. To date, no credit risks have been identified that can be assigned causally to an ESG parameter.

Physical risk

In respect of the physical risk, it is assumed that acute physical risks (mainly extreme weather events) could have a negative impact on the probability of default by customers. This is because customers impacted by extreme weather events face higher expenses in the short term to repair damage, for example. In the medium to long term, this may result in new borrowing, especially in light of the lack of or inadequate insurance cover.

Transition risk

In connection with transition risk, the impact and design of the energy transition policy are of relevance to the default risk. It is assumed that customers will face higher expenses, for example in the form of price increases (such as the direct or indirect effect of the carbon tax) and/or as a result of energy-related refurbishment measures. These causal relationships may have a negative impact on creditworthiness and/or the probability of default.

Issuer risk

Trading transactions within the meaning of MaRisk amounted to € 5.0 bn (nominal amount) and thus accounted for 80.3 % of total assets as at 31 December 2023. This entire amount was invested as overnight money and in time deposits at Helaba with original terms to maturity of up to 15 years.

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

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

Equity risk

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

The equity risk for the purposes of the calculation of risk-bearing capacity is assessed under the risk type of default risk. The need for a value adjustment was determined in September 2023. For this reason, the investment was written down from € 0.4 m to € 1 as at 30 September 2023. The risk exposures for the economic perspective are provided by Helaba's Risk Controlling unit. The regulatory perspective is based on the contractual annual additional contribution equivalent to the investment contribution of € 0.4 m.

Market risk

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

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

Commercial law interest rate risk

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

Economic interest rate risk

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

Regulatory interest rate shock

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

The interest rate risk under the standard interest rate shock scenario (+ / – 200 BP) fundamentally lay in positive territory as at 31 December 2023. The countermeasures applied by LBS in relation to the option risk in the home savings collective in the +200 BP scenario (suspension of termination actions considered in the base scenario) can overcompensate for the risk such that the interest rate risk coefficient (the ad-hoc interest rate risk in relation to own funds) is 0.0 (target: max. 20.0). In the early warning indicator scenarios (ratio of ad hoc interest rate risk to Tier 1 capital), there are interest rate risks in the "short rates down" scenario. The interest rate coefficient is 0.8 (target: max. 15.0).

Write-down risk

As at 31 December 2023, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Reinvestment risk

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

Commercial law spread risk

As at 31 December 2023, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Economic spread risk

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

Commercial law migration risk

As at 31 December 2023, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Economic migration risk

LBS determines migration risk on the basis of the economic default risk model for issuers, with the maturity adjustment factor being taken into account. The portfolio as at 31 December 2023 comprises Helaba time deposits only, which are not relevant for the purposes of risk due to the status of LBS as a unit of Helaba.

Impact of ESG risk

The evaluation is based on the findings of the ongoing Helaba climate stress test scenario in conjunction with the annual risk inventory. To date, no market risks have been identified that can be assigned causally to an ESG parameter.

Physical risk

The possibility that physical risks could impact the market risk may be indicated by higher credit spreads and interest rate increases caused by economic disruption. Such disruption may result from, for example, the loss of land (large-scale infrastructure damage, relocations, etc.) due to rising sea levels or a downturn in production caused by a drought and heatwave at a key industry location.

Transition risk

At the present time, no impact on the market risk is anticipated.

Non-financial risk/operational risk

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

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

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

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

Impact of ESG risk

The evaluation is based on the findings of the ongoing Helaba climate stress test scenario in conjunction with the annual risk inventory. To date, no impact of ESG risks on the risk potential has been identified.

Physical risk

If operational risks arise, their assessment involves consideration of the climate-related and environmental context; this information is included in the incident database. No event was identified with relevance to physical and/or transition risks.

A possible scenario in the assessment of potential physical risks in the operational risk is that, as the result of an extreme weather event, LBS finance centres and offices could be damaged by looting, theft, vandalism, etc.

Transition risk

At the present time, no transition risk to operational risk/NFR has been identified.

Liquidity and funding risk

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

Short-term liquidity risk

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

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

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

Funding risk

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

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

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

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

Market liquidity risk

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

Economic examination of liquidity risk

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

Regulatory examination of liquidity risk

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

Impact of ESG risk

The evaluation is based on the findings of the ongoing Helaba climate stress test scenario in conjunction with the annual risk inventory. To date, no impact of ESG risks on the risk potential has been identified.

Physical risk

A potential liquidity risk exists if an extreme weather event occurs, depending on the local situation. If such an event occurs, there may be an increase in balance withdrawals and/or greater demand for loans. Additional refinancing costs may be incurred as a result of the increased demand for liquidity.

Transition risk

It can be assumed that a transition risk would impact the liquidity risk in the event of changes to energy transition policy or to public order. This relates especially to (political) changes to energy efficiency standards for real estate requiring customers to undertake costly energy-related refurbishment measures.

Business risk

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

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

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

Reputation risk

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

Risk-bearing capacity

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

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

The regulatory perspective investigates the question of whether LBS will always have sufficient regulatory capital available over a period of at least three years (four income statement periods). This perspective accordingly includes medium-term capital planning. The assessment of regulatory risk-bearing capacity considers which risks could impact on LBS's equity directly (Pillar I risks) and which could impact indirectly (Pillar II risks resulting in income shortfalls or losses). The risk-taking potential is largely determined by regulatory own funds including buffer requirements. Other factors having a significant influence (changes to pension provisions, net profit for the year from planning) and additional limiting elements (management buffer) are also considered on a continuous basis. The scenarios provide a separate calculation of risk for each risk type. LBS applies a base scenario, an adverse scenario and two stress scenarios. A climate risk scenario with its impact on the primary risk types (excluding non-financial risk) is also considered. The risk exposures for the individual risk types are added together to arrive at the aggregate total risk exposure. This entails an implicit assumption that all risk types correlate 1:1. A limit is imposed at the level of the CET1 ratio and the leverage ratio, it being necessary to ensure they remain compliant with the minimum standards over the four income statement periods.

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

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

The economic risk cover pool at 31 December 2023 amounted to € 410.1 m. The total risk exposure in the economic perspective at the 31 December 2023 reporting date amounted to € 45.3 m.

The regulatory perspective focuses in particular on the development of the CET1 ratio over the period between 31 December 2023 and 31 December 2027. The CET1 ratio for this period amounts to 46.9 % to 31.7 %. The leverage ratio for the same period amounts to 22.4 % to 28.9 %. The regulatory risk-bearing capacity remains assured at all times.

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

Outlook for 2024

Following the rises in interest rates in previous years, the ECB is anticipating the first falls in interest rates in 2024. The still high interest rates, energy prices and cost of living will likely result in moderate year-on-year growth in the demand for housing rather than a sharp increase. In light of the shortage of housing, especially in and around major economic hubs, the upward trend in real estate prices is likely to resume soon. Home savings contracts offer people in pursuit of home finance or follow-up financing a readily calculable way to fund real estate investments and lock in favourable interest rates long-term. Home loan and savings products have accordingly become an even more attractive option for much of the population, which regards a debt-free residential property to be the best form of provision for retirement.

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

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

Current market interest rates provide LBS with a strong basis for good business with its products. Targeted investment in further digitalisation, new communication channels and process optimisation activities will help it make the most of these possibilities. Attracting customers via digital channels and boosting process efficiency will be key priorities in these efforts.

LBS is targeting a further year-on-year increase in gross new business in financial year 2024 on the basis that their ability to provide long-term interest rate protection will ensure home savings products remain in demand and that the optimisation of digital sales processes will provide additional impetus. The combination of a further reduction in average interest rates for home savings loans, the market-driven increase in funding costs and a continuation of the ECB's inflation-led interest rate policy leads LBS to anticipate net interest income of around € 71 m. The forecast figures reflect the home savings collective simulation, which usually covers a period of 20 years. The home savings collective simulation is based on the full contract portfolio, with changes in the behaviour patterns of home savings customers being considered over time. The forecast for future interest rate developments is prepared using Helaba's scenario requirements and the forward interest rates derived from the applicable interest rate structure as at the key date for forecasting. LBS expects the interest rate risk before countermeasures to remain in positive territory in financial year 2024 taking account of the planned new investments.

LBS expects the new home loan and savings business to improve once again, although pending legal decisions concerning account management fees could have an additional negative impact on net fee and commission income.

The non-personnel operating expenses element of general and administrative expenses is likely to rise again in 2024, mainly due to inflation-driven cost increases and ongoing process optimisation and digitalisation activities. In addition, personnel expenses will also be pushed up by factors including the new collective bargaining agreement for the banking sector and allocations to pension provisions (including interest expense).

The cost-income ratio for 2024 is expected to be below 70 %.

In summary, LBS expects 2024 to be a year of stabilisation after its strong performance in 2023 – characterised by one-time effects – with pre-tax earnings of € 20.0 m.

Frankfurt am Main / Erfurt, 27 February 2024

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Kemler	Nickel
Rhino	Schmid	Weiss

Statistical annex to the management report

Allocation fund changes in 2023

A. Allocations	€ thousands
I. Amount carried forward from the previous year (surplus): amounts not yet disbursed	5,205,315
II. Allocations in the financial year	
1. Savings amounts (including offset homeowner allowances)	666,165
2. Repayment amounts[1] (including offset homeowner allowances)	49,393
3. Interest on home savings deposits	41,920
4. Home savings protection fund	–
5. Other	
a) Borrowings and own funds	–
Total	**5,962,793**

[1] Repayment amounts only represent the portion of repayment sum attributable to the principal.

B. Withdrawals	€ thousands
I. Withdrawals in the financial year	
1. Sums allocated, to the extent disbursed	
a) Home savings deposits	499,293
b) Home loans	153,679
2. Repayment of home savings deposits made on home savings contracts not yet allocated	304,367
3. Home savings protection fund	0
4. Other	
a) Borrowings and own funds	0
II. Allocation surplus (amounts not yet disbursed) at the end of the financial year[2]	5,005,454
Total	**5,962,793**

[1] The allocation surplus includes, among other things:
a) the home savings deposits relating to allocated contracts that have not yet been disbursed in € thousands: 89,267
b) the home finance loans attributable to allocations that have not yet been disbursed in € thousands: 5,021

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	937	27,081	25	845	962	27,926
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	–	–	–	–	–	–
2. Transfer	5	41	–	–	5	41
3. Waiver of allocation and revocation of allocation	16	611	–	–	16	611
4. Partition	3	–	–	–	3	–
5. Allocation	–	–	20	723	20	723
6. Other	–	–	–	–	–	–
Total	24	652	20	723	44	1,375
C. Disposals in the financial year due to						
1. Allocation	20	723	–	–	20	723
2. Reduction	–	–	–	–	–	–
3. Cancellation	25	536	5	240	30	776
4. Transfer	5	41	–	–	5	41
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	3	63	3	63
7. Waiver of allocation and revocation of allocation	–	–	16	611	16	611
8. Other	–	1	–	–	–	1
Total	50	1,301	24	914	74	2,215
D. Net addition / disposal	–26	–649	–4	–191	–30	–840
E. Portfolio at the end of the financial year	911	26,432	21	654	932	27,086
thereof: Attributable to home savings customers outside of Germany	21	580	2	41	23	621

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

		Not allocated		Allocated		Total
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					–	–
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					192	1,077
more than 10,000 up to € 25,000					325	4,620
more than 25,000 up to € 50,000					204	6,557
more than 50,000 up to € 150,000					181	12,248
more than 150,000 up to € 250,000					7	1,218
more than 250,000 up to € 500,000					2	712
more than 500,000					–	–
Total					911	26,432
IV. The average total net value at the end of the financial year was 29,062 €.						

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	6,138	161,307	234	11,726	6,372	173,033
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	1	46	-	-	1	46
2. Transfer	13	377	1	26	14	403
3. Waiver of allocation and revocation of allocation	129	3,154	-	-	129	3,154
4. Partition	1	-	0	-	1	–
5. Allocation	-	-	222	5,720	222	5,720
6. Other	8	218	1	70	9	288
Total	152	3,795	224	5,816	376	9,611
C. Disposals in the financial year due to						
1. Allocation	222	5,720	-	–	222	5,720
2. Reduction	-	176	-	–	–	176
3. Cancellation	163	4,189	88	2,317	251	6,506
4. Transfer	13	377	1	26	14	403
5. Combination	0	-	0	–	–	–
6. Expiry of contract	-	-	37	1,147	37	1,147
7. Waiver of allocation and revocation of allocation	-	-	129	3,154	129	3,154
8. Other	8	139	0	1	8	140
Total	406	10,601	255	6,645	661	17,246
D. Net addition/disposal	–254	–6,806	–31	–829	–285	–7,635
E. Portfolio at the end of the financial year	5,884	154,501	203	10,897	6,087	165,398
thereof: Attributable to home savings customers outside of Germany	63	1,833	–	–	63	1,833

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					–	–
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					867	5,547
more than 10,000 up to € 25,000					2,664	40,050
more than 25,000 up to € 50,000					1,512	49,191
more than 50,000 up to € 150,000					821	55,230
more than 150,000 up to € 250,000					16	2,811
more than 250,000 up to € 500,000					3	1,160
more than 500,000					1	511
Total					5,884	154,501
IV. The average total net value at the end of the financial year was 27,172 €.						

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	14,889	300,048	469	11,553	15,358	311,601
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	1	9	–	–	1	9
2. Transfer	27	598	2	30	29	628
3. Waiver of allocation and revocation of allocation	290	5,445	–	–	290	5,445
4. Partition	1	–	–	–	1	–
5. Allocation	–	–	585	13,011	585	13,011
6. Other	24	545	1	16	25	561
Total	343	6,597	588	13,057	931	19,654
C. Disposals in the financial year due to						
1. Allocation	585	13,011	–	–	585	13,011
2. Reduction	–	374	–	–	–	374
3. Cancellation	528	10,436	286	5,681	814	16,117
4. Transfer	27	598	2	30	29	628
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	108	2,404	108	2,404
7. Waiver of allocation and revocation of allocation	–	–	290	5,445	290	5,445
8. Other	24	546	1	16	25	562
Total	1,164	24,965	687	13,576	1,851	38,541
D. Net addition/disposal	–821	–18,368	–99	–519	–920	–18,887
E. Portfolio at the end of the financial year	14,068	281,680	370	11,034	14,438	292,714
thereof: Attributable to home savings customers outside of Germany	93	2,057	1	31	94	2,088

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					–	–
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					4,037	32,836
more than 10,000 up to € 25,000					7,266	117,131
more than 25,000 up to € 50,000					1,871	65,053
more than 50,000 up to € 150,000					875	62,218
more than 150,000 up to € 250,000					14	2,644
more than 250,000 up to € 500,000					5	1,798
more than 500,000					–	–
Total					14,068	281,680

IV. The average total net value at the end of the financial year was 20,274 €.

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	47,551	955,053	2,142	48,880	49,693	1,003,933
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	57	1,791	–	–	57	1,791
2. Transfer	91	1,874	6	93	97	1,967
3. Waiver of allocation and revocation of allocation	981	19,578	–	–	981	19,578
4. Partition	9	–	–	–	9	–
5. Allocation	–	–	2,685	53,545	2,685	53,545
6. Other	75	1,860	9	248	84	2,108
Total	1,213	25,103	2,700	53,886	3,913	78,989
C. Disposals in the financial year due to						
1. Allocation	2,685	53,545	–	–	2,685	53,545
2. Reduction	–	4,360	–	30	–	4,390
3. Cancellation	2,324	50,378	1,545	27,857	3,869	78,235
4. Transfer	91	1,874	6	93	97	1,967
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	555	12,798	555	12,798
7. Waiver of allocation and revocation of allocation	–	–	981	19,578	981	19,578
8. Other	81	2,432	6	128	87	2,560
Total	5,181	112,589	3,093	60,484	8,274	173,073
D. Net addition / disposal	–3,968	–87,486	–393	–6,598	–4,361	–94,084
E. Portfolio at the end of the financial year	43,583	867,567	1,749	42,282	45,332	909,849
thereof: Attributable to home savings customers outside of Germany	188	4,852	3	226	191	5,078

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					3	257
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					18,116	157,134
more than 10,000 up to € 25,000					18,498	329,173
more than 25,000 up to € 50,000					5,113	209,014
more than 50,000 up to € 150,000					1,726	144,020
more than 150,000 up to € 250,000					108	20,379
more than 250,000 up to € 500,000					21	7,187
more than 500,000					1	660
Total					43,583	867,567
IV. The average total net value at the end of the financial year was 20,071 €.						

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of ontracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	154,462	2,885,676	7,948	178,489	162,410	3,064,165
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	36	1,414	–	–	36	1,414
2. Transfer	286	7,430	22	808	308	8,238
3. Waiver of allocation and revocation of allocation	4,785	80,058	–	–	4,785	80,058
4. Partition	32	–	1	–	33	–
5. Allocation	–	–	15,006	281,963	15,006	281,963
6. Other	177	8,473	36	1,150	213	9,623
Total	5,316	97,375	15,065	283,921	20,381	381,296
C. Disposals in the financial year due to						
1. Allocation	15,006	281,963	–	–	15,006	281,963
2. Reduction	–	11,720	–	40	–	11,760
3. Cancellation	8,815	181,242	9,628	178,962	18,443	360,204
4. Transfer	286	7,430	22	808	308	8,238
5. Combination	1	–	–	–	1	–
6. Expiry of contract	–	–	1,339	29,336	1,339	29,336
7. Waiver of allocation and revocation of allocation	–	–	4,785	80,058	4,785	80,058
8. Other	207	9,666	16	290	223	9,956
Total	24,315	492,021	15,790	289,494	40,105	781,515
D. Net addition/disposal	–18,999	–394,646	–725	–5,573	–19,724	–400,219
E. Portfolio at the end of the financial year	135,463	2,491,030	7,223	172,916	142,686	2,663,946
thereof: Attributable to home savings customers outside of Germany	404	8,027	16	369	420	8,396

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of ontracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					17	690
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					78,815	787,524
more than 10,000 up to € 25,000					38,597	715,027
more than 25,000 up to € 50,000					13,669	551,357
more than 50,000 up to € 150,000					4,058	340,112
more than 150,000 up to € 250,000					254	48,580
more than 250,000 up to € 500,000					52	17,274
more than 500,000					18	31,156
Total					135,463	2,491,030
IV. The average total net value at the end of the financial year was 18,670 €.						

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	50,766	1,190,889	3,799	106,778	54,565	1,297,667
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	204	13,845	–	–	204	13,845
2. Transfer	108	3,334	23	5,829	131	9,163
3. Waiver of allocation and revocation of allocation	6,704	95,153	–	–	6,704	95,153
4. Partition	18	–	4	–	22	–
5. Allocation	–	–	12,284	289,675	12,284	289,675
6. Other	85	6,208	34	5,191	119	11,399
Total	7,119	118,540	12,345	300,695	19,464	419,235
C. Disposals in the financial year due to						
1. Allocation	12,284	289,675	–	–	12,284	289,675
2. Reduction	–	22,225	–	77	–	22,302
3. Cancellation	3,039	102,292	4,490	106,578	7,529	208,870
4. Transfer	108	3,334	23	5,829	131	9,163
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	565	14,913	565	14,913
7. Waiver of allocation and revocation of allocation	–	–	6,704	95,153	6,704	95,153
8. Other	111	8,309	6	503	117	8,812
Total	15,542	425,835	11,788	223,053	27,330	648,888
D. Net addition/disposal	–8,423	–307,295	557	77,642	–7,866	–229,653
E. Portfolio at the end of the financial year	42,343	883,594	4,356	184,420	46,699	1,068,014
thereof: Attributable to home savings customers outside of Germany	136	3,380	6	525	142	3,905

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					14	882
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					24,592	245,806
more than 10,000 up to € 25,000					10,279	192,342
more than 25,000 up to € 50,000					4,896	194,734
more than 50,000 up to € 150,000					2,372	198,397
more than 150,000 up to € 250,000					153	28,987
more than 250,000 up to € 500,000					45	16,098
more than 500,000					6	7,229
Total					42,343	883,594

IV. The average total net value at the end of the financial year was 22,870 €.

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	83,897	2,335,821	4,950	128,336	88,847	2,464,157
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	236	16,489	–	–	236	16,489
2. Transfer	164	7,839	23	818	187	8,657
3. Waiver of allocation and revocation of allocation	7,054	112,844	–	–	7,054	112,844
4. Partition	10	–	1	–	11	–
5. Allocation	–	–	12,866	270,303	12,866	270,303
6. Other	77	3,958	43	2,159	120	6,117
Total	7,541	141,130	12,933	273,280	20,474	414,410
C. Disposals in the financial year due to						
1. Allocation	12,866	270,303	–	–	12,866	270,303
2. Reduction	–	33,316	–	307	–	33,623
3. Cancellation	4,318	112,060	3,904	72,824	8,222	184,884
4. Transfer	164	7,839	23	818	187	8,657
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	602	15,894	602	15,894
7. Waiver of allocation and revocation of allocation	–	–	7,054	112,844	7,054	112,844
8. Other	154	10,614	11	777	165	11,391
Total	17,502	434,132	11,594	203,464	29,096	637,596
D. Net addition/disposal	–9,961	–293,002	1,339	69,816	–8,622	–223,186
E. Portfolio at the end of the financial year	73,936	2,042,819	6,289	198,152	80,225	2,240,971
thereof: Attributable to home savings customers outside of Germany	182	5,076	9	578	191	5,654

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					39	1,726
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					40,554	405,398
more than 10,000 up to € 25,000					15,442	291,921
more than 25,000 up to € 50,000					9,974	407,629
more than 50,000 up to € 150,000					6,873	607,661
more than 150,000 up to € 250,000					758	145,275
more than 250,000 up to € 500,000					264	89,031
more than 500,000					71	95,904
Total					73,936	2,042,819
IV. The average total net value at the end of the financial year was 27,934 €.						

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	105,822	4,501,882	2,529	76,917	108,351	4,578,799
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	99	7,780	–	–	99	7,780
2. Transfer	248	12,298	118	9,538	366	21,836
3. Waiver of allocation and revocation of allocation	2,463	53,914	–	–	2,463	53,914
4. Partition	43	–	102	–	145	–
5. Allocation	–	–	6,331	177,988	6,331	177,988
6. Other	112	7,415	18	1,262	130	8,677
Total	2,965	81,407	6,569	188,788	9,534	270,195
C. Disposals in the financial year due to						
1. Allocation	6,331	177,988	–	–	6,331	177,988
2. Reduction	–	37,159	–	58	–	37,217
3. Cancellation	5,998	184,264	1,821	39,371	7,819	223,635
4. Transfer	248	12,298	118	9,538	366	21,836
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	410	11,594	410	11,594
7. Waiver of allocation and revocation of allocation	–	–	2,463	53,914	2,463	53,914
8. Other	208	13,743	4	155	212	13,898
Total	12,785	425,452	4,816	114,630	17,601	540,082
D. Net addition/disposal	−9,820	−344,045	1,753	74,158	−8,067	−269,887
E. Portfolio at the end of the financial year	96,002	4,157,837	4,282	151,075	100,284	4,308,912
thereof: Attributable to home savings customers outside of Germany	179	12,242	7	318	186	12,560

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					211	16,449
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					32,078	320,618
more than 10,000 up to € 25,000					22,308	437,325
more than 25,000 up to € 50,000					21,593	898,959
more than 50,000 up to € 150,000					16,750	1,499,655
more than 150,000 up to € 250,000					2,163	420,381
more than 250,000 up to € 500,000					903	304,939
more than 500,000					207	275,960
Total					96,002	4,157,837

IV. The average total net value at the end of the financial year was 42,967 €.

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	54,062	2,612,247	317	9,430	54,379	2,621,677
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	101	8,529	–	–	101	8,529
2. Transfer	100	7,733	4	83	104	7,816
3. Waiver of allocation and revocation of allocation	410	9,871	–	–	410	9,871
4. Partition	13	–	–	–	13	–
5. Allocation	–	–	1,714	64,842	1,714	64,842
6. Other	91	4,434	2	75	93	4,509
Total	715	30,567	1,720	65,000	2,435	95,567
C. Disposals in the financial year due to						
1. Allocation	1,714	64,842	–	–	1,714	64,842
2. Reduction	–	25,555	–	47	–	25,602
3. Cancellation	2,929	108,326	311	8,264	3,240	116,590
4. Transfer	100	7,733	4	83	104	7,816
5. Combination	1	–	–	–	1	–
6. Expiry of contract	–	–	59	1,490	59	1,490
7. Waiver of allocation and revocation of allocation	–	–	410	9,871	410	9,871
8. Other	140	6,888	1	15	141	6,903
Total	4,884	213,344	785	19,770	5,669	233,114
D. Net addition/disposal	–4,169	–182,777	935	45,230	–3,234	–137,547
E. Portfolio at the end of the financial year	49,893	2,429,470	1,252	54,660	51,145	2,484,130
thereof: Attributable to home savings customers outside of Germany	52	4,359	1	20	53	4,379

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2023 (financial year)					177	17,647
b) Contracts concluded in financial year 2023					–	–
III. Size classification of unallocated contracts						
up to € 10,000					18,962	189,507
more than 10,000 up to € 25,000					10,473	200,882
more than 25,000 up to € 50,000					10,575	451,105
more than 50,000 up to € 150,000					6,863	659,488
more than 150,000 up to € 250,000					1,830	361,984
more than 250,000 up to € 500,000					985	337,295
more than 500,000					205	229,209
Total					49,893	2,429,470

IV. The average total net value at the end of the financial year was 48,570 €.

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	70,463	3,690,651	107	2,901	70,570	3,693,552
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	35,522	2,029,581	–	–	35,522	2,029,581
2. Transfer	148	10,631	1	30	149	10,661
3. Waiver of allocation and revocation of allocation	199	8,721	–	–	199	8,721
4. Partition	17	–	–	–	17	–
5. Allocation	–	–	427	18,716	427	18,716
6. Other	380	29,150	–	–3	380	29,147
Total	36,266	2,078,083	428	18,743	36,694	2,096,826
C. Disposals in the financial year due to						
1. Allocation	427	18,716	–	–	427	18,716
2. Reduction	–	30,790	–	8	–	30,798
3. Cancellation	4,186	149,656	116	5,116	4,302	154,772
4. Transfer	148	10,631	1	30	149	10,661
5. Combination	437	–	–	–	437	–
6. Expiry of contract	–	–	10	257	10	257
7. Waiver of allocation and revocation of allocation	–	–	199	8,721	199	8,721
8. Other	95	9,264	–	–2	95	9,262
Total	5,293	219,057	326	14,130	5,619	233,187
D. Net addition/disposal	30,973	1,859,026	102	4,613	31,075	1,863,639
E. Portfolio at the end of the financial year	101,436	5,549,677	209	7,514	101,645	5,557,191
thereof: Attributable to home savings customers outside of Germany	87	7,781	–	–	87	7,781
II. Portfolio of contracts not yet cashed in						

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
a) Contracts concluded prior to 1.1.2023 (financial year)					3,806	382,453
b) Contracts concluded in financial year 2023					11,925	863,973
III. Size classification of unallocated contracts						
up to € 10,000					21,560	215,521
more than 10,000 up to € 25,000					28,883	553,190
more than 25,000 up to € 50,000					29,336	1,241,368
more than 50,000 up to € 150,000					15,266	1,472,087
more than 150,000 up to € 250,000					3,743	752,388
more than 250,000 up to € 500,000					2,171	759,027
more than 500,000					477	556,096
Total					101,436	5,549,677

IV. The average total net value at the end of the financial year was 54,673 €.

Movements in the portfolio in 2023

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

	Not allocated		Allocated		Total	
	Number of contracts	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	43,868	1,839,401	1,342	49,762	45,210	1,889,163
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	1,220	79,096	–	–	1,220	79,096
2. Transfer	1	200	–	–	1	200
3. Waiver of allocation and revocation of allocation	1,521	51,180	–	–	1,521	51,180
4. Partition	–	–	–	–	–	–
5. Allocation	–	–	2,554	92,902	2,554	92,902
6. Other	68	3,452	19	665	87	4,117
Total	2,810	133,928	2,573	93,567	5,383	227,495
C. Disposals in the financial year due to						
1. Allocation	2,554	92,902	–	–	2,554	92,902
2. Reduction	–	2,729	–	15	–	2,744
3. Cancellation	2,289	96,544	574	21,050	2,863	117,594
4. Transfer	1	200	–	–	1	200
5. Combination	5	–	–	–	5	–
6. Expiry of contract	–	–	72	2,760	72	2,760
7. Waiver of allocation and revocation of allocation	–	–	1,521	51,180	1,521	51,180
8. Other	68	3,652	3	139	71	3,791
Total	4,917	196,027	2,170	75,144	7,087	271,171
D. Net addition/disposal	–2,107	–62,099	403	18,423	–1,704	–43,676
E. Portfolio at the end of the financial year	41,761	1,777,302	1,745	68,185	43,506	1,845,487
thereof: Attributable to home savings customers outside of Germany	60	2,136	2	123	62	2,259

II. Portfolio of contracts not yet cashed in

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

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
a) Contracts concluded prior to 1.1.2023 (financial year)					2,859	146,265
b) Contracts concluded in financial year 2023					590	44,490
III. Size classification of unallocated contracts						
up to € 10,000					3,407	33,875
more than 10,000 up to € 25,000					9,264	185,503
more than 25,000 up to € 50,000					17,973	734,758
more than 50,000 up to € 150,000					10,986	797,560
more than 150,000 up to € 250,000					116	21,286
more than 250,000 up to € 500,000					15	4,320
more than 500,000					–	–
Total					41,761	1,777,302

IV. The average total net value at the end of the financial year was 42,419 €.

Movements in the portfolio in 2023

All Tariffs

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	632,855	20,500,055	23,862	625,617	656,717	21,125,672
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	37,477	2,158,580	–	–	37,477	2,158,580
2. Transfer	1,191	52,355	200	17,255	1,391	69,610
3. Waiver of allocation and revocation of allocation	24,552	440,529	–	–	24,552	440,529
4. Partition	147	–	108	–	255	–
5. Allocation	–	–	54,694	1,269,388	54,694	1,269,388
6. Other	1,097	65,713	163	10,833	1,260	76,546
Total	64,464	2,717,177	55,165	1,297,476	119,629	4,014,653
C. Disposals in the financial year due to						
1. Allocation	54,694	1,269,388	–	–	54,694	1,269,388
2. Reduction	–	168,404	–	582	–	168,986
3. Cancellation	34,614	999,923	22,768	468,260	57,382	1,468,183
4. Transfer	1,191	52,355	200	17,255	1,391	69,610
5. Combination	444	–	–	–	444	–
6. Expiry of contract	–	–	3,760	92,656	3,760	92,656
7. Waiver of allocation and revocation of allocation	–	–	24,552	440,529	24,552	440,529
8. Other	1,096	65,254	48	2,022	1,144	67,276
Total	92,039	2,555,324	51,328	1,021,304	143,367	3,576,628
D. Net addition/disposal	–27,575	161,853	3,837	276,172	–23,738	438,025
E. Portfolio at the end of the financial year	605,280	20,661,908	27,699	901,789	632,979	21,563,697
thereof: Attributable to home savings customers outside of Germany	1,465	52,323	47	2,231	1,512	54,554
II. Portfolio of contracts not yet cashed in						

All Tariffs

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
a) Contracts concluded prior to 1.1.2023 (financial year)					7,126	566,369
b) Contracts concluded in financial year 2023					12,515	908,463
III. Size classification of unallocated contracts						
up to € 10,000					243,180	2,394,844
more than 10,000 up to € 25,000					163,999	3,067,165
more than 25,000 up to € 50,000					116,716	4,809,725
more than 50,000 up to € 150,000					66,771	5,848,675
more than 150,000 up to € 250,000					9,162	1,805,933
more than 250,000 up to € 500,000					4,466	1,538,841
more than 500,000					986	1,196,725
Total					605,280	20,661,908

IV. The average total net value at the end of the financial year was 34,067 €.

Annual financial statements of Landesbausparkasse Hessen-Thüringen

Balance sheet of Landesbausparkasse Hessen-Thüringen

as at 31 December 2023
– included in the bank's consolidated balance sheet –

Assets (in € thousands)

				31.12.2023	31.12.2022
Cash reserve					
b) Balances with central banks			3		4
thereof: With Deutsche Bundesbank	3				(4)
				3	**4**
Loans and advances to banks					
b) Other loans and advances			4,998,753		5,089,919
thereof: Payable on demand	312,600				(345,613)
				4,998,753	**5,089,919**
Loans and advances to customers					
a) Home finance loans					
aa) From allocations (home savings loans)		219,936			115,721
ab) For interim and bridge-over financing		932,124			947,766
ac) Other		13,867			10,578
thereof: Secured by mortgage charges	778,196				(737,770)
			1,165,927		1,074,065
b) Other loans and advances			16,601		18,556
				1,182,528	**1,092,621**
Equity investments				**0**	**362**
Intangible assets					
b) Purchased concessions, industrial property rights and similar rights and licences in such rights and assets			2,954		3,776
				2,954	**3,776**
Property and equipment				**153**	**184**
Other assets				**7,215**	**6,207**
Prepaid expenses				**14**	**15**
Total assets				**6,191,620**	**6,193,088**

Equity and liabilities (in € thousands)

				31.12.2023	31.12.2022
Liabilities due to banks					
a) Home savings deposits			82,504		103,398
thereof: On allocated contracts	5,415				(–)
b) Other liabilities			550,403		459,023
thereof: Payable on demand	12,595				(14,208)
				632,907	**562,421**
Liabilities due to customers					
a) Deposits from home savings business					
aa) Home savings deposits		5,136,262			5,210,943
thereof:					
On terminated contracts	65,334				(50,618)
On allocated contracts	88,470				(89,267)
			5,136,262		5,210,943
b) Other liabilities					
ba) Payable on demand		9,476			14,868
			9,476		14,868
				5,145,738	**5,225,811**
Other liabilities				**11,133**	**10,322**
Prepaid expenses				**2,404**	**1,215**
Provisions					
a) Provisions for pensions and similar obligations			115,086		122,623
c) Other provisions			15,569		18,209
				130,655	**140,832**
Home savings protection fund				**11,200**	**11,200**
Fund for general banking risks				**25,000**	**25,000**
Equity					
c) Revenue reserves			226,100		212,000
d) Net retained profits			6,483		4,287
				232,583	**216,287**
Total equity and liabilities				**6,191,620**	**6,193,088**
Contingent liabilities					
b) Liabilities from guarantees and indemnity agreements				1,049	850
Other obligations					
c) Irrevocable loan commitments				32,794	35,821

Income statement of Landesbausparkasse Hessen-Thüringen

for the period 1 January to 31 December 2023
– contained in the bank's consolidated income statement –

in € thousands

					2023	2022
Interest income from						
a) Lending and money market transactions						
aa) From home savings loans		4,459				3,130
ab) From interim and bridge-over loans		19,907				18,333
ac) From other home finance loans		302				108
ad) From other lending and money market transactions		93,220				81,705
			117,888			103,276
thereof: Interest income from financial liabilities	–					(109)
				117,888		103,276
Interest expense						
a) On home savings deposits			40,021			47,463
b) Other interest expenses			6,920			4,596
thereof: Interest expenses from financial assets	–					(4)
				46,941		52,059
					70,947	**51,217**
Fee and commission income						
a) On contracts signed and arranged			28,058			33,498
b) From loans granted after allocation			–			–
c) From the commitment and administration of interim and bridge-over loans			0			1
d) Other fee and commission income			2,955			5,736
				31,013		39,235
Fee and commission expenses						
a) On contracts signed and arranged			28,835			33,613
b) Other fee and commission expense			4,490			3,949
				33,325		37,562
					–2,312	**1,673**
Other operating income					**7,860**	**4,961**
Carried forward:					**76,495**	**57,851**

in € thousands

				2023	2022
Carried forward:				**76,495**	**57,851**
General and administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		15,140			14,968
ab) Social security, post-employment and other benefit expenses		2,679			2,743
			17,819		17,711
thereof: Post-employment benefit expenses	125				(263)
b) Other administrative expenses			22,694		20,655
				40,513	**38,366**
Amortisation and write-downs of property and equipment and intangible assets				**1,138**	**1,064**
Other operating expenses				**11,385**	**8,433**
Write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions				**2,514**	**1,722**
Write-downs of and allowances on equity investments, shares in affiliated companies and securities classified as fixed assets				**362**	**–**
Result from ordinary activities				**20,583**	**8,266**
Net income for the year				**20,583**	**8,266**
Allocations to revenue reserves				**–14,100**	**–3,978**
Net retained profits				**6,483**	**4,288**

Notes to the annual financial statements of Landesbausparkasse Hessen-Thüringen

as at 31 December 2023

Basis of preparation and accounting policies

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

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

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

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

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

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

LBS makes use of the option provided in Section 6 (2) of the German Income Tax Act (Einkommensteuergesetz – EStG) and fully depreciates assets worth more than € 250 and less than € 800 in the year of acquisition. Other assets are recognised at their nominal value.

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

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

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

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

The measurement parameters applied are shown in the table below:

	31.12.2023
Interest rate	1.82 %
Salary trend	2.00 %
Pension trend	2.00 %
Employee turnover rate	3.00 %

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

The application of Section 253 (6) HGB yielded a difference in the recognised pension obligations resulting from discounting using the average market rate for ten financial years instead of seven of € 1.4 m as at 31 December 2023.

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

The receivables not yet due from arrangement fees arising from "LBS-Wohn-Riester" agreements (tariff Classic Riester, type FR and SR) were discounted in line with matching maturities. The cash value of the fees is recognised in full in the year of contract conclusion. As at 31 December 2023, receivables not yet due from Riester arrangement fees were capitalised in the amount of € 2.6 m (31 December 2022: € 3.0 m).

In accordance with the principles of IDW RS BFA 3, interest-based banking book transactions

are measured either periodically using the profit and loss method or statistically using the present value method, taking risk and administrative expenses into account. LBS uses the present value method to calculate the obligation surplus. Accordingly, provisions must be established for expected losses if the net discounted cash flow of the valuation object is negative. There is no need to recognise a provision for expected losses.

The figure for net remeasurement gains / losses includes a sum of € 1.0 m (2022: € 1.0 m) representing expenses for insurance cover against loan defaults.

Disclosures and comments concerning the balance sheet and income statement

Receivables from Helaba amounted to € 4,998.8 m (31 December 2022: € 5,089.9 m) and liabilities due to Helaba were € 537.8 m (31 December 2022: € 444.8 m).

The remaining maturities of the loans and advances are classified as follows:

in € m

	31.12.2023	31.12.2022
Other loans and advances to banks		
Payable on demand	322.3	345.6
Up to three months	130.7	143.8
More than three months and up to one year	260.0	245.0
More than one year and up to five years	1,531.0	1,300.0
More than five years	2,764.5	3,055.5
Loans and advances to customers		
Up to three months	46.0	39.1
More than three months and up to one year	98.7	84.3
More than one year and up to five years	402.8	377.8
More than five years	635.0	591.4

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

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

Interest and principal payments that were past due by more than three monthly instalments, including payments to alternative repayment vehicles, amounted to € 1.1 m (31 December 2022: € 0.9 m) with respect to home finance loans, including terminated exposures.

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

The development of the acquisition or production cost (AK/HK) for intangible assets and property and equipment in financial year 2023 (FY) is shown below:

in € thousand

	Intangible assets	Property and equipment
AK/HK at start of FY (total)	10,084	3,012
Additions, total AK/HK (FY)	185	104
Disposals, total AK/HK (FY)	–	81
Reclassifications, total AK/HK (FY)	–	–
AK/HK at end of FY (total)	**10,269**	**3,035**
Amortisation and depreciation at start of FY (total)	6,308	2,828
Amortisation and depreciation (FY)	1,007	131
Changes in total amortisation and depreciation in connection with disposals (total)	–	77
Amortisation and depreciation at end of FY (total)	**7,315**	**2,882**
As at 31.12.2023 (carrying amount)	**2,954**	**153**
As at 31.12.2022 (carrying amount)	3,776	184

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

The other liabilities due to banks, excluding home savings deposits, are classified by remaining maturity as follows:

in € m

	31.12.2023	31.12.2022
Payable on demand	12.6	14.2
Up to three months	4.6	15.1
More than three months and up to one year	68.1	76.1
More than one year and up to five years	342.4	290.5
More than five years	122.7	63.1

Borrowings in the amount of € 537.8 m (31 December 2022: € 444.8 m) serve exclusively to fund business outside the home loan and savings collective.

Commission liabilities due to the field service in the amount of € 10.7 m (31 December 2022: € 10.3 m) account for most of the other liabilities figure of € 11.1 m.

Deferred income includes discounts from receivables of € 2.4 m (31 December 2022: € 1.2 m).

The purchase cost of assets offset against provisions pursuant to Section 246 (2) sentence 2 HGB amounted to € 1.9 m (31 December 2022: € 1.8 m), and their fair value was € 2.0 m (31 December 2022: € 1.8 m). The settlement amount of the offset liabilities amounted to € 2.3 m (31 December 2022: € 2.2 m). Income of € 153,900 (2022: € 20,300) was offset in the income statement against expenses of € 41,200 (2022: € 237,200) from these assets and liabilities from salary conversion.

The largest single item under other provisions (€ 15.5 m) is the € 3.2 m provision for payments made upon early retirement. Other significant items under this heading include provisions for sales bonuses (€ 2.6 m). On the basis of sector-specific case law, an additional provision for customer compensation claims in the amount of € 1.6 m was recognised under this heading.

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

Legally binding payment obligations are broken down as follows:

in € m

	31.12.2023	31.12.2022
From allocations	8.2	5.0
For interim and bridge-over financing	22.5	26.8
From other home finance loans	2.1	4.0
Total	**32.8**	**35.8**

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

LBS has an obligation to pay a lifelong monthly pension to 64 home loan and savings customers under a retirement pension home savings contract. The claim amounts to € 1.0 m and LBS has concluded 64 pension insurance agreements for a corresponding insured sum with Provinzial NordWest Lebensversicherung AG to cover it.

Other operating income mainly comprises income from the correction of fees and commissions for previous years in the amount of € 2.4 m (2022: € 2.8 m), income from the reversal of provisions in the amount of € 5.0 m (2022: € 1.2 m) and income of € 0.1 m (2022: € 0.4 m) from the derecognition of home savings deposits of customers whose whereabouts are unknown.

Other operating expenses mainly comprise the expense of € 1.6 m (2022: € 3.7 m) from the compounding of pension provisions, expenses of € 0.2 m (2022: € 2.3 m) for compensation and ex-gratia services, expenses of € 0.5 m (2022: € 0.2 m) from the correction of fees and commissions for previous years and settlement payments of € 0.3 m (2022: € 0.1 m) to the field service. The € 8.8 m tax expense (2022: € 1.8 m) settled by way of allocation with Helaba that is also included in this item is charged in full against the result from ordinary activities.

Acting in accordance with Section 18 (2) and (3) of the German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSiG) and on the basis of the resolution of the Landesbausparkassen protection scheme, LBS made use of the option to provide 30 % of the funds to be paid in the form of payment obligations once again in 2023. This reduced non-personnel operating expenses by € 1.2 m (2022: € 0.9 m).

Other disclosures

LBS holds 14.3 % of the shares in FORUM Direktfinanz GmbH & Co. KG, Münster (equity € 7,000, profit from financial year 2022: € 1.4 m).

Net income for the year at LBS amounts to € 20.6 m. Subject to the resolution on the appropriation of profit, which is still outstanding, it is proposed to transfer € 14.1 m of this total to revenue reserves and to pay the remaining € 6.5 m to Helaba as a dividend. The Supervisory Board will decide on the appropriation of profit at its meeting.

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

The remuneration for the members of the executive bodies of Helaba who are also responsible for LBS was paid by the Bank. The members of the executive bodies and the remuneration paid to them are listed in the notes to Helaba's financial statements. Home finance loans to members of the Supervisory Board (persons within the meaning of Section 34 (2) sentence 1 alternative 2 RechKredV) amount to € 173,000 (31 December 2022: € 201,000).

Remuneration paid to LBS Advisory Board members totalled € 25,000 (2022: € 26,000).

LBS employed 188 people on average in 2023, 117 of them female and 71 male.

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

Frankfurt am Main / Erfurt, 27 February 2024

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Kemler	Nickel
Rhino	Schmid	Weiss

Independent auditor's report

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

Opinions

We have audited the annual financial statements of Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen – Girozentrale – Frankfurt am Main/ Erfurt), Frankfurt am Main/Erfurt, which comprise the balance sheet as at 31 December 2023 and the income statement for the financial year from 1 January 2023 to 31 December 2023 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen – Girozentrale – Frankfurt am Main/ Erfurt), for the financial year from 1 January 2023 to 31 December 2023.

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

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Institution as at 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Institution's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Institution in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other information

The executive directors are responsible for the other information. The other information comprises the disclosures of which we received a draft version before issuing this auditor's report and which are contained in the "Advisory Board of Landesbausparkasse Hessen-Thüringen" and "Helaba Addresses" chapters of the annual report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

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

In preparing the annual financial statements, the executive directors are responsible for assessing the Institution's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Institution's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

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

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

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Institution's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Institution.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to be able to continue as a going concern.

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

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

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main/Eschborn, 28 February 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Martin Alt	Peter Hallas
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Advisory board of Landesbausparkasse Hessen-Thüringen

for financial year 2023

Chairman

Stefan G. Reuß
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen

Vice Chairman

Bernd Woide
Chief Administrative Officer
County District of Fulda

Members

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

René Daniel
as of 9 May 2023
Member of the Board of Managing Directors
Kreissparkasse Schlüchtern

Thomas Fügmann
Chief Administrative Officer
County District of Saale-Orla

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

Andreas Hohlfeld
Member of the Board of Managing Directors
Sparkasse Altenburger Land

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

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

Frank Matiaske
Chief Administrative Officer
County District of Odenwald

Dr. Sven Matthiesen
Executive Managing Director
Frankfurter Sparkasse

Torsten Priemer
until 8 May 2023
Chairman of the Board of Managing Directors
Kreissparkasse Schlüchtern

Johannes Erich Schulz
Chairman of the Board of Managing Directors
Sparkasse Bensheim

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

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

Helaba addresses

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