

Quarterly Disclosure Report

for the 1st quarter of 2020

Disclosure Report of the Helaba Group in Accordance with the CRR

31 March 2020

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Preamble

The Helaba Group

Landesbank Hessen-Thüringen (Helaba) is a credit institution organised under public law; its long-term strategic business model is that of a full-service bank with a regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkassen-Finanzgruppe.

Helaba 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. The Bank's hallmarks include stable, long-term customer relationships. It works with companies, institutional clients, the public sector and municipal corporations.

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

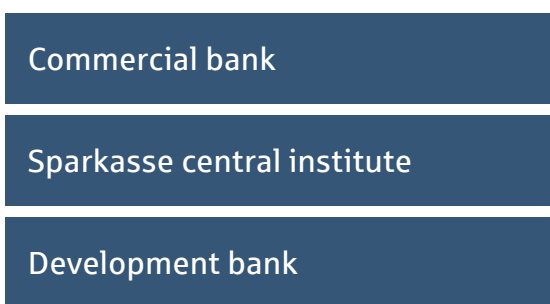
In its capacity as the central development institution for Hesse, Helaba administers public-sector development programmes through Wirtschafts- und Infrastrukturbank Hessen (WIBank).

Frankfurter Sparkasse (FSP), the regional market leader in retail banking, is a wholly owned subsidiary of Helaba. In addition to FSP and WIBank, other entities that form part of the Helaba Group include 1822direkt online bank and Landesbausparkasse Hessen-Thüringen (LBS). The Bank's registered offices are situated in Frankfurt am Main and Erfurt, and it also has branches in Düsseldorf, Kassel, Paris, London, New York and Stockholm. The branches allow Helaba to strengthen its local presence close to customers and Sparkassen. The foreign branches provide Helaba with access to the funding markets, particularly those markets based on the US dollar and pound sterling. The organisation also includes representative and sales offices, subsidiaries and affiliates.

Helaba's business model



Real Estate
 Corporates & Markets
 Retail & Asset Management
 Development Business



Disclosure Report

Helaba is the superordinated institution in the Group and, as such, is responsible for meeting the disclosure requirements at Group level in accordance with Part 8 of Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) in conjunction with European Banking Authority (EBA) guidelines EBA/GL/2016/11. This Disclosure Report satisfies these requirements for the reporting date of 31 March 2020. The supplementary provisions set out in Sections 10 and 10a of the German Banking Act (Kreditwesengesetz – KWG), the transitional provisions set out in Part 10 CRR and the regulatory and implementing standards, EBA guidelines and EBA Q&As of relevance to disclosure are also taken into account.

Regulation (EU) 2019/876 (CRR II) introduces a large number of amendments, including various changes to the RWA framework for credit risk and to disclosure requirements. Most of these changes will come into force in June 2021. The regulation provides for transitional arrangements to be applied prior to June 2021 for some disclosure requirements. All references in the disclosure report to articles that already relate to CRR II are identified accordingly.

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

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

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

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

Overview of quantitative and qualitative requirements

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Preamble			
Overview of quantitative and qualitative requirements	x	–	–
Risk Strategy and Risk Management			
Article 435 section 1f CRR – Excerpt from Helaba's RAS	–	–	x
Article 435 CRR – Mandates held by the members of the Board of Managing Directors (in accordance with Section 24 KWG)	–	–	x
Article 435 CRR – Mandates held by the members of the Supervisory Board	–	–	x
Scope of Application			
Group of consolidated companies for regulatory purposes (overview)	x	–	–
EU LI3 – Outline of the differences in the scopes of consolidation	–	–	x
EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories	–	–	x
EU LI2 – Main sources of differences between regulatory exposure amounts and carrying amounts in financial statements	–	–	x
Own Funds and Own Funds Structure			
KM1 – The Helaba Group in figures	x	–	–
Article 437 CRR – Key Features of the Capital Instruments	–	x	–
Article 437 CRR – Disclosure of Own Funds	–	x	–
Article 437 CRR – Reconciliation from the IFRS Consolidated Statement of Financial Position to the Consolidated Statement of Financial Position for Regulatory Purposes	–	x	–
EU OV1 – Overview of RWAs	x	–	–
Article 438 CRR – Overview of RWAs by exposure class	x	–	–
EU INS1 – Equity investments in insurance companies that are not deducted from own funds	–	x	–
EU CR10 – IRB: Equity exposures (simple risk-weight approach)	–	x	–

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x	–	Preamble section, Disclosure Report subsection
x	–	Risk Strategy and Risk Management section, Adequacy of Risk Management Arrangements and Risk Statement subsection
x	–	Risk Strategy and Risk Management section, Risk Management Structure/Members of the management bodies subsections
x	–	Risk Strategy and Risk Management section, Risk Management Structure/Members of the management bodies subsections
x	–	Scope of Application section
x	–	Scope of Application section
x	–	Scope of Application section
x	–	Scope of Application section
x	–	Own Funds and Own Funds Structure section, Own funds structure subsection
x	–	Annex section
x	–	Own Funds and Own Funds Structure section, Own funds structure subsection
x	–	Own Funds and Own Funds Structure section, Own funds structure subsection
x	–	Own Funds and Own Funds Structure section, Capital adequacy subsection
x	–	Own Funds and Own Funds Structure section, Capital adequacy subsection
Generally relevant, no qualifying items as at 31.12.2019	–	Own Funds and Own Funds Structure section, Capital adequacy subsection
Generally relevant; no such specialised lend- ing exposures as at 31.12.2019, only equity investments under the simple risk weight approach	Table presentation limited to equities provided no such specialised lending exposures held	Own Funds and Own Funds Structure section, Capital adequacy subsection

Overview of quantitative and qualitative requirements

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Countercyclical Capital Buffer			
Article 440 CRR – Geographical distribution of credit risk exposures relevant to the calculation of the countercyclical capital buffer	–	–	x
Article 440 CRR – Amount of the institution-specific countercyclical capital buffer	–	–	x
Leverage Ratio			
Article 451 CRR – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	–	x	–
Article 451 CRR – LRCom: Leverage ratio common disclosure	–	x	–
Article 451 CRR – LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	–	x	–
Article 451 CRR – LRQua: Qualitative disclosures	–	x	–
Liquidity Coverage Ratio (LCR)			
EU LIQ1 – LCR	(x)	–	x
Credit Risk – General disclosures			
EU CRB-B – Types of credit exposure with average values based on the quarterly reporting dates	–	–	x
EU CRB-C – Geographical breakdown of exposures	–	–	x
EU CRB-D – Concentration of exposures by industry	–	–	x
EU CRB-E – Maturity of exposures (on-balance sheet exposures)	–	–	x
Article 442 CRR – Maturity of exposures (off-balance sheet exposures)	–	–	x
EU CR1-A – Credit quality of exposures by exposure class	–	x	–
EU CR1-B – Credit quality of exposures by industry	–	x	–
EU CR1-C – Credit quality of exposures by geography	–	x	–
EU CR2-A – Changes in the stock of general and specific credit risk adjustments (on-balance sheet risk exposures)	–	x	–
Article 442 CRR – Changes in the stock of general and specific credit risk adjustments (off-balance sheet risk exposures)	–	–	x
EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities	–	x	–

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x	To keep the presentation clear and ensure only relevant information is shown, the data in the table is limited to countries that have specified a countercyclical capital buffer of greater than 0 % or whose weighted proportion of own funds requirements is 1 % or higher.	Countercyclical Capital Buffer section
x	–	Countercyclical Capital Buffer section
x	–	Leverage Ratio section
x	–	Leverage Ratio section
x	–	Leverage Ratio section
x	–	Leverage Ratio section
The total adjusted values are disclosed during the year to satisfy the requirements of EBA/GL/2016/11, section 27 (e)	–	Liquidity Coverage Ratio (LCR) section
x	–	Credit Risk section, General disclosures subsection
x	Countries are shown individually that, in terms of the basis of measurement before credit risk adjustments, together account for at least 95 % of the basis of measurement before credit risk adjustments in the Helaba Group	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	Countries are shown individually that, in terms of the basis of measurement before credit risk adjustments, together account for at least 95 % of the basis of measurement before credit risk adjustments in the Helaba Group	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection
x	–	Credit Risk section, General disclosures subsection

Overview of quantitative and qualitative requirements

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Credit Risk – General disclosures on credit risk mitigation			
EU CR3 – Credit risk mitigation techniques	–	x	–
Article 453 CRR – Credit risk mitigation techniques by exposure class	–	–	x
Credit Risk – Credit risk and credit risk mitigation in the Standardised Approach			
EU CR4 – Standardised approach: Credit risk exposure and CRM effects by exposure class	–	x	–
EU CR5 – Standardised approach: Credit risk exposure value by exposure class and risk weight (after credit risk mitigation)	–	x	–
Article 444 CRR – Standardised approach: Credit risk exposure value by exposure class and risk weight (before credit risk mitigation)	–	–	x
Credit Risk – Credit risk and credit risk mitigation in the IRB Approach			
Article 452 CRR – Overview of approved IRB approach rating models in use at Helaba Bank (excluding LBS and WIBank)	–	–	x
Article 452 CRR – Overview of approved IRB approach rating models in use at FSP	–	–	x
Article 452 CRR – Overview of approved IRB approach rating models in use at LBS	–	–	x
EU CR6 – FIRB approach: Credit risk exposures by exposure class and PD range	–	x	–
EU CR6 – AIRB approach: Credit risk exposures by exposure class and PD range	–	x	–
Article 452 CRR – Average PD by country, FIRB	–	–	x
Article 452 CRR – Retail portfolio average PD/LGD by country, AIRB	–	–	x
EU CR7 – IRB approach: Effect on the RWAs of credit derivatives used as CRM techniques	–	x	–
EU CR8 – IRB approach: RWA flow statements of credit risk exposures under the IRB approach	x	–	–
RWA coverage by exposure class	–	–	x
EU CR9 – FIRB approach: Back-testing of PD per exposure class	–	–	x
EU CR9 – AIRB: Back-testing of PD per exposure class	–	–	x
EU CR9 – AIRB: Back-testing of LGD per exposure class	–	–	x
EU CR9 – AIRB: Back-testing of CCF per exposure class	–	–	x
Article 452 CRR – Actual losses versus expected loss in lending business	–	–	x

Overview of quantitative and qualitative requirements

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Equity Investments in the Banking Book			
Article 447 CRR – Type of equity investment instrument	–	–	x
Counterparty Credit Risk (CCR)			
EU CCR1 – Analysis of CCR exposure by approach (excluding exposures to CCPs)	–	x	–
EU CCR3 – Standardised approach: CCR exposures by regulatory portfolio and risk (after credit risk mitigation)	–	x	–
Article 444 CRR – Standardised approach: CCR exposures by regulatory portfolio and risk (before credit risk mitigation)	–	–	x
EU CCR4 – FIRB approach: CCR exposures by portfolio and PD scale	–	x	–
EU CCR4 – AIRB approach: CCR exposures by portfolio and PD scale	–	x	–
EU CCR6 in conjunction with Article 439 h) CRR – Overview of credit derivatives exposures	–	x	–
EU CCR8 – Exposures to CCPs	–	x	–
EU CCR7 – RWA flow statements of CCR exposures under the IMM	x	–	–
EU CCR5-A – Impact of netting and collateral held on exposure values	–	x	–
EU CCR5-B – Composition of collateral for exposures to CCR	–	x	–
EU CCR2 – CVA capital charge	–	x	–
Securitisations			
Article 449 CRR – Approaches used for securitisation transactions	–	–	x
Article 449 CRR – Total volume of securitisation exposures by asset type	–	–	x
Article 449 CRR – Total volume of retained or purchased securitisation exposures by risk weight band	–	–	x
Article 449 CRR – Total volume of securitisation exposures in respect of own special purpose vehicles	–	–	x
Article 449 CRR – Requirements for originators	–	–	x
Market Risk			
EU MR1 – Market risk in accordance with the standardised method	–	x	–
EU MR2-A – Market risk in internal models approach	–	x	–
EU MR2-B – Market risk under the IMA	x	–	–
EU MR3 – IMA values for trading portfolios	–	x	–
EU MR4 – Clean back-testing of the internal model	–	x	–
EU MR4 – Dirty back-testing of the internal model	–	x	–
Interest Rate Risk in the Banking Book			
	–	–	x
Operational Risk			
	–	–	x

Depending on the disclosure interval			
Helaba relevance	Use of materiality principle	Reference	
x	–	Equity Investments in the Banking Book section	
x	–	Counterparty credit risk (CCR) section	
x	–	Counterparty credit risk (CCR) section	
x	–	Counterparty credit risk (CCR) section	
x	–	Counterparty credit risk (CCR) section	
Generally relevant, no qualifying items as at 31.12.2019	–	Counterparty credit risk (CCR) section	
Generally relevant, no qualifying items as at 31.12.2019	–	Counterparty credit risk (CCR) section	
x	–	Counterparty credit risk (CCR) section	
Generally relevant, no qualifying items as at 31.3.2020	–	Counterparty credit risk (CCR) section	
x	–	Counterparty credit risk (CCR) section	
x	–	Counterparty credit risk (CCR) section	
x	–	Counterparty credit risk (CCR) section	
x	–	Securitisations section	
x	–	Securitisations section	
x	–	Securitisations section	
x	–	Securitisations section	
Helaba operates as a sponsor and investor only and so the requirements for originators stipulated in Article 449 CRR do not apply.	–	–	
x	–	Market Risk section, Standardised method subsection	
x	–	Market Risk section, Internal model subsection	
x	–	Market Risk section, Internal model subsection	
x	–	Market Risk section, Internal model subsection	
x	–	Market Risk section, Internal model subsection	
x	–	Market Risk section, Internal model subsection	
x	–	Interest Rate Risk in the Banking Book section	
x	–	Non-Financial Risk/Operational Risk section	

Overview of quantitative and qualitative requirements

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Asset Encumbrance			
Article 443 CRR – Assets	–	–	x
Article 443 CRR – Collateral received	–	–	x
Article 443 CRR – Sources of encumbrance	–	–	x
Non-Performing Exposures and Forbearance			
Template 1 – Credit quality of forborne exposures	–	x	–
Template 2 – Quality of forbearance	–	–	–
Template 3 – Credit quality of exposures by past due days	–	x	–
Template 4 – Impairment disclosures by FINREP counterparty sector	–	x	–
Template 5 – Credit quality of exposures by country	–	–	–
Template 6 – Credit quality of exposures by industry	–	–	–
Template 7 – Collateral and guarantees received, by FINREP counterparty sector	–	–	–
Template 8 – Changes in the stock of non-performing loans and advances	–	–	–
Template 9 – Foreclosed assets	–	x	–
Template 10 – Assets obtained by taking possession of collateral	–	–	–
Qualitative/Other Disclosure Requirements			
Article 13 CRR II – Disclosure by significant subsidiaries	–	–	x
Article 435 CRR – Risk strategy and risk management; Article 435 section 1a CRR – Strategies and processes	–	–	x
Article 435 section 1b CRR – Structure and organisation	–	–	x
Article 435 section 1c CRR – Scope and nature of risk reporting and measurement systems	–	–	x

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x	–	Asset Encumbrance section
x	–	Asset Encumbrance section
x	–	Asset Encumbrance section
x	–	Non-Performing Exposures and Forbearance section
No disclosure requirement because Helaba has a gross NPL ratio of < 5 %	–	–
x	–	Non-Performing Exposures and Forbearance section
x	–	Non-Performing Exposures and Forbearance section
No disclosure requirement because Helaba has a gross NPL ratio of < 5 %	–	–
No disclosure requirement because Helaba has a gross NPL ratio of < 5 %	–	–
No disclosure requirement because Helaba has a gross NPL ratio of < 5 %	–	–
No disclosure requirement because Helaba has a gross NPL ratio of < 5 %	–	–
x	–	Non-Performing Exposures and Forbearance section
No disclosure requirement because Helaba has a gross NPL ratio of < 5 %	–	–
No Helaba subsidiaries are classified as large subsidiaries as defined under CRR II, as a result of which there is no longer a disclosure requirement for these subsidiaries in accordance with Article 13 CRR II	–	–
x	–	The disclosures are included in the Annual Report (Group management report (Risk report, page 33 et seq.)). This disclosure report includes additional information.
x	–	The disclosures are included in the Annual Report (“Entities involved” (page 38), “Principal risk monitoring areas” (page 38 et seq.), “Compliance” (page 40 et seq.) sections under “Risk management structure” within the “Risk report” in the group management report). In the disclosure report, additional information on the number of meetings held by the Risk Committee can be found under “Principal risk monitoring areas” in the “Risk strategy and risk management” section.
x	–	“Principal risk monitoring areas” in the “Risk strategy and risk management” section.

Overview of quantitative and qualitative requirements

	Disclosure interval		
	Quarterly	Half-yearly	Annually
Article 435 section 1d CRR – Hedging and mitigating risk	–	–	x
Article 435 section 1e CRR – Adequacy of risk management arrangements	–	–	x
Article 435 section 1f CRR – Concise risk statement	–	–	x
Article 435 sections 2a-c CRR – Members of the management body	–	–	x
Article 435 sections 2d-e CRR – Disclosures on the risk committee and on the information flow to the management body	–	–	x
Article 436 CRR – Differences in the basis of consolidation	–	–	x
Article 447 CRR – Exposures in equities	–	–	x

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x		“Strategies and processes to counter and mitigate risks” in the “Risk strategy and risk management” section.
x		<p>Please refer to the “Responsibility of executive management” section under “Principles” within the “Risk report” in the group management report in the Helaba Group’s Annual Report (page 33) for information on declarations by the Board of Managing Directors regarding the adequacy of the risk management arrangements at Helaba.</p> <p>Supplementary information is set out in the disclosure report (Risk Strategy and Risk Management section, Adequacy of Risk Management Arrangements and Risk Statement subsection and Risk Management Process subsection)</p>
x		In relation to Article 435 section 1f CRR, please refer to the group management report within the Annual Report, specifically the “Risk report” (initial passage) (page 33) in conjunction with the “Protection of assets” (page 33) and “Risk appetite framework” (page 34) sections under “Principles” and the “Risk types” section (page 35 et seq.) under “Risk classification”.
x		Risk Strategy and Risk Management section, Risk Management Structure, Members of the management bodies subsections
x		<p>The disclosures are included in the Annual Report (“Entities involved” (page 38), “Principal risk monitoring areas” (page 38 et seq.), “Compliance” (page 40 et seq.) sections under “Risk management structure” within the “Risk report” in the group management report).</p> <p>This disclosure report includes additional information.</p>
x		Information on the group of consolidated companies under IFRS may be found in the Annual Report (Note (2) (page 88 et seq.) in conjunction with Note (58) (page 253 et seq.) in the Notes to the Consolidated Financial Statements)
x		More detailed information on equity investment exposures is included in the Annual Report in Notes (2), (3), (40) of the Notes to the Consolidated Financial Statements, and in the group management report (“Changes to basis of consolidation” section (page 24) under “Financial Position and Financial Performance”)

Overview of quantitative and qualitative requirements

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

Depending on the disclosure interval		
Helaba relevance	Use of materiality principle	Reference
x		The disclosures are presented in a separate remuneration report and published on Helaba's website
Helaba is identified as an Other Systemically Important Institution and so the requirements stipulated in Article 441 CRR do not apply.		Helaba collected the data for calculating the surcharge for global systemically important banks for the reporting date of 31.12.2019 and published the indicators in its 2019 G-SIB data collection report.
Helaba is making use of the transitional regulatory arrangements under Article 473a CRR covering the inclusion of the initial application effects when determining capital ratios. The authorisation to apply the transitional arrangements was only received after the COREP report as at 31.3.2020 had been submitted, with the result that the transitional arrangements as at 31.3.2020 and the requirements under Article 473 CRR in conjunction with EBA guidelines EBA/GL/2018/01 were not applied.		–
x		Disclosures can be found in the section Country-by-country reporting (page 272 et seq.) in accordance with Section 26a KWG in the Annual Report
x		The disclosures are included in the Annual Report (Note (47) in conjunction with Note (48) in the Notes to the Consolidated Financial Statements). The equivalent disclosures at Helaba Bank level are in the Annual Financial Report (Note (46) in the Notes to the Annual Financial Statements of Landesbank Hessen-Thüringen Girozentrale).

Scope of Application

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

A total of 19 companies are fully consolidated in the consolidation process for regulatory purposes in accordance with Sections 10 and 10a KWG and Article 18 CRR in addition to Helaba as the

superordinated institution. A further 16 companies are excluded from the scope of consolidation for regulatory purposes in accordance with Section 31 KWG in conjunction with Article 19 CRR.

Compared with the position as at 31 December 2019, IMAP M&A Consultants AG (classified as a financial institution) has been added to the scope of consolidation for regulatory purposes.

Group of consolidated companies for regulatory purposes (overview)

Regulatory treatment	Number and type of companies
Full consolidation	19 companies 13 financial institutions 1 asset management company 3 banks 1 investment firm 1 provider of ancillary services
Proportional consolidation	–
Excluded from the scope of consolidation for regulatory purposes	16 companies 15 financial institutions 1 provider of ancillary services

Own Funds and Own Funds Structure

This section presents information about the Helaba Group's own funds and key figures together with a breakdown of the own funds requirements for each risk type in accordance with the COREP report under Pillar I as at 31 March 2020.

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

KM1 – The Helaba Group in figures

in € m

	31.3.2020	31.12.2019	30.9.2019	30.6.2019	31.3.2019
Composition of own funds for regulatory purposes					
1 Common Equity Tier 1 capital	8,032	8,483	8,367	8,468	8,075
thereof: Regulatory adjustments	-1,156	-660	-745	-646	-581
Additional Tier 1 capital	564	670	670	670	670
thereof: Regulatory adjustments	-20	-20	-20	-20	-20
2 Tier 1 capital	8,597	9,153	9,037	9,138	8,744
Tier 2 capital	2,286	2,229	2,275	2,318	2,357
thereof: Regulatory adjustments	-8	-12	-14	-14	-14
3 Own funds, total	10,883	11,382	11,312	11,456	11,101
Total risk exposure amount					
4 Total RWAs	64,608	59,779	60,424	58,194	55,363
Capital ratios					
5 Common Equity Tier 1 (CET1) capital ratio in %	12.43	14.19	13.85	14.55	14.58
6 Tier 1 capital ratio in %	13.31	15.31	14.96	15.70	15.79
7 Total capital ratio in %	16.85	19.04	18.72	19.69	20.05
Additional Pillar 2 capital requirements					
Additional SREP CET1 capital requirement in %	0.98	1.75	1.75	1.75	1.75
Additional SREP AT1 capital requirement in %	0.33	-	-	-	-
Additional SREP T2 capital requirement in %	0.44	-	-	-	-
Total SREP capital requirement in % (TSCR)	9.75	9.75	9.75	9.75	9.75
Capital buffers					
8 Capital conservation buffer in %	2.50	2.50	2.50	2.50	2.50
9 Institution-specific countercyclical capital buffer in %	0.05	0.12	0.12	0.09	0.10
10 Buffer for global/other systemically important institutions in %	1.00	1.00	1.00	1.00	1.00
11 Institution-specific buffer requirement in % (rows 8 + 9 + 10)	3.55	3.62	3.62	3.59	3.60
12 CET1 capital available for the buffers in % (expressed as a percentage of the total risk exposure amount)	7.31	9.31	8.96	9.70	9.79
Leverage ratio					
13 Leverage ratio total exposure measure	220,074	205,434	216,101	214,156	190,352
14 Leverage ratio in %	3.91	4.46	4.18	4.27	4.59

Common Equity Tier 1 capital declined by approximately € 450 m compared with the figure as at 31 December 2019, to € 8,032 m. The change over the first three months of the current year was largely attributable to market movements as a result of the COVID-19 pandemic. These movements have led to temporary fluctuations in measurements, which have had an adverse impact on earnings in the first quarter. At the same time, there

has been a rise in own funds deductions in connection with prudent measurement as a consequence of extreme volatility in capital markets. In addition, the "regulatory adjustments" include the result of the rise in the (positive) effect from Helaba's own credit standing, which is eliminated for regulatory purposes.

Total own funds as at 31 March 2020 decreased by approximately € 500 m compared with the figure as at the end of 2019 as a result of effects due to the residual maturity amortisation on Tier 2 capital instruments.

Owing to the exceptional circumstances resulting from the COVID-19 pandemic, the ECB no longer requires the 2020 Pillar II capital requirement derived from the Supervisory Review and Evaluation Process (SREP) to be held exclusively in the form of Common Equity Tier 1 capital, which has been the case to date; instead, some of it can be held in the form of Additional Tier 1 capital and Tier 2 capital. The Helaba Group had a comfortable capital position as at 31 March 2020, consisting of a Tier 1 capital ratio of 13.31 % and a Common Equity Tier 1 capital ratio of 12.43 %. As at the disclosure reporting date, these ratios also meant that the Group satisfied the additional Pillar II capital requirement (P2R) and capital guidance (P2G) arising from the SREP.

Various country-related countercyclical capital buffer rates have been adjusted by national supervisory authorities as part of measures implemented to address the impact from the COVID-19 pandemic. As a consequence of these adjustments, Helaba's institution-specific countercyclical capital buffer rate has been reduced by 0.07 percentage points.

Capital adequacy

The table below shows the RWAs and own funds requirements broken down by risk type.

Since 1 January 2020, Helaba has used solely external ratings from Moody's Investors Service and Standard & Poor's (the latter only at FSP) to calculate the own funds requirements for default risk exposures under the standardised approach (CRSA). The rating agencies are nominated for all CRSA exposure classes. When calculating the own funds requirements in relation to securitisations, reference is made to other agencies as well.

EU OV1 – Overview of RWAs

in € m

		RWAs		Own funds requirement	
		31.3.2020	31.12.2019	31.3.2020	
	1	Credit risk (excluding CCR)	52,221	49,505	4,178
Article 438 (c), (d)	2	Of which standardised approach (CRSA)	5,999	5,793	480
Article 438 (c), (d)	3	Of which the foundation IRB (FIRB) approach	43,879	41,422	3,510
Article 438 (c), (d)	4	Of which the advanced IRB (AIRB) approach	1,159	1,117	93
Article 438 (d)	5	Of which equity IRB under the simple risk-weighted approach or the IMA	1,184	1,174	95
Article 107, Article 438 (c), (d)	6	Counterparty credit risk (CCR)	2,696	2,114	216
Article 438 (c), (d)	7	Of which mark to market	1,793	1,355	143
Article 438 (c), (d)	8	Of which original exposure	–	–	–
	9	Of which standardised approach	–	–	–
	10	Of which internal model method (IMM)	–	–	–
Article 438 (c), (d)	11	Of which contributions to the default fund of a CCP	55	48	4
Article 438 (c), (d)	12	Of which CVA	847	712	68
Article 438 (e)	13	Settlement risk	0	0	0
Article 449 (o), (i)	14	Securitisation exposures in the banking book (after the cap)	2,133	1,699	171
	15	Of which IRB approach	–	631	–
	16	Of which supervisory formula approach (SFA)	–	356	–
	17	Of which internal assessment approach (IAA)	–	262	–
	18	Of which standardised approach	–	999	–
		Of which risk-weighted credit risk exposures: securitisation exposures (revised securitisation rules)	2,133	68	171
		Of which SEC-IRBA	650	–	52
		Of which SEC-ERBA (including SEC-IAA)	966	38	77
		Of which SEC-SA	518	30	41
Article 438 (e)	19	Market risk	4,079	3,006	326
	20	Of which standardised approach	1,722	1,312	138
	21	Of which internal model method (IMM)	2,357	1,694	189
Article 438 (e)	22	Large exposures	–	–	–
Article 438 (f)	23	Operational risk	3,420	3,397	274
	24	Of which basic indicator approach	–	–	–
	25	Of which standardised approach	3,420	3,397	274
	26	Of which advanced measurement approaches	–	–	–
Article 437 (2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250 % risk weight)	58	58	5
Article 500	28	Adjustment for Basel I floor	–	–	–
	29	Total	64,608	59,779	5,169

As a result of the end of the grandfathering provisions on 1 January 2020 for securitisation exposures under the revised securitisation rules (Regulation (EU) 2017/2401 amending the CRR), all securitisation exposures in the above table are reported as at the latest disclosure reporting date using the new securitisation approaches (SEC-IRBA, SEC-ERBA (including SEC-IAA) and SEC-SA). From this reporting date, rows 15-18 have no longer been populated because they no longer apply for regulatory purposes.

The following table (as at 31 March 2020) is provided in addition to the differentiated presentation of RWAs in accordance with the requirements in EBA/GL/2016/11 in order to ensure that the requirements of Article 438 CRR are satisfied in full.

Article 438 CRR – Overview of RWAs by exposure class

in € m

	RWAs	Own funds requirement
FIRB – Central governments or central banks	2,581	206
FIRB – Institutions	3,846	308
FIRB – Corporates	37,822	3,026
thereof: Specialised lending exposures	19,599	1,568
thereof: SME	2,059	165
thereof: Other	16,163	1,293
AIRB – Retail	1,159	93
Secured by real estate	630	50
thereof: SME	163	13
thereof: Non-SME	467	37
Qualifying revolving	38	3
Other	491	39
thereof: SME	95	8
thereof: Non-SME	396	32
IRBA equity exposures	1,805	144
thereof: Simple risk-weight approach	1,184	95
Private equity exposures in sufficiently diversified portfolios (190 %)	1,164	93
Exchange traded equity exposures (290 %)	–	–
Other equity exposures (370 %)	20	2
thereof: PD/LGD approach	569	46
thereof: Risk-weighted equities	51	4
Other non-credit-obligation assets	654	52
Total IRB approach	47,866	3,829
Central governments or central banks	23	2
Regional governments or local authorities	154	12
Public-sector entities	217	17
Multilateral development banks	–	–
International organisations	–	–
Institutions	326	26
Corporates	2,293	183
Retail	140	11
Exposures secured by real estate	635	51
Exposures in default	42	3
Higher risk categories	941	75
Covered bonds	1	0
Exposures to institutions and corporates with a short-term credit rating	–	–
Collective investment undertakings (CIU)	20	2
Equity exposures	1,159	93
Other exposures	256	20
Total standardised approach (CRSA)	6,207	497
Total	54,073	4,326

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

The total RWAs rose by around € 4.8 bn compared with the previous quarter. This increase resulted from default risk (up by € 3.6 bn) and market risk (up by € 1.1 bn).

The rise in default risk was evident predominantly in the IRB exposure classes “Central governments or central banks” (up by € 0.7 bn), “Corporates – Specialised lending exposures” (up by € 1.1 bn), “Corporates – Other” (up by € 0.7 bn) and in the “Securitisations” exposure class (up by € 0.4 bn) and was mainly attributable to business-related changes (including new business) as well as changes in ratings (up by € 0.4 bn).

In addition to the reasons specified above, the changes in the IRB approach also included the effect from the new definitions of default specified by the ECB for two IRB rating models (leading to an increase of € 145 m).

The “Securitisations” exposure class reflects not only business-related changes but also the end of the grandfathering provisions noted below the table EU OV1 – Overview of RWAs.

The higher RWAs from market risk were attributable to a rise in specific interest rate risk (up by € 0.4 bn) and in the internal model (up by € 0.7 bn).

Within specific interest rate risk, the increase in RWAs was mainly accounted for by new business related to index credit default swaps (CDSs). The rise in RWAs under the internal model was primarily attributable to changes in exposures in connection with normal trading activities and to other effects. Further details on the changes in RWAs in the internal model can be found in the “Market Risk” section.

Liquidity Coverage Ratio (LCR)

The LCR is a regulatory measure of liquidity available at short notice and banks are required to comply with a specified minimum ratio. In order to satisfy the minimum ratio of 100 %, a bank's available, liquid assets must, for a period of 30 days, be greater than the forecast cumulative net cash outflows in a serious stress scenario (which may assume, for example, the withdrawal of a certain level of customer deposits with a simultaneous loss of unsecured funding). The disclosures relating to the LCR are published in accordance with Article 435 CRR and EBA guidelines EBA/GL/2017/01.

Helaba uses an internal liquidity adequacy assessment process (ILAAP) to ensure that it has adequate liquidity available at all times and that its short- and medium-term funding is sound. This process identifies, measures and monitors all material liquidity and funding risks and facilitates corrective action in good time to avoid a liquidity squeeze, where necessary. The process also includes liquidity stress tests, contingency planning and an independent validation of risk quantification meth-

ods. The Board of Managing Directors is responsible for ensuring that the ILAAP is underpinned by a robust system of governance. The ILAAP forms an integral component of the management framework and consists of both economic and normative perspectives.

Internal thresholds (risk appetite and risk tolerance) have been set for the LCR as part of the Bank's risk appetite framework (RAF). These internal thresholds are well above the minimum regulatory requirements of 100 %. Both the minimum regulatory requirements and the internal thresholds were complied with at all times during the reporting period.

The ECB and BaFin have introduced various regulatory measures in connection with the COVID-19 pandemic. Currently, the Bank is not making use of any exemptions in relation to liquidity. The average liquidity coverage ratio once again underwent only minor fluctuations in the reporting period, underlining Helaba's conservative risk profile and sound liquidity position.

EU LIQ1 – LCR

LCR Disclosure Template

Scope of consolidation Consolidated
Currency and units € m

		TOTAL ADJUSTED VALUE			
Quarter ending on		30.6.2019	30.9.2019	31.12.2019	31.3.2020
Number of data points used in the calculation of averages		12	12	12	12
		050	060	070	080
21	Liquidity buffer	35,204	36,273	37,251	37,962
22	TOTAL NET CASH OUTFLOWS	21,825	22,029	20,954	21,761
23	Liquidity coverage ratio (%)	161.82	165.00	179.41	176.44

Credit Risk

Credit risk and credit risk mitigation in the IRB Approach

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

December 2010 marked the completion of the regulatory audits in relation to the use of the internal rating models for the FIRBA and thus the full delivery of the IRBA implementation plan. The AIRB Approach has been applied for the retail portfolio of the subsidiary FSP since the second quarter of 2008. In 2013, LBS became the first Bausparkasse to gain permission to use the “LBS-Kunden-Scoring” rating model and the LGD model devised by Sparkassen Rating- und Risikosysteme GmbH (S-Rating) in the AIRB Approach for retail exposures.

The changes in RWAs for credit risk exposures under the IRB Approach between 31 December 2019 and 31 March 2020 are presented below.

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

in € m

	a	b
	RWAs	Own funds requirement
1 RWAs at previous quarter-end	43,764	3,501
2 Asset size	1,966	157
3 Asset quality	352	28
4 Model updates/changes	97	8
5 Methodology and policy changes	–	–
6 Acquisitions and disposals	–	–
7 Foreign exchange movements	96	8
8 Other	–1	0
9 RWAs at the end of the current quarter	46,274	3,702

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

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

As at 31 March 2020, the model updates/changes also included the effect from the new definitions of default specified by the ECB for two IRB rating models.

The foreign exchange movement arose principally from transactions in US dollars; some of the movements related to US dollars were offset by countervailing movements in sterling.

Market Risk

Internal model

All market risks are quantified every day using a money-at-risk (MaR) method backed up by stress tests and sensitivity analyses. The MaR specifies what is deemed, with a certain confidence level, to be the upper threshold of the potential loss of a portfolio or position due to market fluctuations within a prescribed holding period.

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

The changes in RWAs under the internal model between 31 December 2019 and 31 March 2020 are presented below.

EU MR2-B – Market risk under the IMA

in € m

	a	b	c	d	e	f	g
	VaR	sVaR	IRC	Internal model for correlation trading activities	Other	RWAs	Own funds requirement
1 RWAs at previous quarter-end	913	781	–	–	–	1,694	136
1a Regulatory adjustments ¹⁾	662	507	–	–	–	1,170	94
1b RWAs at previous quarter-end (end of the day)	251	274	–	–	–	525	42
2 Movement in risk levels	–33	–26	–	–	–	–59	–5
3 Model updates/changes	–1	–0	–	–	–	–1	–0
4 Methodology and policy changes	–	–	–	–	–	–	–
5 Acquisitions and disposals	–	–	–	–	–	–	–
6 Foreign exchange movements	0	–0	–	–	–	0	0
7 Other	102	66	–	–	–	168	13
8a RWAs at current quarter-end (end of the day)	320	314	–	–	–	633	51
8b Regulatory adjustments ¹⁾	719	1,004	–	–	–	1,724	138
8 RWAs at the end of the current quarter	1,039	1,318	–	–	–	2,357	189

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

The changes in RWAs compared with the previous quarter are mainly attributable to changes in exposures in normal trading activities and to other effects. The other effects include changes attributable to movements in market interest rates, regular monthly updates of the statistical parameters for the MaR as well as a switch in the periods used for the crisis scenario in the stressed MaR. In accordance with the exemptions issued by the EBA in connection with the COVID-19 pandemic, the qualitative add-on factor has not been included in the calculation of the RWAs. At the same time, the add-on factor has increased as a result of a greater number of back-testing outliers.

Annex

List of Abbreviations

Abbreviation	Definition
AIRB	Advanced IRB
AT1	Additional Tier 1 capital
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
CCF	Credit conversion factor
CCP	Central counterparty (CCP)
CCR	Counterparty credit risk (CCR)
CDS	Credit default swap
CET1	Common Equity Tier 1 capital
CIU	Collective investment undertakings (CRSA exposure class)
COREP	Common solvency ratio reporting
CRR	Capital Requirements Regulation
CRSA	Credit Risk Standardised Approach
CVA	Credit valuation adjustment
DoD	Definition of default (new definitions of default issued by the ECB for two IRB rating models)
EBA	European Banking Authority
ECB	European Central Bank
ELLI	Risk measurement system (interest rate option risk)
FINREP	Financial reporting
FIRB	Foundation IRB
FSP	Frankfurter Sparkasse
G-SIB/G-SII	Global systemically important banks/Global systemically important institutions
IAA	Internal Assessment Approach for Securitisations
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IMA	Internal models for market risk
IRB	Internal Ratings-Based (Approach) (FIRB/AIRB)
IRC	Internal model for the incremental default and migration risk charge
KWG	German Banking Act (Kreditwesengesetz)
LBS	Landesbausparkasse Hessen-Thüringen
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default

Abbreviation	Definition
MaR/VaR	Money-at-risk/value-at-risk
MaRC ²	Risk measurement system (linear interest rate risk)
NPL	Non-performing loans
PD	Probability of default
P2G	Additional Pillar 2 capital guidance
P2R	Additional Pillar 2 capital requirement
RAF	Risk appetite framework
RAS	Risk appetite statement
RWAs	Risk-weighted assets
SAG	German Recovery and Resolution Act
SEC-ERBA	Securitisation external ratings-based approach
SEC-IAA	Securitisation internal assessment approach
SEC-IRBA	Securitisation internal ratings-based approach
SEC-SA	Securitisation standardised approach
SFA	Supervisory Formula Approach
SFTs	Securities financing transactions
SME	Small and medium-sized enterprises
SolvV	German Solvency Regulation
sMaR/sVaR	Stress money-at-risk/stress value-at-risk
S-Rating	Sparkassen Rating- und Risikosysteme GmbH
SREP	Supervisory review and evaluation process
T1	Tier 1 capital (T1 = CET1 + AT1)
T2	Tier 2 capital
TC	Total capital (TC = T1 + T2)
TSCR	Total SREP capital requirement
WIBank	Wirtschafts- und Infrastrukturbank Hessen

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