2017

Half-Yearly Disclosure Report

Helaba

Disclosure Report of the Helaba Group in accordance with the Capital Requirements Regulation (CRR)

30 June 2017

Contents

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. Helaba serves as the Sparkasse central bank for Hesse, Thuringia, North Rhine-Westphalia and Brandenburg, making it a strong partner for 40 % of all Germany's Sparkassen.

Frankfurter Sparkasse (FSP), the regional market leader in retail banking, is a wholly owned subsidiary of Helaba. The Helaba Group also includes 1822direkt online bank, Landesbausparkasse Hessen-Thüringen (LBS) and Wirtschafts- und Infrastrukturbank Hessen (WIBank). The latter implements development programmes on behalf of the State of Hesse.

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's strategic business model centres on the three business units: Wholesale Business; S-Group Business, Private Customers and SME Business; and Public Development and Infrastructure Business. The Bank's registered offices are situated in Frankfurt am Main and Erfurt, and it also has branches in Düsseldorf, Kassel, Paris, London and New York. 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 sound strategic business model is based on three business units

Helaba …
… a Universal Bank with strong Regional Focus

Wholesale Business	S-Group Business, Private Customers and SME Business	Public Development and Infrastructure Business
Helaba	Verbundbank	WIBank – Wirtschafts- und Infrastrukturbank Hessen
Business Divisions: Real Estate; Corporate Finance; Financial Institutions and Public Finance; Global Markets; Asset Management; Transaction Banking	LBS; Frankfurter Sparkasse 1822; 1822direkt – Ein Unternehmen der Frankfurter Sparkasse; Frankfurter Bankgesellschaft – Privatbank – Zürich – Frankfurt	

Frankfurt am Main · Erfurt · Düsseldorf · Kassel · London · Paris · New York

Zurich · Madrid · Moscow · Shanghai · Singapore · Stockholm

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 the Capital Requirements Regulation (CRR). This Disclosure Report satisfies these requirements for the reporting date of 30 June 2017. 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 taken into account.

The frequency and scope of the Disclosure Report are based on the requirements of the European Banking Authority (EBA) as specified in EBA/GL/2014/14.

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. Helaba's entire Board of Managing Directors is responsible for approving publication of the document.

Following a review of the requirements, there will also be a half-yearly report for 2017, given the Helaba Group's total assets and its leverage ratio exposure.

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 FSP subsidiary, which is the regional market leader in retail banking, falls under this separate disclosure requirement. Since the disclosure reporting date of 31 December 2015, the disclosure report for FSP as an individual bank has been published in a "Disclosure report" section within its annual report, which is available on FSP's website. FSP updates its disclosure report each year in the same way as its annual report.

The regulatory capital requirements and the Helaba Group's own funds are based on financial reporting in accordance with IFRS. From 1 January 2018, the figures will take into account the new financial reporting requirements under IFRS 9. Helaba's 2017 Half-Yearly Financial Report (Note (1) in the notes) states that the effect from the initial application is expected to lead an increase in provisions for losses on loans and advances in the mid-double-digit millions. This forecast is subject to portfolio and measurement changes in the meantime, for example resulting from changes in macroeconomic factors. As definitive transitional regulatory arrangements covering the impact from the initial application of IFRS 9 on capital ratios are not yet available no decision has yet been taken as to whether these arrangements will be used. Based on the effects from the initial application of the new impairment requirements referred to above, it is projected that the change in the Common Equity Tier 1 (CET1) capital ratio will be less than 0.25 percentage points.

The remuneration policy disclosures 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.

Please refer to the "Risk report" section in conjunction with the "Responsibility statement" in the Helaba Group's Annual Report (published on Helaba's website) for information on declarations by the Board of Managing Directors regarding the appropriateness of the risk management system at Helaba pursuant to Article 435 (1e) CRR. Given the differences between the accounting and regulatory scopes of consolidation, more detailed information relating to the financial statements can also be found in the Annual Report.

Scope of Application

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

A total of 23 companies are fully consolidated in the scope of prudential consolidation in accordance with Sections 10 and 10a KWG and Article 18 CRR in addition to Helaba as the superordinated institution, and one other company is included in the consolidation on a pro-rata basis. A further 48 companies are excluded from the scope of prudential consolidation in accordance with Section 31 KWG in conjunction with Article 19 CRR. Since 31 December 2016, the following entities have been added to the regulatory scope of consolidation: Family Office der Frankfurter Bankgesellschaft AG and ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG.

Scope of prudential consolidation

Regulatory treatment	Number and type of companies
Full consolidation	**23 companies** 16 financial institutions 2 asset management companies 3 banks 1 investment firm 1 provider of ancillary services
Proportional consolidation	**1 company** 1 financial institution
Excluded from the scope of prudential consolidation	**48 companies** 47 financial institutions 1 provider of ancillary services

Helaba does not avail itself of the exemptions listed in Article 7 CRR for institutions belonging to a group. There are no obstacles, either legal or in substance, to the transfer of funds or liable capital within the Helaba Group. Of the subsidiary enterprises included in the regulatory scope of consolidation under the KWG, 23 companies are fully consolidated and one other company is accounted for using the equity method in the consolidated financial statements under IFRS. Information on the basis of consolidation in accordance with IFRS can be found in the 2017 Half-Yearly Financial Report (Note (2) in the notes) in conjunction with the 2016 Annual Report (Note (87) in the notes).

Risk Management Structure

Members of the management bodies

Helaba's corporate governance statutes, which are based on the provisions of its Charter, assign responsibility for the appointment of members of the Board of Managing Directors to the Board of Public Owners acting with the consent of the Supervisory Board. Candidates for positions on Helaba's Board of Managing Directors are accordingly selected, with reference to Section 25 d (11) KWG, by the Board of Public Owners, which is assisted in this connection by a nine-member Public Owners' Committee.

The Public Owners' Committee helps the Board of Public Owners determine applicants for positions on Helaba's Board of Managing Directors. The committee takes into account the balance and variety of knowledge, capabilities and experience provided by all the members of the Board of Managing Directors. It drafts a job description with an applicant profile and specifies the time that will be required for the responsibilities in question. The objective is to achieve a balance between the management/control and market functions represented on the Board of Managing Directors based on the size and structure of Helaba's business model.

The committee issues instructions in a suitable form for the operational selection process based on the following requirements profile:

- strategic and conceptual capabilities
- professional knowledge and experience in the area of responsibility for which the appointment is being made
- professional knowledge and experience in lending and capital markets business
- theoretical knowledge and practical expertise in regulation, risk management and corporate management
- leadership and communication skills
- professional experience in the financial services sector

Article 1 of the Helaba company regulations stipulates that no employee of the organisation may be treated differently from others, either by the Bank or by other employees, on the basis of gender, race, age, religion, skin colour, origin or nationality.

Helaba signed the Diversity Charter, a German corporate initiative to promote diversity in companies and institutions, in 2011. Following the maxims of the Charter, it gives consideration when selecting members of the Board of Managing Directors to the differences in knowledge, skills and experience of all members of the Board of Managing Directors. On 30 May 2017, the Board of Managing Directors of Helaba also decided to sign up to the United Nations Global Compact. The ten principles of the UN Global Compact cover a number of areas including a commitment to eliminate discrimination in respect of employment and occupation.

The Board of Public Owners additionally prepares a regular, at least annual, assessment of the knowledge, skills and experience of both the individual members of the Board of Managing Directors and of the Board of Managing Directors as a whole. In a further assessment, the Board of Public Owners regularly reviews the structure, size, composition and performance of the Board of Managing Directors, such review being carried out at least once a year. Close attention is paid to ensuring that the decision-making within the Board of Managing Directors by individuals or groups of individuals is not influenced in a way that might be prejudicial to Helaba's interests. The Public Owners' Committee assists the Board of Public Owners in both of these activities. In the first half of 2017, the Board of Public Owners and the Public Owners' Committee both met on 24 March 2017 and 22 June 2017.

The changes in the management or supervisory functions carried out by the members of the Helaba Board of Managing Directors compared with the details in the Disclosure Report as at 31 December 2016 have been as follows:

Mandates held by the members of the Board of Managing Directors (in accordance with Section 24 KWG)

	30.6.2017		31.12.2016	
	Number	Thereof subsidiaries / equity investments > 10 %	Number	Thereof subsidiaries / equity investments > 10 %
Herbert Hans Grüntker	5	4	5	4
Jürgen Fenk	6	6	7	7
Thomas Groß	6	5	6	5
Dr. Detlef Hosemann	4	3	4	3
Klaus-Jörg Mulfinger	5	4	4	3
Dr. Norbert Schraad	2	2	2	2

Hans-Dieter Kemler, who has been a member of the Helaba Board of Managing Directors since 1 May 2017 with responsibility for the business units of Capital Markets, Asset and Liability Management, Sales Public Authorities as well as for Asset Management and institutional client support, did not hold any other mandates at the reporting date.

Own Funds and 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 presented.

In accordance with the classification specified in the CRR, own funds comprise CET 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 2017.

Composition of own funds for regulatory purposes

Helaba Group in € m

	30.6.2017
Common Equity Tier 1 capital	**7,555**
Paid-in capital instruments	2,509
Capital reserves	1,546
Retained earnings	4,043
Accumulated other comprehensive income	−214
Regulatory adjustments	−330
Additional Tier 1 capital	499
Paid-in capital instruments	527
Regulatory adjustments	−28
Tier 1 capital	**8,054**
Tier 2 capital	2,742
Paid-in capital instruments	2,722
Regulatory adjustments	20
Own funds, total	**10,796**

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 subordinated liabilities of Helaba.

The Helaba Group's Common Equity Tier 1 capital rose by approximately € 21 m compared with the figure as at 31 December 2016. Positive factors included appropriations to retained earnings of approximately € 76 m and a net gain arising from the comparison between recognised allowances and expected losses under the IRB approach; on the other hand, there was a negative impact from transitional arrangements relating to deductible items. Total own funds contracted slightly by approximately € 13 m. The main reason was the impact from residual maturity amortisation on Tier 2 capital instruments.

The table below shows the risk-weighted assets (RWAs) and capital requirements for default risks, broken down by exposure class, and market risks, operational risks and CVA at 30 June 2017.

The most significant changes compared with 31 December 2016 resulted from a business-related and rating-related fall in RWAs in the following IRB exposure classes: Corporates – Other (approximately € 502 m), Corporates – Specialised lending exposures (approximately € 340 m), Institutions (approximately € 384 m) and IRBA securitisation exposures (approximately € 887 m). In addition, a fall in RWAs (approximately € 658 m) occurred in the internal model (market risk) as a consequence of a change in the model in the second quarter of 2017, which was authorised by the ECB. In addition to improving the modelling of trends in interest rates in the environment of low interest rates, Helaba also broadened the yield curve universe. The increase in RWAs of around € 14 m in the CRSA equity exposures that fall within the scope of the transitional arrangements in Article 495 CRR (grandfathering) arose from an additional injection of capital into an equity investment without any change to the holding percentage.

RWAs and capital requirements

in € m

Exposure class	RWAs	Capital requirement
Credit Risk Standardised Approach (CRSA)	**5,875**	**470**
Central governments or central banks	31	2
Regional governments or local authorities	21	2
Public sector	259	21
Multilateral development banks	0	0
International organisations	0	0
Institutions	526	42
Corporates	1,871	150
Retail	92	7
Exposures secured by real estate	518	41
Exposures in default	138	11
Higher risk categories	63	5
Covered bonds	7	1
Exposures to institutions and corporates with a short-term credit rating	–	–
Collective investment undertakings (CIU)	19	2
Equity exposures	979	78
thereof: Grandfathered exposures	261	21
Other exposures	279	22
Securitisation exposures	1,073	86
Internal Ratings-Based Approach (IRBA)	**36,939**	**2,955**
FIRB	**34,068**	**2,725**
Central governments or central banks	1,316	105
Institutions	3,458	277
Corporates – SME	1,669	133

in € m

Exposure class	RWAs	Capital requirement
Corporates – Specialised lending exposures	15,453	1,236
Corporates – Other	12,172	974
AIRB	**1,065**	**85**
Central governments or central banks	–	–
Institutions	–	–
Corporates – SME	–	–
Corporates – Specialised lending exposures	–	–
Corporates – Other	–	–
Retail – Secured by real estate, SME	188	15
Retail – Secured by real estate, non-SME	485	39
Retail – Qualifying revolving	50	4
Retail – Other, SME	76	6
Retail – Other, non-SME	266	21
IRBA equity exposures	**314**	**25**
thereof: Simple risk-weight approach	251	20
Private equity exposures in sufficiently diversified portfolios (190 %)	89	7
Exchange traded equity exposures (290 %)	–	–
Other equity exposures (370 %)	162	13
thereof: PD/LGD approach	44	4
thereof: Risk-weighted equity exposures	20	2
IRBA securitisation exposures	**1,140**	**91**
Other non credit-obligation assets	**353**	**28**
Default Fund Contributions to a Central Counterparty (CCP)	**0**	**0**
Settlement and Delivery Risks	**0**	**0**
Position, Foreign-Exchange and Commodities Risks	**2,821**	**226**
In accordance with standardised approaches (SA)	**1,469**	**117**
Position risk	1,163	93
Foreign-exchange risk	297	24
Commodities risk	9	1
In accordance with internal models (IM)	**1,353**	**108**
Operational Risks	**3,642**	**291**
Standardised approach (STA)	3,642	291
Credit Valuation Adjustment (CVA)	**792**	**63**
Total	**50,070**	**4,006**

There were no capital 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 table below shows the capital ratios of the Helaba Group, Helaba Bank and the significant subsidiary FSP.

Capital ratios

in %

Entity	Total capital ratio	Tier 1 capital ratio	CET1 capital ratio
Helaba Group (IFRS)	21.6	16.1	15.1
Helaba Bank (HGB)	21.3	14.8	13.7
Frankfurter Sparkasse (HGB)	19.8	18.5	18.5

The Helaba Group had a comfortable level of own funds as at 30 June 2017, with a Tier 1 capital ratio of 16.1 % and a CET 1 capital ratio of 15.1 %.

IRB Approach Exposures

In December 2006, Helaba received approval from the German Federal Financial Supervisory Authority (BaFin) to use the 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 method for aircraft finance in December 2010 marked the completion of the regulatory audits in relation to the use of the internal rating methods for the FIRBA and thus the full delivery of the IRBA implementation plan. The AIRB Approach has been applied for the retail portfolio of FSP since the third quarter of 2008. In 2013, 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 Approach for retail exposures.

The combined Helaba Bank (excluding LBS and WIBank) uses internal rating methods for all material portfolios. A total of 14 rating methods are available for measuring IRBA exposures. These methods make it possible to measure the Bank's credit risks against a uniform standard and express the rating result using a uniform scale. All but one of these methods are maintained and refined in collaboration with other Landesbanken and Sparkassen. Helaba works together in this connection with Rating Service Unit GmbH & Co. KG (RSU) at Landesbank level and with Sparkassen Rating- und Risikosysteme GmbH (S-Rating), both of which are companies providing internal rating methods in accordance with the CRR. The remaining rating method has been developed for portfolios for which no pooling project has been initiated. The rating methods are based on statistical models and classify loan exposures by probability of default using a 25-point cardinal master scale.

The rating systems are based on two different methods:

- Scorecard method
  A scorecard (or scoring) method allocates scores to certain customer characteristics (quantitative and qualitative) using a mathematical/statistical analysis with the aim of determining an overall score that can be used as a measure of credit standing. The scores determined in this way are then converted into ratings using a calibration function. Warning indicators and liability scenarios are included in the method to complement the risk assessment.

- Simulation method
  Simulation methods are mainly used to classify risk arising in connection with asset finance. These rating methods generate scenarios for future cash flow trends, which are then used to determine a rating and probability of default based on loan-to-value and debt service coverage with the help of a default test that distinguishes between performing and non-performing loan situations. Qualitative factors and warning indicators are added to the quantitative risk assessment.

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 weight does not include 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

Exposure class	PD band (mean PD)			
	0.00 – 0.17 %	0.26 – 1.25 %	1.32 – 45.00 %	Default
Central governments or central banks				
Exposure value in € m	35,426	0	325	1
Average PD in %	0.00	0.00	19.96	100.00
Average RW in %	1.40	0.00	252.30	0.00
thereof: Exposure value of outstanding loans, in € m	31,727	0	325	1
thereof: Exposure value for undrawn commitments, in € m	770	0	0	0
Institutions				
Exposure value in € m	15,940	154	72	0
Average PD in %	0.05	0.55	5.92	100.00
Average RW in %	20.51	46.75	161.81	0.00
thereof: Exposure value of outstanding loans, in € m	13,161	92	54	0
thereof: Exposure value for undrawn commitments, in € m	1,274	28	17	0
Corporates – SME				
Exposure value in € m	936	1,635	541	48
Average PD in %	0.11	0.56	3.38	100.00
Average RW in %	26.56	61.11	110.48	0.00
thereof: Exposure value of outstanding loans, in € m	848	1,383	453	40
thereof: Exposure value for undrawn commitments, in € m	87	250	87	8
Corporates – Specialised lending exposures				
Exposure value in € m	20,788	11,127	1,550	561
Average PD in %	0.11	0.46	4.04	100.00
Average RW in %	30.35	64.30	128.41	0.00
thereof: Exposure value of outstanding loans, in € m	18,338	9,036	1,389	554
thereof: Exposure value for undrawn commitments, in € m	1,793	1,911	88	7
Corporates – Other				
Exposure value in € m	23,927	6,221	1,345	301
Average PD in %	0.09	0.40	10.57	100.00
Average RW in %	27.72	61.48	127.43	0.00
thereof: Exposure value of outstanding loans, in € m	16,365	3,628	1,119	272
thereof: Exposure value for undrawn commitments, in € m	6,767	2,501	208	28
Equity exposures				
Exposure value in € m	23	30	0	0
Average PD in %	0.09	0.37	0.00	100.00
Average RW in %	69.66	94.39	0.00	437.50
thereof: Exposure value of outstanding loans, in € m	23	30	0	0
thereof: Exposure value for undrawn commitments, in € m	0	0	0	0

The AIRB exposures of LBS and FSP 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 %**	**1.32 – 45.00 %**	**Default**
Retail				
Exposure value in € m	2,624	1,642	693	53
Average PD in %	0.08	0.45	4.92	100.00
Average RW in %	7.50	24.87	75.44	45.42
Average LGD in %	41.20	36.89	35.32	50.19
thereof: Exposure value of outstanding loans, in € m	2,075	1,488	624	52
thereof: Exposure value for undrawn commitments, in € m	549	154	69	1
Average CCF in %	59.35	45.58	35.55	66.64
Secured by real estate				
Exposure value in € m	1,743	1,169	483	31
Average PD in %	0.09	0.44	4.71	100.00
Average RW in %	6.76	20.62	73.56	54.70
Average LGD in %	30.24	28.54	26.41	34.83
thereof: Exposure value of outstanding loans, in € m	1,721	1,151	476	31
thereof: Exposure value for undrawn commitments, in € m	22	18	7	0
Average CCF in %	21.70	15.09	8.53	0.00
thereof: SME				
Exposure value in € m	128	230	165	0
Average PD in %	0.11	0.52	5.58	100.00
Average RW in %	8.76	28.82	102.06	0.00
Average LGD in %	33.02	34.47	34.31	24.79
thereof: Exposure value of outstanding loans, in € m	121	222	161	0
thereof: Exposure value for undrawn commitments, in € m	6	8	4	0
Average CCF in %	33.14	34.42	34.40	0.00
Qualifying revolving				
Exposure value in € m	430	68	47	2
Average PD in %	0.05	0.52	6.37	100.00
Average RW in %	2.09	15.04	74.58	26.32
Average LGD in %	63.30	63.20	63.62	77.83
thereof: Exposure value of outstanding loans, in € m	12	20	22	2
thereof: Exposure value for undrawn commitments, in € m	417	48	25	0
Average CCF in %	63.30	63.18	63.51	77.72
Other retail				
Exposure value in € m	451	406	162	20
Average PD in %	0.10	0.46	5.15	100.00
Average RW in %	15.51	38.76	81.28	32.62
Average LGD in %	62.53	56.52	53.68	71.71
thereof: Exposure value of outstanding loans, in € m	342	318	126	20
thereof: Exposure value for undrawn commitments, in € m	109	87	36	1
Average CCF in %	52.01	42.22	21.83	74.45
thereof: SME				
Exposure value in € m	44	72	60	0
Average PD in %	0.11	0.52	7.10	100.00
Average RW in %	17.03	47.57	97.58	0.00
Average LGD in %	62.26	63.25	60.55	0.00
thereof: Exposure value of outstanding loans, in € m	19	44	40	0
thereof: Exposure value for undrawn commitments, in € m	25	28	20	0
Average CCF in %	62.08	63.13	60.33	0.00

The IRB Approach exposure values for exposures with general risk weighting, other non credit-obligation assets and securitisations are presented below.

The table below shows the equity investment exposures in the simple risk-weight approach as specified in Article 155 (2) CRR.

Equity investments under the simple risk-weight approach in € m

Simple risk-weight approach	Exposure value
Private equity exposures in sufficiently diversified portfolios (190 %)	47
Exchange traded equity exposures (290 %)	–
Other equity exposures (370 %)	44

As at 30 June 2017, Helaba did not hold any specialised lending exposures based on the supervisory slotting criteria.

The exposure value for other non credit-obligation assets amounted to € 416 m, and for securitisations under the IRB Approach € 4,701 m.

Leverage Ratio

In January 2015, the requirements for calculating the leverage ratio were redefined and issued by the European Commission in Delegated Act EU 2015/62.

The leverage ratio is based on the relationship between Tier 1 capital and the unweighted total of all on-balance-sheet and off-balance-sheet asset items (including derivatives).

These disclosures are published in compliance with Commission Implementing Regulation 2016/200 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions. The table below presents the variables used to determine the leverage ratio taking account of the transitional provisions in accordance with Article 499 (1b) CRR.

Leverage ratio in accordance with Delegated Act in € m

CRR Leverage Ratio – Disclosure Template

Reporting date	30.6.2017
Entity name	Landesbank Hessen-Thüringen
Level of application	Consolidated

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		Applicable amount
1	Total assets as per published financial statements	163,975
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	– 1,442
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	
4	Adjustments for derivative financial instruments	(3,954)
5	Adjustment for securities financing transactions (SFTs)	233

6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	14,494
		Applicable amount
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	
7	Other adjustments	649
8	**Leverage ratio total exposure measure**	**172,657**

Table LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	148,939
2	(Asset amounts deducted in determining Tier 1 capital)	(348)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**148,592**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	6,512
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	2,649
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	2,608
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(2,438)
11	**Total derivatives exposures (sum of lines 4 to 10)**	**9,331**
	SFT exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	8
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	232
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**240**
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	32,501
18	(Adjustments for conversion to credit equivalent amounts)	(18,006)
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**14,494**
	Exempted exposures in accordance with Article 429 (7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	
EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
	Capital and total exposure measure	

20	**Tier 1 capital**	**8,054**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**172,657**
		CRR leverage ratio exposures
	Leverage ratio	
22	**Leverage ratio**	**4.66 %**
	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0

Table LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	148,939
EU-2	Trading book exposures	7,440
EU-3	Banking book exposures, of which:	141,500
EU-4	Covered bonds	4,285
EU-5	Exposures treated as sovereigns	38,748
EU-6	Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	4,792
EU-7	Institutions	21,837
EU-8	Secured by mortgages of immovable properties	15,683
EU-9	Retail exposures	1,710
EU-10	Corporate	44,863
EU-11	Exposures in default	798
EU-12	Other exposures (e. g. equity, securitisations, and other non-credit obligation assets)	8,783

Description of the process for monitoring the risk of excessive leverage

Helaba takes the leverage ratio requirements into account in the optimisation of its business portfolio. The risk of excessive leverage is addressed by including the leverage ratio in the planning and control process. Based on the business and risk strategy, an internal target ratio is specified as an additional key performance indicator, supplementing the capital ratios. Helaba is managing its business using qualitative and quantitative guidelines, taking into account the limits it will have to comply with in the future. Changes in the leverage ratio are subject to regular monitoring. In addition to ex-post analyses of the leverage ratio in the internal reporting system, future changes in the ratio and in the basis of measurement form an integral part of the Bank's internal planning process.

Description of the factors that impacted the disclosed leverage ratio during the reporting period

As had been the case at 31 December 2016, the leverage ratio as at 30 June 2017 remained steady at 4.7 %. The total risk exposure increased slightly compared with the position as at the end of 2016 to € 172.7 bn. Tier 1 capital as at 30 June 2017 was € 8.1 bn, virtually unchanged compared with the figure as at 31 December 2016. Please refer to "Own Funds and Own Funds Structure" in this report for further information on the changes in Tier 1 capital.

List of Abbreviations

Term/abbreviation	Definition
AIRB	Advanced-IRB
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
CCF	Credit conversion factor
CCP	Central counterparty
CET 1	Common Equity Tier 1
CIU	Collective investment undertakings (CRSA exposure class)
CRR	Capital Requirements Regulation
CRSA	Credit Risk Standardised Approach
CVA	Credit valuation adjustment
EBA	European Banking Authority
ECB	European Central Bank
FIRB	Foundation IRB
FSP	Frankfurter Sparkasse
HGB	German Commercial Code (Handelsgesetzbuch)
IFRS	International Financial Reporting Standards
IM	Internal models for market risk
IRB	Internal Ratings-Based (Approach) (FIRB/AIRB)
ITS	Implementing technical standards (EBA)
KWG	German Banking Act (Kreditwesengesetz)
LBS	Landesbausparkasse Hessen-Thüringen
LGD	Loss given default
PD	Probability of default
RSU	Rating Service Unit GmbH & Co. KG
RW	Risk weight
RWAs	Risk-weighted assets
SA	Standardised Approach (market risk)
SFTs	Securities financing transactions
SME	Small and medium-sized enterprises
SolvV	German Solvency Regulation (Solvabilitätsverordnung)
S-Rating	Sparkassen Rating- und Risikosysteme GmbH
STA	Standardised Approach (operational risks)
WIBank	Wirtschafts- und Infrastrukturbank Hessen

Imprint

Published by

Helaba
Landesbank Hessen-Thüringen
Frankfurt am Main/Erfurt

Published by

3st kommunikation, Mainz

Copyright

© Helaba Landesbank Hessen-Thüringen, 2017
All rights reserved including, in particular, the right to copy this document (in whole or in part). This document may not be reproduced by any means or duplicated using electronic systems without the written consent of Helaba Landesbank Hessen-Thüringen.

This English translation is provided solely for convenience. The translation is not binding. The original German text is the sole authoritative version and shall prevail in case of any conflict.

Helaba
Landesbank Hessen-Thüringen

MAIN TOWER
Neue Mainzer Strasse 52–58
60311 Frankfurt am Main
Germany
Phone + 49 69/91 32-01

Bonifaciusstrasse 16
99084 Erfurt
Germany
Phone + 49 3 61/2 17-71 00

www.helaba.com