2015

Half-Yearly Disclosure Report

Helaba

Disclosure of the Helaba Group
Pursuant to the Capital Requirements Regulation (CRR)

30 June 2015

Contents

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Preamble

The Helaba Group

Landesbank Hessen-Thüringen Girozentrale of Frankfurt am Main and Erfurt (Helaba) provides financial services in Germany and other countries for companies, banks, institutional investors and the public sector. It is also the Sparkasse central bank and service provider for 40 % of German Sparkassen.

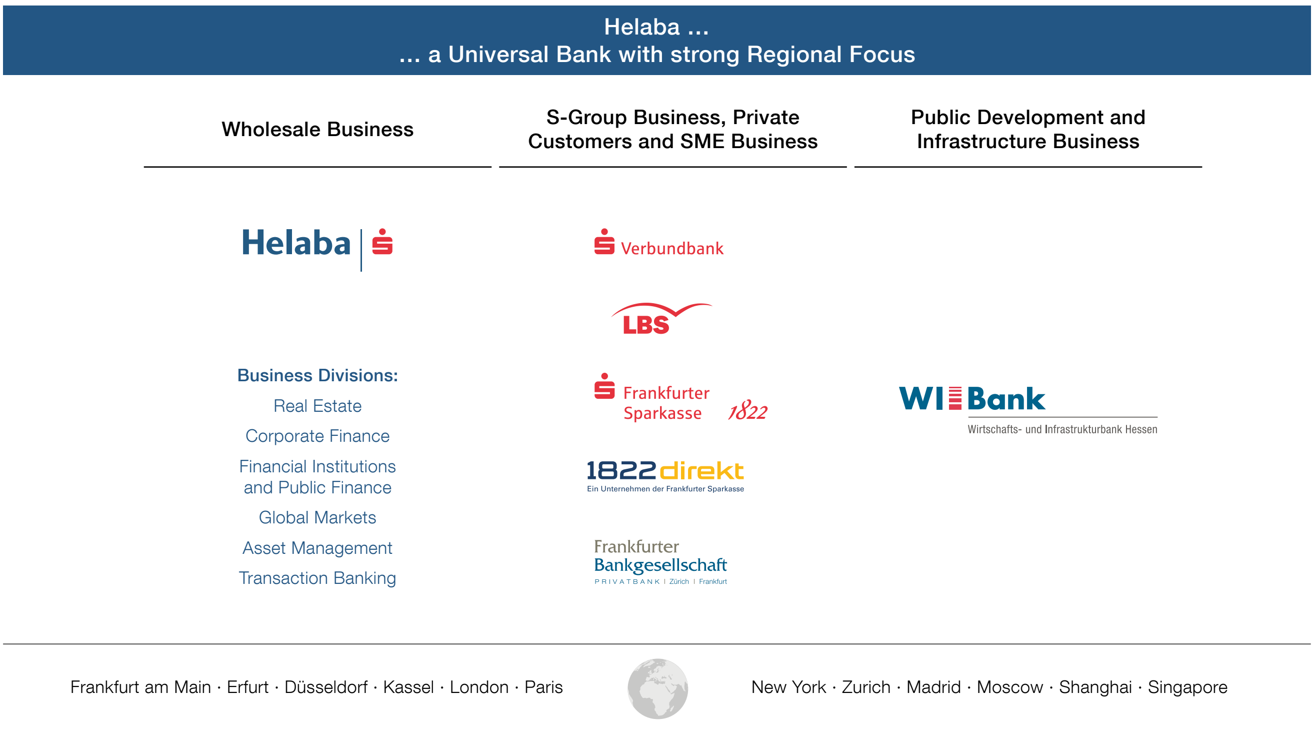
Frankfurter Sparkasse (FSP), the regional market leader in retail banking, is a wholly-owned subsidiary of Helaba. Landesbausparkasse Hessen-Thüringen (LBS) and Wirtschafts- und Infrastrukturbank Hessen (WIBank), which implements development programmes for the State of Hesse, also both belong to the Helaba Group.

Helaba operates from its head offices in Frankfurt am Main and Erfurt and maintains branch offices in Düsseldorf, Kassel, Paris, London and New York. These are augmented by representative and sales offices, subsidiaries and affiliates.

A credit institution organised under public law, Helaba has the long-term strategic business model of a full-service bank with a strong regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkasse organisation. It is a business model that has served Helaba well over the years, delivering great stability and ever-stronger business and earnings performance.

Helaba's activities span three distinct business areas: we provide products and services to support the Sparkassen in our capacity as S-Group Bank; we are a development bank and thus a partner for the public sector in connection with infrastructure projects, for example; and we serve customers in Germany and other countries as a commercial bank.

Helaba's stable strategic business model: three core business units



Disclosure Report

This Disclosure Report satisfies Helaba's Group-level disclosure obligation, as the superordinated institution, in accordance with Part 8 of the Capital Requirements Regulation (CRR) for the 30 June 2015 reporting date. The supplementary provisions set out in Sections 10 and 10a of the German Banking Act (Kreditwesengesetz – KWG), Article 13 CRR, the transitional provisions set out in Part 10 CRR and the regulatory and implementing standards of relevance to disclosure are also considered.

The half-yearly Disclosure Report is based on the EBA requirements in relation to the frequency and scope of reporting (EBA/GL/2014/14).

Article 13 CRR requires significant subsidiaries of EU parent institutions and those subsidiaries that are of material significance for their local market to prepare their own disclosure report on an individual or sub-consolidated basis.

Helaba's Frankfurter Sparkasse subsidiary, which is the regional market leader in retail banking, falls under this separate disclosure requirement. The separate disclosure for Frankfurter Sparkasse is presented in the Disclosure Report for the 31 December 2014 reporting date in the section entitled "Disclosure Report for Frankfurter Sparkasse" and is updated annually like the Frankfurter Sparkasse Annual Report.

The regulatory capital requirements and Helaba's own funds have been based on the IFRS accounts since 1 January 2014. The only exception is the section concerning Frankfurter Sparkasse in the Disclosure Report for the 31 December 2014 reporting date, which is based on the separate figures of Frankfurter Sparkasse determined according to HGB accounting.

The remuneration policy details in accordance with Article 450 CRR are presented in a separate remuneration report and published on Helaba's website.

Country-by-country reporting in accordance with Section 26a KWG can be found in the Annual Report in the section thus entitled.

More detailed information concerning the statement of financial position is presented in the Helaba Group's Annual Report due to the differences in the definition of the group of consolidated companies under the regulatory provisions and commercial law.

Scope of Application

This disclosure is provided for the Helaba Group on the basis of the group of consolidated companies for regulatory purposes pursuant to the KWG. The document is prepared and coordinated by the parent company – Helaba. A total of 21 companies are fully consolidated in the consolidation process for regulatory purposes in accordance with Sections 10 and 10a KWG, in addition to Helaba as the superordinated institution, and one other company is included in the consolidation on a pro-rata basis. A further 46 companies are excluded from the scope of consolidation for regulatory purposes in accordance with Section 31 KWG in conjunction with Article 19 CRR. One fully-consolidated financial institution has left the group of consolidated companies for regulatory purposes since the 31 December 2014 reporting date.

Group of consolidated companies for regulatory purposes

Regulatory treatment	Number and type of companies
Full consolidation	**21 companies** 15 financial institutions 2 asset management companies 3 banks 1 provider of ancillary services
Pro-rata consolidation	**1 company** 1 financial institution
Excluded from the scope of consolidation for regulatory purposes	**45 companies** 44 financial institutions 1 provider of ancillary services

Disclosures Concerning Own Funds/ Own Funds Structure

This section presents information about the Helaba Group's own funds together with a breakdown of the capital requirements for each risk type in accordance with the Pillar I return. The capital ratios are also reported.

The CRR defines own funds as Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital. The summary below shows the extent and composition of the Helaba Group's own funds at 30 June 2015.

Composition of own funds for regulatory purposes

Helaba Group in € m

	30.06.2015
Common Equity Tier 1 capital	**7,111**
Paid-in capital instruments	2,509
Capital reserves	1,546
Retained earnings	3,487
Accumulated other comprehensive income	–218
Regulatory adjustments	–213
Additional Tier 1 capital	478
Paid-in capital instruments	737
Regulatory adjustments	–260
Tier 1 capital	**7,589**
Tier 2 capital	2,304
Paid-in capital instruments	2,473
Regulatory adjustments	–169
Own funds, total	**9,893**

The Helaba Group's Common Equity Tier 1 capital essentially comprises the subscribed capital (paid-up capital and capital contributions), capital reserves and retained earnings.

Shown in the Additional Tier 1 capital category are the silent participations that constituted liable capital in accordance with Section 10 KWG until 31 December 2013 and that fall under the grandfathering provisions set out in the CRR, meaning that they can still be applied as Additional Tier 1 capital, on a steadily decreasing basis, until 2021.

The Tier 2 capital as defined in the CRR consists largely of profit participation rights and other subordinate liabilities of Helaba.

The Common Equity Tier 1 capital is lower as compared with the 31 December 2014 figure due to increased percentage CET1 deductions (phase-in). The opposing inclusion of Helaba's earnings in the second half of 2014, minus profit distributions, offsets this effect only partially.

The table below shows the capital ratios of the Helaba Group, Helaba Bank and the significant subsidiary Frankfurter Sparkasse.

Capital ratios

in %

Entity	Total capital ratio	Tier 1 capital ratio	CET1 capital ratio
Helaba Group (IFRS)	17.9	13.7	12.9
Helaba Bank (HGB)	18.5	13.6	12.2
Frankfurter Sparkasse (HGB)	19.6	18.1	18.1

The Helaba Group has a comfortable capital position with a Tier 1 capital ratio of 13.7 % and a Common Equity Tier 1 capital ratio of 12.9 % as at 30 June 2015.

The table below shows RWA and capital requirements for default risks, broken down by exposure class, and market price risks, operational risks and CVA at 30 June 2015.

The principal changes as compared with the previous disclosure reporting date, 31 December 2014, are the result of an increase in market price risks (internal model) and securitisation positions under the IRB Approach. The increase of approximately € 1 bn in market price risks stems essentially from more volatile euro interest rates and higher interest rate levels. Capital requirements for securitisation positions under the IRB Approach are in reference to the RWA approximately € 1.2 bn higher as a result principally of a modified interpretation of the CRR. RWA:

RWA and capital requirements

in € m

Exposure class	RWA	Capital requirement
Credit Risk Standardised Approach (CRSA)	**6,231**	**499**
Central governments and central banks	38	3
Regional governments and local authorities	3	0
Public-sector entities	192	15
Multilateral development banks	0	0
International organisations	0	0
Institutions	768	61
Corporates	1,674	134
Retail business	92	7
Secured by real estate property	511	41
Exposures in default	248	20
Exposures associated with particularly high risk	81	7
Covered bonds	23	2
Exposures to institutions and corporates with a short-term credit assessment	–	–
Collective investment undertakings (CIU)	–	–
Equity exposures	1,057	85
thereof: Grandfathering	290	23
Other items	305	24
Securitisation positions	1,237	99
Internal Ratings-Based Approach (IRBA)	**40,006**	**3,201**
FIRB	**35,215**	**2,817**
Central governments and central banks	1,257	101
Institutions	3,465	277
Corporates – SME	1,765	141
Corporates – Specialised lending exposures	16,492	1,319
Corporates – Other	12,236	979

in € m

Exposure class	RWA	Capital requirement
AIRB	**1,097**	**88**
Central governments and central banks	–	–
Institutions	–	–
Corporates – SME	–	–
Corporates – Specialised lending exposures	–	–
Corporates – Other	–	–
Retail exposures – Secured by real estate property, SME	172	14
Retail exposures – Secured by real estate property, non-SME	549	44
Retail exposures – Qualified revolving	55	4
Retail exposures – Other, SME	76	6
Retail exposures – Other, non-SME	245	20
IRBA exposure class Equity claims	**528**	**42**
thereof: Simple risk-weighting method	476	38
Private equity exposures in sufficiently diversified portfolios (190 %)	77	6
Exchange traded equity exposures (290 %)	180	14
Other equity exposures (370 %)	219	18
thereof: PD-LGD approach	20	2
thereof: Risk-weighted equity exposures	32	3
Securitisation positions	**2,768**	**221**
Other non credit-obligation assets	**398**	**32**
Default fund contributions to a central counterparty (CCP)	**–**	**–**
Settlement and delivery risks	**–**	**–**
Position, foreign-exchange and commodities risks	**4,132**	**331**
in accordance with standardised approaches (SA)	**1,914**	**153**
Position risk	1,471	118
Foreign-exchange risk	435	35
Commodities risk	8	1
in accordance with internal models (IM)	**2,218**	**177**
Operational risks (OpR)	**3,703**	**296**
Standardised Approach (STA)	3,703	296
Credit valuation adjustment (CVA)	**1,188**	**95**
Total	**55,261**	**4,421**

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

Disclosures Concerning IRBA Exposures

Helaba's internal rating methods and processes have been reviewed thoroughly by the supervisory authority in a number of individual and follow-up examinations conducted between 2006 and 2014 and in December 2006, Helaba was approved by the German Federal Financial Supervisory Authority (BaFin) to use the FIRB Approach in accordance with 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 method for aircraft finance in December 2010 marked the completion of the regulatory examinations in relation to the use of the internal rating methods for the FIRB and thus the full delivery of the IRBA implementation plan. The AIRB approach has been applied for the retail portfolio of subsidiary Frankfurter Sparkasse since the third quarter of 2008. In 2013 Landesbausparkasse Hessen-Thüringen (LBS) became the first Bausparkasse to gain permission to use the "LBS-Kunden-Scoring" rating method and the LGD model devised by Sparkassen Rating- und Risikosysteme GmbH (S-Rating) in the AIRB for retail claims.

The following table shows, for FIRB exposures, the exposure value in accordance with the CRR, the average probability of default (mean PD), the average risk weight taking into account credit risk mitigation effects and the exposure value of outstanding loans and unutilised and partially utilised loan commitments. The average risk weighting does not consider the deduction factor for credit risk on exposures to SMEs to be applied in accordance with Article 501 CRR.

Exposure values by PD band, FIRB

	PD band (mean PD)			
Exposure class	**0.00 – 0.17 %**	**0.26 – 0.88 %**	**1.25 – 45.00 %**	**Default**
Central governments or central banks				
Exposure value in € m	29,747	477	260	1
Average PD in %	0.00	0.26	19.97	100.00
Average RW in %	1.17	53.54	252.38	0.00
thereof: Exposure value of outstanding loans, in € m	25,870	477	260	1
thereof: Exposure value for undrawn commitments, in € m	765	0	0	0
Institutions				
Exposure value in € m	14,179	499	76	2
Average PD in %	0.05	0.54	2.82	100.00
Average RW in %	21.42	71.11	96.08	0.00
thereof: Exposure value of outstanding loans, in € m	11,028	453	38	2
thereof: Exposure value for undrawn commitments, in € m	1,663	44	7	0
Corporates				
Exposure value in € m	41,534	18,361	5,947	2,887
Average PD in %	0.09	0.48	4.93	100.00
Average RW in %	28.05	62.75	121.73	0.00
thereof: Exposure value of outstanding loans, in € m	32,296	14,026	5,354	2,716
thereof: Exposure value for undrawn commitments, in € m	7,860	3,892	444	98
thereof: Specialised lending exposures				
Exposure value in € m	20,292	9,476	3,356	1,249
Average PD in %	0.10	0.50	4.19	100.00
Average RW in %	29.75	64.87	125.97	0.00
thereof: Exposure value of outstanding loans, in € m	17,389	7,841	3,185	1,226
thereof: Exposure value for undrawn commitments, in € m	2,126	1,393	47	11
thereof: SME				
Exposure value in € m	694	1,563	653	85
Average PD in %	0.12	0.59	3.99	100.00
Average RW in %	25.60	58.17	103.83	0.00
thereof: Exposure value of outstanding loans, in € m	654	1,377	568	77
thereof: Exposure value for undrawn commitments, in € m	38	186	84	8

Exposure values by PD band, FIRB

	PD band (mean PD)			
Exposure class	0.00 – 0.17 %	0.26 – 0.88 %	1.25 – 45.00 %	Default
thereof: Other				
Exposure value in € m	20,548	7,322	1,938	1,553
Average PD in %	0.08	0.42	6.52	100.00
Average RW in %	26.46	60.99	120.42	0.00
thereof: Exposure value of outstanding loans, in € m	14,253	4,809	1,601	1,412
thereof: Exposure value for undrawn commitments, in € m	5,696	2,313	314	79
Equity exposures				
Exposure value in € m	27	0	0	0
Average PD in %	0.10	0.00	0.00	100.00
Average RW in %	74.10	0.00	0.00	450.00
thereof: Exposure value of outstanding loans, in € m	27	0	0	0
thereof: Exposure value for undrawn commitments, in € m	0	0	0	0

The AIRB exposures of LBS and Frankfurter Sparkasse are presented below.

Retail portfolio exposure values by PD band, AIRB

	PD band (mean PD)			
Exposure class	0.00 – 0.17 %	0.26 – 0.88 %	1.25 – 45.00 %	Default
Retail				
Exposure value in € m	2,446	1,792	681	71
Average PD in %	0.09	0.47	4.99	100.00
Average RW in %	7.28	25.47	76.87	32.15
Average LGD in %	40.64	36.38	36.26	50.64
thereof: Exposure value of outstanding loans, in € m	1,837	1,591	604	69
thereof: Exposure value for undrawn commitments, in € m	609	202	76	1
Average CCF in %	72.26	77.41	77.04	96.04
Secured by real estate property				
Exposure value in € m	1,594	1,325	478	44
Average PD in %	0.10	0.46	4.88	100.00
Average RW in %	6.81	21.56	76.20	38.11
Average LGD in %	28.53	28.63	27.47	38.29
thereof: Exposure value of outstanding loans, in € m	1,557	1,292	469	43
thereof: Exposure value for undrawn commitments, in € m	37	33	9	0
Average CCF in %	80.11	81.22	81.98	100.00
thereof: SME				
Exposure value in € m	118	246	156	0
Average PD in %	0.11	0.54	4.98	100.00
Average RW in %	8.94	27.98	93.91	0.00
Average LGD in %	32.56	33.03	33.96	23.55
thereof: Exposure value of outstanding loans, in € m	112	234	151	0
thereof: Exposure value for undrawn commitments, in € m	6	12	5	0
Average CCF in %	69.29	72.73	72.73	0.00

Retail portfolio exposure values by PD band, AIRB

	PD band (mean PD)			
Exposure class	**0.00 – 0.17 %**	**0.26 – 0.88 %**	**1.25 – 45.00 %**	**Default**
Qualified revolving				
Exposure value in € m	455	80	50	2
Average PD in %	0.05	0.53	5.82	100.00
Average RW in %	2.20	16.24	73.32	26.65
Average LGD in %	66.38	66.89	66.55	73.01
thereof: Exposure value of outstanding loans, in € m	12	22	24	2
thereof: Exposure value for undrawn commitments, in € m	443	58	26	0
Average CCF in %	69.00	71.70	73.53	100.41
Other retail				
Exposure value in € m	397	387	153	25
Average PD in %	0.10	0.49	5.06	100.00
Average RW in %	14.97	40.73	80.11	22.15
Average LGD in %	59.75	56.62	53.83	70.48
thereof: Exposure value of outstanding loans, in € m	268	277	111	24
thereof: Exposure value for undrawn commitments, in € m	129	111	41	1
Average CCF in %	81.23	79.26	78.18	94.40
thereof: SME				
Exposure value in € m	36	85	60	0
Average PD in %	0.12	0.53	6.06	100.00
Average RW in %	18.36	46.02	91.10	37.34
Average LGD in %	62.23	60.75	59.61	67.67
thereof: Exposure value of outstanding loans, in € m	13	45	38	0
thereof: Exposure value for undrawn commitments, in € m	23	41	22	0
Average CCF in %	65.95	64.77	67.63	58.85

The IRBA exposure values for positions with general risk weighting, other non credit-obligation assets and securitisations are presented below:

Specialised lending exposures based on the supervisory slotting criteria

The risk weights for specialised lending exposures based on the supervisory slotting criteria are assigned in accordance with the CRR using a system of five categories. Assignment to the categories is determined by various factors including supplier and commodity risks, off-taker risk and transaction risk.

Specialised lending exposures based on the supervisory slotting criteria in € m

Category	Exposure value
Category 1	116
Category 2	0
Category 3	0
Category 4	0
Category 5	0

Equity holdings under the simple risk-weighting method in € m

Simple risk-weighting method	Exposure value
Private equity exposures in sufficiently diversified portfolios (190 %)	41
Exchange traded equity exposures (290 %)	62
Other equity exposures (370 %)	59

The exposure value for non credit-obligation assets amounts to € 398 m, the exposure value for securitisations under the IRBA to € 5,198 m.

Disclosures Concerning the Leverage Ratio

The requirements for the calculation of the leverage ratio were redefined in January of this year with the publication of Commission Delegated Regulation (EU) 2015/62.

The leverage ratio continues to capture the relationship between Tier 1 capital and unweighted on-balance-sheet and off-balance-sheet assets (including derivatives).

The information disclosed is published in accordance with the corresponding interpretation of the EBA (Disclosure of the Leverage Ratio). The table below presents the variables used to determine the leverage ratio taking account of the transitional provisions in accordance with Article 499 1. (b) CRR:

Leverage ratio in accordance with the Delegated Regulation, at June 2015 in € m

	With transitional provisions
Total exposure measure	184,829
Capital measure	7,597
Ratio	4.1 %

The leverage ratio at 30 June 2015 determined in accordance with the Delegated Regulation and without application of transitional provisions amounts to 3.5 %.

The leverage ratio used in quarterly regulatory reporting is determined in accordance with Article 429 CRR, old version – and thus differs from that used in the Disclosure Report – due to the fact that a relevant EBA ITS has not been confirmed by the European Commission.

The total exposure measure in accordance with Article 429 CRR, old version, applying the transitional provisions in accordance with Article 499 1. (b) CRR amounts to € 197,594 m, the capital measure to € 7,589 m. The average leverage ratio for the second quarter of 2015 amounts to 3.8 % after application of transitional provisions and 3.2 % without application of transitional provisions.

Disclosures Concerning Asset Encumbrance

Details of asset encumbrance were disclosed for the first time at the 31 December 2014 reporting date. Encumbered assets are broadly speaking all of those assets to which the institution would not have unrestricted access in the event of a possible insolvency. Assets subject to a pledge, for example, and assets secured by other transactions are always considered to be encumbered assets.

The requirements described in the CRR are addressed in detail by the EBA in implementing standards and guidelines. There was still no implementing standard concerning disclosure requirements available at the time the report was prepared, so the EBA guidelines (EBA/GL/2014/03) were used as the basis instead.

Helaba makes use of the option provided to use reporting date data in the first disclosure period.

Helaba's funding strategy aims for a diversified funding mix. Asset encumbrance is accordingly mainly a factor in connection with the issue of Pfandbriefe and development business. The excess cover in the cover funds above and beyond the applicable legal requirements ensures substantial room for manoeuvre with issues. Encumbrance is also relevant in the context of derivative and repo transactions, which are in principle concluded only under typical market master agreements/collateral agreements. Such transactions within the Helaba Group are concentrated with the parent institution.

No use is made of "Other Assets" for collateral purposes. The position consists principally of the positive market values of derivatives, real estate assets and intangible assets.

Assets in € m

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
Assets	**51,927**		**127,710**	
thereof: Equity instruments	0	0	3,500	3,500
thereof: Bonds	6,134	6,122	32,602	32,623
thereof: Other assets	0		19,723	

Collateral received

in € m

	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received	**481**	**6,048**
thereof: Equity instruments	0	0
thereof: Bonds	476	6,048
thereof: Other collateral received	0	0
Own debt securities issued other than own covered bonds or ABSs	**0**	**539**

Sources of encumbrance

in € m

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	**56,521**	**51,697**

Annex

Definitions of key terms

Term/abbreviation	Definition
AIRB	Advanced IRB
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
CCP	Clearing with central counterparties
CET1	Common Equity Tier 1 (capital)
CRR	Capital Requirements Regulation
CRSA	Credit Risk Standardised Approach
CVA	Credit valuation adjustment
EBA	European Banking Authority
EBA ITS	EBA Implementing Technical Standard
FIRB	Foundation IRB
FSP	Frankfurter Sparkasse
HGB	German Commercial Code (Handelsgesetzbuch)
IFRS	International Financial Reporting Standards
IM	Internal models for market price risk
IRB	Internal Ratings-Based (Approach)
IRBA	Internal Ratings-Based Approach (FIRB/AIRB)
KWG	German Banking Act ("Kreditwesengesetz")
LBS	Landesbausparkasse Hessen-Thüringen
LGD	Loss given default
OpR	Operational risks
PD	Probability of default
RW	Risk weighting
RWA	Risk-weighted assets
SA	Standardised approach to market price risk
SME	Small and medium-sized enterprises
SolvV	German Solvency Regulation ("Solvabilitätsverordnung")
S-Rating	Sparkassen Rating- und Risikosysteme GmbH
STA	Standardised approach to operational risk

Imprint

Published by

Helaba
Landesbank Hessen-Thüringen
Frankfurt am Main/Erfurt

Concept and design

3st kommunikation, Mainz

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