Group Management Report and Consolidated Financial Statements of Landesbank Hessen-Thüringen Girozentrale 2010

Group Management Report

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Business and Background

Group operations
Landesbank Hessen-Thüringen (Helaba) is one of those German credit institutions which have coped with the problems of the financial and economic crisis out of their own resources without having to take advantage of state support measures. The main factors of Helaba's success are as follows:

- The Group-wide strategic business model of an integrated universal bank with a strong regional focus and selected international presence
- A conservative risk profile in conjunction with effective risk management and sound capital backing
- A strong base in retail business
- Virtually no contact with credit derivatives
- Long-term liquidity management
- Major importance of business with S-Group Sparkassen as well as public development and infrastructure business

The strategic business model of Helaba is based on the three pillars Wholesale Business, Private Customers and SME Business and Public Development and Infrastructure Business.

In the business line Wholesale Business, Helaba focuses its activities on the six core business units Real Estate, Corporate Finance, Financial Institutions and Public Finance, Global Markets, Asset Management and Transaction Business. The national and international aim of these focused business unit strategies is to achieve or expand adequate market positions in selected market segments. In terms of sales, Helaba follows a twin strategy: The first strategy is to focus on product customers from the various product fields, and the second strategy involves focusing customer sales on target customers. Major companies and midcaps, institutional clients as well as central, regional and local government authorities and municipal enterprises constitute the main target clients in wholesale banking. In parallel with the continued establishment of the single European market, Helaba has in recent years selectively continued to strengthen its sales activities in the countries of the European Union (EU). Helaba is represented in the EU with offices in London, Dublin, Paris and Madrid. It also has a direct market presence via its New York branch in the USA, via international representative offices in Moscow and Shanghai and also via the subsidiary Frankfurter Bankgesellschaft (Schweiz) AG in Zurich.

The S-Group Bank function of Helaba, which is part of Helaba's Private Customers and SME Business segment, serves as a central product supplier and service provision platform for the S-Group Sparkassen in Hesse and Thuringia. The Hesse-Thuringia region is an attractive economic region – also within a European context – with strong future potential. All products and customers in the joint business area are covered within the framework of the business model of the "economic entity" with the 50 S-Group Sparkassen. Via the legally dependent Landesbausparkasse Hessen-Thüringen, Helaba holds a leading position in Bausparkassen business in both of these federal states. Frankfurter Sparkasse, a wholly-owned subsidiary of Helaba, is the market leader in retail banking in the Frankfurt am Main region. Via Frankfurter Sparkasse and its sales company 1822direkt, the

Helaba Group also has a significant base in national direct bank business, with 500,000 customers and a customer volume of € 6.1 bn at the end of 2010. Frankfurter Bankgesellschaft (Schweiz) AG in Zurich (trading as LB (Swiss) Privatbank AG until August 2010) offers private banking and wealth management products and services for the Sparkassen and their customers on a nationwide basis directly or via its German subsidiary Frankfurter Bankgesellschaft (Deutschland) AG in Frankfurt am Main.

In the Public Development and Infrastructure Business segment, Helaba performs public development tasks, particularly in the areas of housing and municipal development, infrastructure, the economy, agriculture and the environment via "Wirtschafts- und Infrastrukturbank Hessen" (WIBank) on behalf of the Federal State of Hesse. WIBank is covered by the direct statutory guarantee (grandfathering) of the Federal State of Hesse; it operates in accordance with the principle of competition neutrality and enjoys exemption with regard to corporation tax and trade tax. Helaba holds stakes in numerous other funding organisations in Hesse and Thuringia as well as guarantee banks and SME investments.

Owners, capital endowment and executive bodies of the Bank

The owners of Helaba, with a stake of 85 % of the Savings Bank and Giro Association Hesse-Thuringia (SGVHT), to which the Sparkasse in Hesse and Thuringia and their local authority owners belong on the basis of state treaties, are the Federal State of Hesse and the Free State of Thuringia, which own 10 % and 5 % respectively of the share capital of the Bank.

In addition, the Federal State of Hesse has contributed permanent dormant contributions of € 1.92 bn to Helaba as liability core capital; the Sparkassen in Hesse and Thuringia have provided temporary and permanent dormant contributions of € 395 m, and private and institutional investors have provided temporary and permanent contributions of € 658 m in this respect.

Helaba is a public-sector association with legal capacity with registered offices in Frankfurt am Main and Erfurt. The executive bodies of the Bank are the Board of Managing Directors, the Board of Owners in which the owners are represented, and the Supervisory Board which is responsible for the supervisory function.

Rating

The three leading rating agencies Moody's Investors Service (Moody's), Fitch Ratings (Fitch) and Standard & Poor's. (S&P) have awarded Helaba the following ratings for liabilities which are not subject to the guarantor liability (as of 24 February 2011).

	Moody's	Fitch	S&P
Long-term (uncovered)	Aa2	A+*	A*
Short-term (uncovered)	P–1	F1+*	A–1*
Public Pfandbriefe	Aaa	AAA	AAA
Mortgage Pfandbriefe	–	AAA	–
Financial strength/individual rating	C–	B/C*	–

* Joint S-Group rating of the Sparkassen-Finanzgruppe Hessen-Thüringen.

The S-Group ratings issued by Fitch and Standard & Poor's for Helaba and the Sparkassen are based on the joint business model of the economic unit of the Sparkassen-Finanzgruppe Hessen-Thüringen as well as the institutional, liability-related and financial regulations of the S-Group concept set out in the Charter. Since mid-2005, following the abolition of guarantor liability and grandfathering, the ratings of Helaba for uncovered prime liabilities have been unchanged at all three rating agencies.

Management tool set and non-financial performance indicators
As part of overall bank management, Helaba has integrated systems for business and productivity management. This is based on a multiple-stage margin accounting system, which is used for assessing the present value of new business and also for presenting the result of the portfolio for specific periods. Individual-transaction management is applied for defined core portfolios of the Group and completed by additional steering groups. This is also the system which is used for setting up the annual budget which is then used as the basis for a balance sheet budget and an income statement budget. A management statement results in a margin format which is prepared at regular intervals during the year and is used as the starting point for generating the various budget-actual comparisons of earnings components and for carrying out variance analyses. Particularly for the purpose of monitoring budget competences, the business units are provided with detailed reports relating to budget utilisation on a timely basis. A systematic precalculation of credit transactions is carried out particularly for risk- and profitability-oriented management of new business.

Motivated and qualified employees are a key factor of success for Helaba. The attractiveness of Helaba as an employer is enhanced in many ways. A qualified personnel management system recognises the potential of employees, who are then developed and encouraged in a structured manner. Individual training measures ensure that the employees are able to meet the changing challenges. The training scheme for future managers also ensures that approximately half of open positions have been filled by internal employees. Various parameters, such as a low staff fluctuation rate, the length of company service and a low sickness rate confirm the satisfaction and strong commitment of employees.

For many years, the compensation system of Helaba has complied with the spirit and purpose of the regulatory requirements for the compensation systems of institutions. Some requirements which essentially still have to be satisfied on a formal basis will be rapidly implemented after the necessary process of integrating the relevant bodies has been completed. As part of the process of implementing the circular 22/2009 of 21 December 2009 of the Bundesanstalt für Finanzdienstleistungsaufsicht, a risk analysis promptly identified those employees who have an impact on the overall risk profile as a result of their function. A deferral component was introduced for these employees for the final compensation for 2009. The Compensation Committee set up in 2010 has discussed the current compensation system of Helaba in several meetings; it has discussed the modifications envisaged as a result of the rules of the Instituts-Vergütungsverordnung (Bank Compensation Ordinance) and made suggestions. Changes intended on the basis of the previous compensation system have been presented to the Personnel Committee of the Supervisory Board, to which the Supervisory Board had transferred responsibility for monitoring the compensation system. The Personnel Committee has noted the intended compensation system.

As a regionally based credit institution with a public sector legal form, Helaba also assumes social responsibility – in addition to its lending duties and objectives – particularly in the Federal States of Hesse and Thuringia. The Bank is active directly or via its subsidiary Frankfurter Sparkasse as a sponsor in many areas of public life, and supports outstanding cultural, educational, environmental, sports and social projects. Helaba and Frankfurter Sparkasse are founder members of the association “Frankfurt Main Finance e.V.” which is backed by leading finance companies; the objective of this association is to promote the international location marketing of the financial centre Frankfurt am Main. Frankfurter Sparkasse has a validated environmental management system in accordance with Ordinance (EC) No. 76/2001 (EMAS II) and in accordance with DIN EN ISO 14001. Helaba and Frankfurter Sparkasse express their joint commitment in the field of sustainability by sourcing electricity generated from renewable energies. Both institutions are also signatories of the “Charta der Vielfalt”, a voluntary agreement of companies in relation to ensuring a prejudice-free and non-discriminatory corporate culture.

Macro-economic and sector-specific conditions

Contrary to the expectations which existed at the beginning of the year, the German economy achieved very strong growth in the course of 2010. Gross domestic product expanded by 3.7 %, and enabled the economy to compensate for most of the crisis-related downturn in growth seen in the previous year. Export demand was the main driver in this respect, although domestic demand became increasingly positive in the course of the year. The development of the economy in 2010 was again supported by the continuation of the policy of low interest rates of the leading international central banks. Within the eurozone, the discussion concerning the debt crisis facing some member states had a very negative impact on the financial and currency markets throughout the entire year. The agreement of a financial rescue package for the member states of the eurozone as well as accompanying measures were factors which contributed towards an initial stabilisation of the market in the second and third quarters. The increasing problems facing the financing requirement of Ireland as well as continuing discussions concerning the ability of some other Euro countries to obtain the necessary funds on the markets subject to reasonable conditions resulted in a considerable widening of risk premiums at the end of the year.

As a result of the Euro debt crisis, a stress test for a total of 91 banks, including Helaba, was carried out throughout Europe in the second quarter of 2010 for the first time at the European level, coordinated by the Committee of European Banking Supervisors (CEBS). The core capital ratio established for Helaba throughout the Group was 7.9 % in the adverse scenario for the end of 2011. An additional risk scenario, which simulates a sovereign risk scenario, resulted in a core capital ratio of 7.3 %. The effect of 0.6 percentage points is almost exclusively attributable (namely 0.4 percentage points) to the high exposure to central, regional and local authorities in Germany. This reflects the conservative risk profile of Helaba. In future, regular stress tests are to be carried out under the management of the new European Banking Agency (EBA) established at the beginning of 2011. It has been announced that such a test will be carried out in the first half of 2011.

In December 2010, the Basel Committee of Central Bank Governors and heads of the regulatory authorities published the final proposals for the future capital and liquidity requirements (Basel III). In addition to introducing two new liquidity ratios for managing short-term and long-term liquidity, Basel III in particular comprises more stringent qualitative and quantitative requirements regarding the future capital backing of credit institutions. These will become binding as of 1 January 2013 after implementation in the European Union and in national law. In addition to a gradual introduction of the new capital ratios until 2019, Basel III specifies that, for credit institutions in the legal form of “non-joint-stock companies”, there will be a ten-year transitional period for those capital instruments which previously have been recognised as regulatory core capital but which will no longer meet the future requirements applicable for “hard” core capital. In addition, if relevant criteria are satisfied, Basel III specifies that non-joint-stock companies will in future still have to use unlisted capital instruments as “hard” core capital.

With regard to regulatory requirements, the introduction of uniform deposit protection systems throughout Europe for protecting customer deposits has been discussed at the EU level since mid-2010. A key aspect from the German point of view will be that the tried-and-trusted institution protection systems of the Sparkassen and Landesbank organisation and also of the co-operative bank sector can be continued.

On the German banking market, the effects of the financial market and economic crisis have exacerbated the consolidation trend which has been ongoing for many years, and has resulted in further mergers between institutions. Numerous credit institutions, including credit institutions in the Landesbanken sector, have been restructuring and streamlining their business for several years. At institutions which have received government stabilisation and support measures which are covered by European Aid Law, covenants of the European Commission will have to be implemented. Two credit institutions have taken advantage of the possibility provided by the German legislative authorities until the end of 2010 for spinning off securities and other non-strategic operations to deconsolidated environments under the umbrella of the Sondervermögen Finanzmarktstabilisierung (SoFFin; Special Financial Markets Stabilisation Fund). The Restrukturierungsfonds-Gesetz (Restructuring Fund Act) came into force in Germany at the beginning of 2011. One of the components of this law is the introduction of contributions payable by the banking industry to finance a fund for restructuring credit institutions in financial difficulties. The payments, which will have to be made out of taxed operating results, are expected to amount to an annual volume of approximately € 1.3 bn. In addition, the Restrukturierungs- und Abwicklungsgesetz (Restructuring and Workout Act) which came into force at the beginning of 2011 will also permit the restructuring and reorganisation of credit institutions which are experiencing economic difficulties.

Assessment of business development

The business and results of operations of Helaba in 2010 reflected the dynamic economy in Germany and the high levels of volatility on the financial markets as a result of the debt crisis facing some Euro countries. In this economic climate, the operations of Helaba have continued to produce a positive performance. Customer-driven capital market operations in conjunction with a stabilisation of the financial markets have contributed to a positive net trading income. At the same time, considerably lower provisions for losses on loans and advances had to be created in lending operations due to the improvement in customer creditworthiness compared with the previous year. As a result of this risk position and the fact that liquidity supplies continued to be good, business management at Helaba in 2010 focused essentially on capital objectives in view of the more stringent regulatory requirements which will probably be applicable under Basel III. Accordingly, Helaba has not become involved in the competition for taking on business for prices which do not cover costs. A completion volume of € 10.5 bn was attained in medium-term and long-term new business in lending operations with customers. Of this figure mortgage loans accounted for € 4.5 bn, corporate finance accounted for € 3.1 bn, Sparkassen business accounted for € 1.0 bn and loans extended to central, regional and local authorities accounted for € 1.0 bn. The fact that lending focuses on core areas of operation reflects the extent to which the strategic business model of Helaba focuses on the real economy. Because of its strong market standing, Helaba was able to raise the necessary funds without any problem on the money and bond markets for refinancing the volume of new business with matching maturities. The main instruments for medium- and long-term refinancing are uncovered bank bonds as well as public and mortgage Pfandbriefe. For the refinancing base of the Group, customer deposits in retail business also constitute an additional diversification of the refinancing sources.

In the financial year 2010, Helaba again generated a result which enables all subordinate capital, profit participation rights as well as hidden deposits to be serviced, payments to be made into retained earnings in order to strengthen core capital and also a cumulative profit to be shown. Helaba enjoys comfortable capital backing with a core capital ratio of 9.6 % and a total equity ratio of 14.4 % as of 31 December 2010.

Net Assets, Financial Position and Results of Operations

Change to the consolidation group
At the end of December 2010, Helaba reduced its previous holding of 80 % in HANNOVER LEASING GmbH & Co. KG to 45 %. Accordingly, it was necessary for the Group to be deconsolidated and for the remaining shares to be accounted for using the equity method. However, some special purpose vehicles related to HANNOVER LEASING will continue to be fully consolidated because the majority of opportunities and risks accrues to Helaba.

Further changes relate in particular to property companies from activities with closed funds and real estate project management.

The change to the consolidation group in the financial year 2010 did not have a major impact on the net assets, financial position and results of operations.

Income statement
In the financial year 2010, Helaba was able to maintain consolidated net income at the high previous year level. Due to the rapid recovery of the German economy, provisions for losses on loans and advances were lower than originally anticipated. The positive development in operations was somewhat affected by the very volatile valuation of securities and foreign currency positions resulting from the debt crisis facing some European countries. Earnings before taxes of continued operations amounted to € 398 m (2009: € 343 m), and were better than originally planned. After tax, consolidated net income is reported as € 298 m (2009: € 323 m). The individual items in the income statement have developed as follows:

Net interest income of € 1,017 m is unchanged compared with the previous year figure (2009: € 1,029 m). The increase in net interest income from retail operations to a large extent compensated for the charges attributable to the lower level of interest rates and the weaker US dollar. More than one quarter of net interest income is attributable to the retail operations of Frankfurter Sparkasse.

Provisions for losses on loans and advances amounted to € 285 m (2009: € 487 m). Net additions of € 241 m were made in relation to individual allowances and global individual allowances (2009: € 311 m). The portfolio allowance which is created for exposures that are not affected by a severe default risk remained constant compared with the previous year, which meant that it was not necessary to allocate any additional amounts to this item (2009: € 142 m). The balance of direct write-downs, additions to provisions for risks of off-balance-sheet lending and amounts received in relation to previously written down receivables amounted to € 44 m (2009: € 34 m). After provisions for losses on loans and advances, net interest income declined from € 542 m to € 732 m.

Net commission income improved appreciably to € 249 m (2009: € 227 m). A positive development has been reported for commissions attributable to the banking operations of Helaba, whereby this is partially attributable to the merger between the former Investitionsbank Hessen and WIBank in August 2009. In addition, the net commission income of Frankfurter Bankgesellschaft (Schweiz) AG which has been fully consolidated since the end of 2009 was also shown in the income statement of the Group for the first time in the financial year 2010. On the other hand, commissions from the custody and security operations of Frankfurter Sparkasse declined slightly.

Net trading income amounted to € 148 m (2009: € 315 m). It has to be borne in mind that the exceptionally strong net trading income in the previous year reflected recoveries in value following the financial market crisis 2007/2008. There was evidence of a very volatile development in the financial year 2010, due to the uncertainty affecting the markets as a result of the high levels of debt of some EU countries. The associated changes in credit spreads and exchange rates had a negative impact on net trading income in the first half. These problems were to a large extent reversed in the second half of the year. Trading activities were conducted essentially by the Bank, and consist mainly of interest trading.

The result of derivatives and financial instruments of the fair value option not held for trading declined from € 52 m in the previous year to € 6 m in the financial year 2010; this also has to be viewed within the context that spreads narrowed in the previous year as a result of markets gradually becoming more liquid, resulting in valuation gains. The result of hedges, in which the ineffective part of micro hedges is shown, is stated as € –1 m (2009: € 40 m).

The result from financial investments has improved only slightly (€ –34 m; 2009: € –38 m). The realised disposal gains and losses of financial instruments in the category “Available-for-sale” (AfS) amounted to € 5 m (2009: € 0 m). Write-downs and write-ups relate mainly to investments; they are stated as a net figure of € –39 m (2009: € –38 m). Associated companies and joint ventures which are accounted for using the equity method have made a contribution to earnings of € 9 m (2009: € 20 m).

The other operating result has increased considerably from € 225 m to € 357 m. This is mainly attributable to the non-recurrence of charges attributable to depreciation of goodwill and provisions. The depreciation of goodwill amounted to a total of € 11 m (2009: € 105 m). The result of investment properties, which is also shown under other operating result, is mainly generated by the GWH Group, and amounted to € 140 m (2009: € 114 m).

The increase in general administrative expenses to € 1,068 m (2009: € 1,040 m) is attributable to changes in the consolidation group in 2009, which had a full-year impact on the consolidated income statement for the first time in 2010. Adjusted by the increase due to consolidation group factors, general administrative expenses declined by € 25 m. Personnel expenses have increased from € 498 m to € 536 m. The Group employed 6,180 persons on average for the year (2009: 5,890). Equipment costs declined from € 542 m to € 532 m. This includes a figure of € 105 m (2009: € 121 m) for depreciation on property, plant and equipment and intangible assets.

General administrative expenses are opposed by operating revenues of € 1,751 m (2009: € 1,870 m), resulting in a cost-income ratio of 61.0 % (2009: 55.6 %). The operating revenues include net interest income before provisions for losses on loans and advances, net commission income, net trading income, the result of derivatives and financial instruments of the fair value option not held for trading, the result of hedges, net income from investments and results of companies accounted for using the equity method as well as the other operating result. Return on equity before taxes (from continued operations) has increased from 7.2 % to 7.9 %.

The income tax expense amounts to € 100 m (2009: € 80 m). Accordingly, the result after tax of continued operations increased by 13 % to € 298 m.

In addition, a result after tax of discontinued operations of € 60 m was reported in the previous year from the disposal of two property companies in the HANNOVER LEASING Group. This is the only reason why consolidated net income, after taking account of the result of discontinued operations, declined from € 323 m in the previous year to € 298 m. Of this figure, external shareholders of consolidated subsidiaries as in the previous year account for € –1 m, which means that € 299 m (2009: € 324 m) is attributable to the shareholders of the parent company. Of this figure, an amount of € 28 m has been earmarked for servicing the hidden deposits shown under shareholders' equity, and a figure of € 38 m has been earmarked for distribution to shareholders.

The total net income for 2010 increased by 23.8 %, namely from € 281 m to € 348 m. In addition to the consolidated net income as shown in the income statement, this item includes results for the period recognised directly in equity as "Other result". The other result of € 50 m (2009: € –42 m) is mainly attributable to financial gains of AfS financial instruments. This figure was depressed by actuarial losses due to the reduction of the discount rate.

Balance sheet

The consolidated balance sheet total of Helaba declined by 2.2 % (€ 3.7 bn) to € 166.2 bn in the financial year 2010. The decline in the balance sheet total is mainly attributable to the program of reducing assets held for trading. The total volume of business, which comprises the assets as well as off-balance-sheet obligations of banking operations and trust activities, declined by 3.9 % to € 193.2 bn (2009: € 201.1 bn).

The loans and advances to banks have declined by 2.7 % to € 14.4 bn (2009: € 14.8 bn). Of this figure, € 6.8 bn (2009: € 6.9 bn) is attributable to refinancing funds which have been made available to the Sparkassen in Hesse and Thuringia. Loans and advances to customers increased slightly to € 87.7 bn (2009: € 87.5 bn). This item accordingly accounts for 52.8 % of the balance sheet total. Of the figure shown for loans and advances to customers, € 1.5 bn (2009: € 1.8 bn) relates to securities which were reclassified as part of the reclassification process in the financial year 2008 (see Note (65)).

The volume of allowances recognised in relation to receivables has increased from € 1.2 bn to € 1.3 bn. Of this figure, € 248 m (2009: € 246 m) is attributable to portfolio allowances which have been created in relation to exposures which are not subject to a severe default risk.

As was the case in the previous year, the trading assets shown at fair value were again reduced as part of a specific program in the financial year 2010. The decline from € 42.8 bn to € 39.2 bn is attributable to the reduction of bonds and other fixed-income securities to € 25.4 bn (2009: € 29.9 bn), which represent most of the trading assets. On the other hand, the positive market values of derivatives held for trading have increased from € 5.8 bn to € 6.6 bn. Investments increased by € 1.0 bn to € 17.7 bn; bonds account for 95 % of these investments.

The decline in investment property, intangible assets and property, plant and equipment as well as the other assets is attributable to the deconsolidation of the HANNOVER LEASING Group.

Liabilities to customers have declined by € 1.5 bn to € 31.7 bn. The liabilities to Sparkassen in Hesse and Thuringia amount to € 2.2 bn (2009: € 2.7 bn).

Liabilities due to customers are reported as € 40.9 bn (2009: € 41.9 bn). The registered bonds and issued borrowers' note loans in particular have declined, whereas private customer deposits have increased. Of the figure reported for the liabilities due to customers, € 13.4 bn (2009: € 13.3 bn) is attributable to Frankfurter Sparkasse. Building saving deposits amounted to € 3.3 bn (2009: € 3.2 bn).

The securitised liabilities have increased by € 1.9 bn to € 40.4 bn, due mainly to issues of public Pfandbriefe and mortgage Pfandbriefe, which were stated as € 9.8 bn as of the balance sheet date (2009: € 7.5 bn).

The decline in liabilities held for trading, namely from € 42.1 bn in the previous year to € 38.5 bn, is attributable to the lower refinancing requirement as a result of the reduction of assets held for trading. In particular, raised time deposits declined from € 23.5 bn to € 20.4 bn and issued money market paper declined from € 9.9 bn to € 8.4 bn.

Subordinate capital of € 4.5 bn was unchanged compared with the previous year.

Shareholders' equity

As of 31 December 2010, the shareholders' equity of the Group amounted to € 5.2 bn (2009: € 4.9 bn). The increase is mainly attributable to the total result of € 348 m (2009: € 281 m). The retained earnings include actuarial gains of € 58 m recognised directly in equity for pension obligations after deferred taxes (2009: € 115 m). The decline is mainly due to the reduction in the discount rate. The revaluation reserve after deferred taxes recognised directly in equity changed from € –196 m to € –91 m. The reduction in the negative revaluation reserve has been attributable to valuation gains and depreciation.

Securitisation transactions

In line with the recommendations of the Financial Stability Forum, the securitisation transaction business of Helaba is reported in the following. The asset-backed commercial paper program OPUSALPHA initiated by Helaba is used as the basis for securitising receivables attributable to operations of and for customers. In addition to the customer transactions, OPUSALPHA comprises an ABS portfolio which is consolidated in accordance with IAS 27/SIC 12 because the majority of opportunities and risks accrue to Helaba. Helaba and its subsidiaries have also invested directly in ABS securities.

As of 31 December 2010, the total exposure of the Group to ABS securities is broken down according to product types and rating classes as follows:

		Volumes according to rating classes				
31.12.2010	**Carrying amount in € m**	**AAA**	**AA**	**A**	**BBB**	**BB and below**
RMBS	559	57.6 %	30.1 %	9.6 %	2.4 %	0.3 %
CMBS	366	6.7 %	51.9 %	24.9 %	15.7 %	0.8 %
CDO/CLO	568	26.6 %	15.9 %	42.0 %	6.3 %	9.2 %
Other ABS	158	43.5 %	12.7 %	13.4 %	30.4 %	–
ABS, total	**1,651**	**34.4 %**	**28.3 %**	**24.5 %**	**9.4 %**	**3.4 %**

The breakdown as of 31 December 2009 is shown in the following:

		Volumes according to rating classes				
31.12.2009	**Carrying amount in € m**	**AAA**	**AA**	**A**	**BBB**	**BB and below**
RMBS	669	57.2 %	32.7 %	9.0 %	0.9 %	0.3 %
CMBS	394	6.7 %	53.3 %	29.1 %	11.1 %	–
CDO/CLO	755	39.4 %	30.5 %	18.5 %	7.2 %	4.4 %
Other ABS	222	59.3 %	8.6 %	8.5 %	17.9 %	5.4 %
ABS, total	**2,040**	**41.1 %**	**33.2 %**	**16.4 %**	**7.0 %**	**2.3 %**

The ABS securities were measured at fair value until 30 June 2008, and were shown under assets held for trading or financial assets. These securities have since been mostly reclassified, and are shown under loans and advances to customers as of the balance sheet date. Further details are set out in Note (66).

Within the framework of securitisation transactions, liquidity lines are extended; these have been partially drawn down. As of 31 December 2010, liquidity lines of € 0.2 bn exist for external securitisation platforms (2009: € 0.5 bn); of this figure, as in the previous year € 0.1 bn had been drawn down as of 31 December 2010. The liquidity line made available for OPUSALPHA amounts to € 1.2 bn (2009: € 1.0 bn); of this figure, € 1.0 bn had been drawn down on 31 December 2010 (2009: € 0.7 bn).

Opportunity and Risk Report

The Board of Managing Directors is responsible for all risks incurred by Helaba and for devising a risk strategy consistent with the business strategy. In compliance with the statutory requirements and the requirements applicable in accordance with the Charter and the regulatory authorities, the risk strategy defines the fundamental procedure for handling risk at Helaba and the group companies integrated in the group-wide risk management system. After it has been adopted, the risk strategy is notified to the Supervisory Board and the Board of Owners, and is also discussed with them.

The risk strategy of the Helaba Group is derived from the business strategy of the Helaba Group. The business strategy of the Helaba Group is integrated in the business and risk strategy of the Sparkassen Finanzgruppe Hessen-Thüringen, and simultaneously forms the framework for the risk strategy.

The risk strategy focuses on taking on risk in a profit-oriented manner, with due consideration being given to the economic and regulatory shareholders’ equity, whilst simultaneously assuring liquidity and a conservative risk profile. The risk management system is thus a key component of corporate management.

Helaba has shaped and refined its risk management process over the years, and now has at its disposal a range of fully developed tools and systems. The Bank strives to develop and improve on an ongoing basis not only the methods it uses to identify, quantify, control and manage risks, but also its organisational rules and regulations, including process and system documentation and guidelines on competencies.

Principles

Responsibility of management
With the responsibilities of management, the Board of Managing Directors – irrespective of the distribution of operations – bears responsibility for all risks of Helaba, and is also responsible for the Group-wide implementation of the risk policy. It defines the risk strategy with due consideration being given to the risk-bearing capacity of Helaba on the basis of an analysis of the starting situation of business policy as well as the assessment of the related risks, and is responsible for ensuring that this risk strategy is implemented. The subject matter of the risk strategy is all major business activities of the Helaba Group. At the subsidiaries, the strategies, processes and procedures are implemented in accordance with their legal and actual scope of influence. In addition, the Group companies are included in the range of controlling instruments for the individual risk types, with due consideration being given to materiality and the possibilities of company law. This solution ensures Group-wide risk controlling.

Protection of assets
Risk is only permitted to be taken on within the framework of the risk strategy in line with the aim of meeting the company's objectives – in particular with regard to ensuring sustainable profitability whilst providing optimum protection for Helaba's assets. The existing risk limit structures and the incentive systems and associated control mechanisms all serve this purpose.

Protection of the Bank's reputation
A functioning risk management system and the ability to avoid infringements of legal or regulatory provisions (compliance) that could damage its reputation are absolutely vital for the Bank if it is to preserve its positive image and achieve the best possible rating.

Clearly defined competences
Responsibility rests with the respective executives for ensuring that the relationship in the various business units between risks incurred and earnings achieved remains reasonable. The units exercising control must ensure that this duty is discharged properly and that the relevant executive is notified of any existing or potential discrepancies.

Segregation of functions
The independence of risk controlling and risk management must be assured in the interest of objectivity and transparency. Independent control processes are to be implemented wherever the type and degree of risk so require.

Transparency
The comprehensive and objective reporting and disclosure of risks is another important component of Helaba's risk strategy. Adequate supervision and appropriate notification of the corporate bodies by the Board of Managing Directors is impossible without this basis.

Cost efficiency
Another aspect is the cost efficiency of the units exercising control, and in particular, of the systems used. There is a reasonable relationship in each case between the expenditure incurred in connection with risk control (and also risk management) and the risks under review.

Risk-bearing capacity
With these procedures for measuring and managing risks, Helaba ensures that the main risks are constantly covered by the risk cover funds and that risk-bearing capacity is thus guaranteed at all times. The risk strategy is defined with due consideration being given to the risk-bearing capacity of Helaba.

Compliance with regulatory provisions
The particulars of the risk strategy are also significantly influenced by the need to implement regulatory requirements, which takes place in close co-operation with the regulatory authorities of the banking sector. Since 1 January 2007, Helaba has regulated regulatory capital in accordance with the rules of the Foundation IRB approach.

Risk-conscious behaviour
The achievement of the objectives and compliance with legal standards depends on the discipline of all those involved with regard to strategy, processes, control and compliance.

Auditing
In principle, the Internal Audit organisational unit audits all operating activities and business processes. This promotes compliance with pre-defined processes. Assessments of the efficiency and adequacy of the internal control system assist the further development and improvement of the risk management processes.

Risk Classification

Risk types
Risk types which are relevant for Helaba result directly from the Bank’s operations. Depending on the probability and significance of the occurrence of such risks, a distinction is made between “major risks” and “other risks” with regard to the management of these risks. Helaba has identified and defined the following main risk types:

- The counterparty default risk is defined as the risk of a loss or a missed opportunity to generate a profit as a result of the default of a business partner. The risk of counterparty default includes the total lending operations in accordance with Section 19 (1) of the German Kreditwesengesetz (KWG; Banking Act) including settlement risks (risk from traditional lending business, replacement risk and the advance payment and settlement risk) and the specific country risk.
- The market price risk involves the possibility of a negative change in value of on-balance-sheet and off-balance-sheet operations as a result of unexpected changes in underlying market parameters such as interest rates, share prices and foreign exchange rates, commodity prices and their volatility.

- Liquidity risks can occur in conjunction with on-balance-sheet and off-balance-sheet operations. The liquidity risk is broken down into three categories: The short-term liquidity risk is defined as the risk of insufficient liquidity being available for meeting daily payment obligations. Structural liquidity risks arise if an unbalanced ratio within the medium- and long-term liquidity structure develops as a result of inadequate management of the cost risks associated with the procurement of funds and the earnings risks associated with investments. Market liquidity risks result from the insufficient liquidity of financial instruments, with the consequence that positions can be closed out only, if at all, at a disproportionately high cost. Depending on the specific type, the liquidity risks associated with off-balance-sheet operations result in short-term and/or structural liquidity risks.
- The operational risk is defined under the Solvency Ordinance (Solvabilitätsverordnung – SolvV) as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Legal risks also form part of the operational risk.
- The real estate project management risk comprises deadline, quality, cost and marketing risks within the framework of real estate project development business which, if they occur, have a negative impact on the calculated project development margin. These do not include risks attributable to real estate financing or risks attributable to existing properties where companies in the Helaba Group are the owners or have a position similar to that of owners (risks attributable to non-payment of rent, vacancy levels, etc.)
- The fund placing risk comprises the risk of the equity content of fund projects (closed funds) at HANNOVER LEASING. This risk also includes cost risks in connection with increased selling costs as well as income risks attributable to conception proceeds which are not attained and further costs for arranging additional financing in the event of a failure to place the capital content which still has to be obtained. This risk does not include risks attributable to asset management and fund business of investment companies in Helaba (e.g. Helaba Invest) as well as the placing risk arising from the onward syndication of loans or other assets.
- Participation risks (as a type of residual risk) are attributable to a potential decline in the share value, lower dividend payments or cancelled dividend payments, loss absorption or contribution, subsequent payment and liability obligations as well as guarantees or letters of comfort.

In addition to the major categories of risk, “other risks” comprise strategic risks, reputation risks, tax risks and outsourcing risks.

- The strategic risk is defined as the risk that, in relation to the business model and the major developments and trends in the banking sector, decisions of corporate strategy are taken with a significantly negative impact on the profitability and future viability of the Bank.
- Reputation risk is defined as the risk that the Bank’s reputation will be negatively affected by actions of the stakeholders with an impact on the economic situation of Helaba.
- Tax risks result from changes in tax law implemented by the legislative authorities or changed legal verdicts.
- Outsourcing risks arise when another company is engaged to handle activities and processes in connection with the performance of banking business, financial services and other institution-typical services which otherwise would be provided by Helaba itself.

Risk Management Process

Risk management at Helaba comprises four elements. These should be viewed as consecutive phases in a single continuous process.

1. Risk identification
The risks facing Helaba and the companies integrated in the risk management system at group level are identified constantly during daily operations. This is used as the basis for classifying the risks. Comprehensive identification and incorporation into existing risk measurement systems and the relevant risk monitoring processes is particularly important in connection with the introduction of new products and complex transactions. Within the framework of the new-product process for lending business and trading business, the central monitoring areas are included in the process of authorising new products.

2. Risk quantification
If the risk measuring systems provide for a high-quality presentation of the individual transactions and risk parameters, this permits sound (in quantitative as well as qualitative terms) risk measurement and valuation for the individual risk types. Various models, methods and processes are used in this respect.

3. Risk management
The information obtained from risk identification and quantification is used as the basis for risk management by the local management units. Risk management is the entirety of the measures aimed at incurring, reducing, limiting, avoiding or transferring risks within the framework of the limits set by the Board of Managing Directors.

4. Risk monitoring / controlling and reporting
A comprehensive and objective reporting system keeps the relevant people within the organisation apprised of the existing risks as part of an independent risk controlling structure. The methods of the preceding process phases and the quality of the data used are also reviewed here, and plausibility checks are carried out on the results.

Risk Management Structure

Executive bodies
The Board of Managing Directors bears responsibility for all risks of the Bank, and is also responsible for the Group-wide implementation of the risk policy. In addition, the Board of Managing Directors has also established a Risk Committee, in accordance with the existing bank regulatory requirements. The primary duty of the Risk Committee is the implementation and monitoring of Helaba's risk strategy. The Risk Committee is responsible for pooling and assessing all risks taken on in the Bank, namely the counterparty default and country risks, the market price and liquidity risks, the participation and real estate project management risks, the legal risks as well as the operational and other risks. The aim is to identify risks in Helaba as early as possible, to design and monitor the risk-bearing capacity statement and to identify measures for avoiding risk and for generating management impetus for risk management. It also approves the risk management and quantification methods of the various business lines and assesses the appropriateness of the tools applied in light of the extent of the risk.

Operating directly below the Risk Committee are the Asset/Liability Management Committee, the Credit Management Committee (KMA) and the Credit Committee of the Board of Managing Directors (VS-KA). The Asset/Liability Management Committee is charged with managing the strategic market risk portfolio and the portfolio of non-interest-bearing liabilities within the banking book. The KMA is responsible for managing the counterparty default risks of the entire portfolio and is also responsible for the central coordination function in syndication, structuring and placing business. The VS-KA is responsible for credit and settlement risks associated with counterparties and for country risks and fund placing risks.

The persons serving on the committees as well as the duties, competences and responsibilities of the committees are governed in separate rules of procedure.

For decisions of particular significance, e.g. acquisition and disposal of as well as changes in equity participations, credit decisions in excess of a certain limit or defining the total limit for market price risks, the organisational guidelines specify that approval of the central Board of Managing Directors or of the Supervisory Board or one of its committees is necessary. In accordance with the Bank's Charter, the approval of the Board of Owners is necessary for taking on or changing strategic equity participations involving interests in excess of 25 %.

Risk controlling at the group companies of the Helaba Group
The risks of the equity participations are included in the risk controlling system of Helaba with due consideration being given to materiality and the possibilities of company law. Four categories are used for classifying the equity participations:

Category 1:
Complete integration in the risk quantification and controlling processes; provision of transactional or sufficiently granular data for internal risk quantification in accordance with the Bank's own methods;

Category 2:
Provision of risk parameters or aggregated ratios on the basis of uniform Group specifications for integration in the management processes for specific risk types;

Category 3:
Performance of presentations and analyses within the framework of existing risk reporting of the Group company;

Category 4:
No major risk-type-specific risks. Risks are recognised within the residual participation risk.

Risks are classified separately for each Group company and risk type.

Major risk monitoring areas
The duty of risk management is discharged by local management units in the various corporate business lines. The central monitoring units, for their part, are responsible for the identification, quantification and monitoring/controlling functions, which include the reporting obligation, and the corresponding methodological competence. The segregation of risk controlling and risk management, including Marktfolge Kredit (back-office loans), has now been implemented in the organisational structure up to the board level.

This clear division of duties and the close co-operation between the units concerned is designed to achieve the efficient implementation of risk policy management mechanisms.

Broken down according to major risk type, the areas specified in the following table have central responsibility for risk monitoring and risk controlling:

Risk types	Responsible for risk management	Responsible for risk monitoring
Counterparty default risks	Front-office areas – loans Capital Markets Asset/Liability Management	Credit Risk and Group Controlling (portfolio level) Back-office loans (individual exposure level)
Market price risks	Capital Markets Asset/Liability Management	Risk Controlling Treasury
Liquidity risks	Capital Markets (money trading) Asset/Liability Management	Risk Controlling Treasury
Operational risks	All areas	Credit Risk and Group Controlling, Legal (legal risks)
Equity participation risks	Front-office areas	Credit Risk and Group Controlling, Central Staff and Group strategy
Real estate project management risks	Real estate management/subsidiaries	Credit Risk and Group Controlling
Fund placing risks	Front-office areas	Credit Risk and Group Controlling

The major risk types involved with banking, i.e. counterparty default, market price and liquidity risks, are centrally monitored for the narrow group of companies of the Bank and the subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG. Central monitoring is also applicable for real estate project management risks, which occur mainly at the OFB subsidiary, but are also encountered at other real estate participations and at the Bank. In addition to the Bank, the main subsidiaries are also integrated in the central risk management system for operational risks. In addition to the main risks of relevant equity participations being included in risk-type-specific risk controlling, participation risks are also reported and equity participations which are not included in central monitoring of the individual risk types will be quantified separately. This arrangement ensures Group-wide risk monitoring.

Risk management in the Group also involves further entities in addition to the areas specified in the above table:

Internal Audit
Internal Audit audits and assesses the activities of the Bank as well as subsidiaries. Audit planning and audit implementation procedures are carried out in a risk-oriented manner. The audit activities of Internal Audit cover all operating and business procedures, whereby due consideration is given to the extent and risk content of the particular operation or business activity. The assessment of the risk situation, the adequacy of processing as well as the effectiveness of the internal control system are particular audit criteria.

The scope and result of the audit are recorded in audit documentation. The relevant members of the Board of Managing Directors and also those persons responsible for the audited areas receive a comprehensive report. All members of the Board of Managing Directors receive a brief report, notifying them of the overall result, including major findings of audits. The Board of Managing Directors provides the Supervisory Board with a report of major findings of Internal Audit every six months.

Compliance, money laundering and data protection
The Bank has set up the independent functions of the Compliance Officer, the Data Protection Officer and the Group Money Laundering Officer. The Compliance Officer is responsible for monitoring insider information and rules of conduct. He/she identifies and regulates conflicts of interest with a potential risk under securities trading law throughout the Group. The Group Money Laundering Officer, who is also responsible for combating terrorism financing and who is also responsible as the coordinating officer for combating fraud, takes appropriate measures to combat legal and reputation risks with his/her Group policy in accordance with regulatory requirements, by means of a current risk analysis of the Group (money laundering, combating fraud) and also by means of the latest monitoring and research software. The Data Protection Officer monitors compliance with and implementation of the data protection laws.

These special officers report directly to the Board of Managing Directors. Accordingly, as required by regulatory requirements, the Bank has installed adequate and effective internal control structures and procedures for managing and monitoring the above-mentioned risks, and particularly including the reputation risks.

Risk-Bearing Capacity

With these procedures for measuring and managing risks, Helaba ensures that the main quantifiable risks which result in losses affecting shareholders' equity if they materialise are constantly covered by the risk cover funds and that risk-bearing capacity is thus guaranteed at all times. The risk-bearing capacity concept of Helaba has been improved as a result of the MaRisk amendment published by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) on 14 August 2009. The implementation of the MaRisk amendment of 15 December 2010 has been initiated and will be completed in 2011.

The risk-bearing capacity analysis for all risk types comprises potential risks for counterparty default risks, market price risks, operational risks, real estate project management and participation risks. Average loss risks and an internal capital requirement are quantified for the various risk types as part of an economic assessment, and the regulatory expected loss (EL) and the regulatory capital requirement are calculated using the regulatory valuation principles. A capital deduction from the regulatory EL / impairment comparison is taken into consideration for quantifying core capital and total capital.

In addition to risk-bearing capacity based on cover funds, the result of the regulatory interest shock is shown as a parameter in relation to the market risks, and the liquidity horizon is shown as a parameter in relation to the liquidity risks.

In addition to a basic scenario which presents the risk-bearing capacity as of the reporting date, the effects of three different stress scenarios on the risk-bearing capacity are also investigated. Within the framework of quantitative stress scenarios, a distinction is made between a macro-economic stress scenario and a scenario of extreme market turmoil, which is based on market turmoil observed within the framework of a global financial crisis. In a qualitative stress assessment, theoretical qualitative stress scenarios are defined for the individual risk types and the corresponding effects on risk-bearing capacity are investigated.

For checking the risk-bearing capacity, different components of the risk cover funds which are structured in a multiple-tier scheme are compared with the potential risks of the respective scenarios. The risk cover fund I assumes a sustainable operating result in relation to a period of one year. The risk cover fund II consists of the costs of servicing the hidden deposits as well as reserves with a provisioning nature. Due consideration is also given to changes in provisions for losses on loans and advances which are determined in the course of the year. The average loss risks of the basic scenario are compared with the sustainable operating result (risk cover fund I). The risk cover fund II is additionally used for covering the risks in the stress considerations.

The potential risks arising from the internal and the regulatory capital requirement are compared with the sum of own funds recognised for regulatory purposes plus the carrying amounts of non-interest-bearing liabilities. This cover fund defines the maximum risk position which can be taken on in conjunction with given own funds in the Helaba Group in order to comply with the minimum requirements applicable under SolvV.

The risk-bearing capacity assessment for the Group which covers all risk types shows that the existing risk cover funds continued to provide considerable surplus cover of the quantified risk potential at the end of 2010, and also documents the conservative risk attitude of Helaba.

In the basic scenario, the average loss risks can be completely covered by the sustainable operating result, and there is an additional capital cushion of € 0.2 bn. The capital cushion compared with the regulatory capital requirement is € 3.7 bn. Compared with the economic potential risks in the internal capital requirement, there is a capital cushion of € 4.9 bn.

As of 31 December 2010, the regulatory total capital ratio in the Helaba Group is 14.4 % (2009: 13.5 %) and the core capital ratio is 9.6 % (2009: 8.8 %). Even in conjunction with a simulated occurrence of the stress scenarios, the capital ratios attained by Helaba are considerably higher than the regulatory minimum requirements.

There are other deposit security mechanisms in addition to the risk cover fund. Helaba is a member of the Deposit Security Reserve of the Landesbanken and Girozentralen, and is thus included in the nationwide liability network based on the principle of institution protection between the Deposit Security Reserve, the regional savings bank support funds and the deposit security funds of the Landesbausparkassen. The major features of this deposit security system are the effect of protecting the existence of the affiliated institutions, in particular providing protection for their liquidity and solvency, a risk monitoring system for the early recognition of particular risk situations and the risk-oriented calculation of the amounts to be paid by the various institutions to the security facility. The legally dependent Landesbausparkasse Hessen-Thüringen and the subsidiary Frankfurter Sparkasse are also directly integrated in this deposit security system.

In addition, in accordance with their Charters, Helaba and Frankfurter Sparkasse are affiliated to the reserve fund of the Savings Bank and Giro Association Hesse-Thuringia (SGVHT, Sparkassen- und Giroverband Hessen-Thüringen). The reserve fund provides further protection in the event of claims in addition to the nationwide liability network, and provides creditors of the affiliated institutions with a direct and uncapped receivable right. The total volume of the fund amounts to 0.5 % of the weighted regulatory risk assets of the affiliated institution (in accordance with SolvV). At the end of 2010, the total reserves of the funds are approximately € 530 m. Until the entire volume has been paid in, the SGVHT has assumed liability for paying the difference between the actual payments into the fund and the total volume.

The Federal State of Hesse also has direct grandfathering responsibility for WIBank, which was founded in 2009 out of the merger between Investitionsbank Hessen and LTH – Bank for Public Infrastructure and which is organised as a legally dependent institution in Helaba.

Counterparty Default Risks

The lending business is a leading core business area at Helaba. The acceptance of risks of counterparty default and their control and management accordingly constitute one of Helaba's core competences. Recent events in the market and new developments in the regulatory environment for banks have together created a wealth of new challenges in respect of the internal management of counterparty default risks, and have necessitated a rigorous examination of the existing procedures.

Guiding these steps is a comprehensive and universal risk strategy derived from the business strategy. This risk strategy was drawn up with reference to MaRisk. The credit risk strategy defines the risk propensity differentiated by product, customer segment and risk category for every business segment. It is reviewed annually and is developed gradually in step with the continuing extension of active lending portfolio management. In addition, the arrangement for handling counterparty default risks is regulated by detailed portfolio-specific lending policies and strategies for limiting risk in the course of a year.

Basel II
Both the Basel Committee for Banking Supervision's revision of the capital adequacy standards (Basel II/EU Capital Requirements Directive) and parallel moves underway in the EU have produced far-reaching provisions on banking regulation, which have been implemented in Germany with the Solvency Ordinance (SolvV). New regulatory requirements have to be implemented as part of the process of implementing Basel III (CRD II-IV). Helaba has used the basic approach for internal ratings in accordance with Basel II/SolvV. The Bank intends to change over to the advanced approach for internal ratings in the medium term.

With the internal rating methods (default rating) for the loan portfolio, a collateral management system, the credit loss database for recording and analysing the default portfolio and the individual allowances, as well as a central risk data pool, the regulations in accordance with Basel II/SolvV form part of the procedures and systems at Helaba. The regulations have also been implemented in the processes of Helaba.

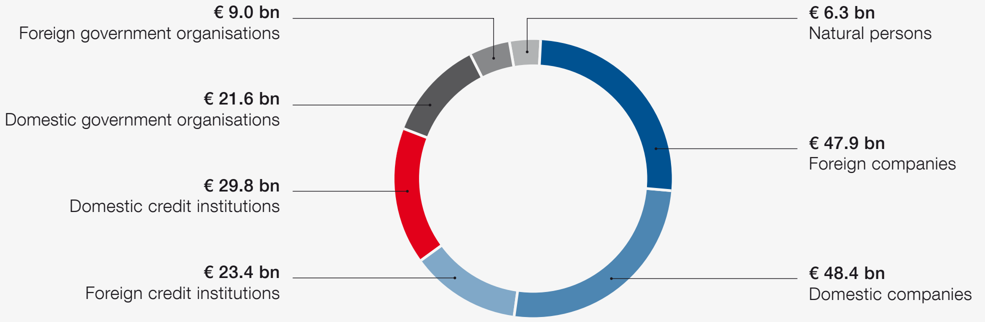
Risk monitoring with the global limit system
Helaba uses a global limit system for the prompt recording as well as transparent and structured processing of all risks of counterparty default. Monitoring is the responsibility of Credit Risk and Group Controlling. The counterparty limits are based on the rating of the counterparties and also on the risk-bearing capacity of the Bank.

Borrower-related total limits at the Group level are used in the global limit system for monitoring, limiting and managing counterparty default risks. All types of loans in accordance with section 19 (1) KWG, attributable to trading activities as well as banking book activities, are netted against these global limits with regard to the borrowers. Advance payments and settlement risks which are attributable to foreign currency and security transactions, and which have to be approved separately, are offset in full against limits for settlement risks, irrespective of whether they are attributed to the trading book or to the banking book.

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

Chart 1 shows the total volume of lending as of 31 December 2010 which consists of drawings and unutilised committed credit lines of the narrow consolidation group (Helaba Bank including the subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG) totalling € 186.4 bn, broken down according to customer groups.

Total volume of lending according to customer groups (narrow consolidation group)
(Chart 1)



Swaps, forward transactions and options are counted towards the total limit at their credit equivalent amounts calculated in accordance with the German Large Loans Directive (GroMiKV). All other trading book positions (e.g. money market trading, securities), are valued at market prices.

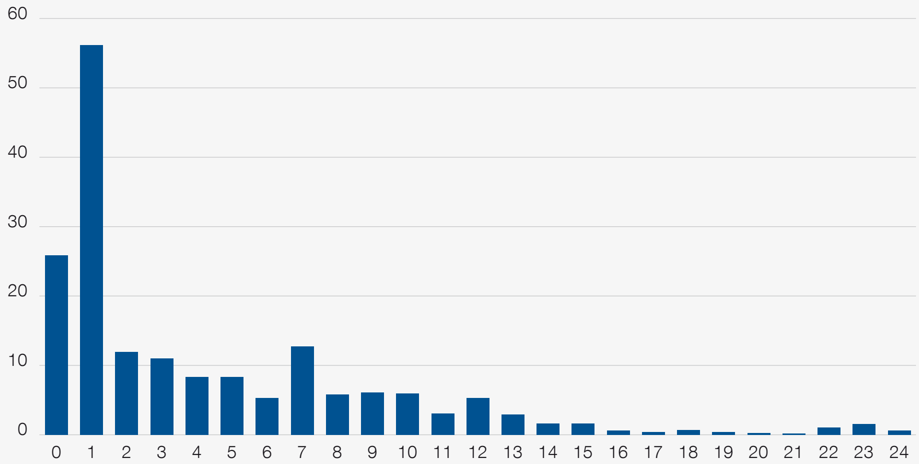
Secondary risks resulting, for example, from leasing commitments (lessees), warranties, guarantees or exporter's risks are moreover also recorded for the respective bearer of the risk under "Other commercial risks".

Creditworthiness/risk appraisal
In co-operation with the DSGV (national real estate financing and corporate clients) and other Landesbanken (international real estate financing, project, ship and aircraft financing, leveraged-finance transactions, leasing, banks, insurance, corporates, country and transfer risks as well as public authorities outside Germany), Helaba has developed and introduced new internal rating systems. In addition, a separate rating procedure has been developed for securitisations of loan and trading receivables as well as for commodity trade transactions. In these rating methods, the borrowers or transactions are assigned to a rating category which is given a one-year probability of default (PD) over a uniform 25-degree scale.

Because the calculation of the customer- or transaction-specific probability of default (PD) alone does not permit an assessment to be made of the loss risk potential of a transaction, due consideration is given to further relevant factors which reduce or increase risk for a particular credit transaction (in particular, remaining term, additional security, ranking of the loan). For this purpose, in addition to the default rating, the Bank has developed a risk rating which enables the risk content of transactions to be compared across segments. The risk rating approximates the expected loss (EL). The default rating is used as the basis for the EL-relevant adjustments for determining the risk rating.

In the narrow consolidation group (Helaba Bank including the subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG) the total volume of lending of € 186.4 bn is broken down according to risk rating classes as shown in chart 2.

Total volume of lending according to risk rating classes (narrow consolidation group)
(Chart 2) in € bn



Collateral
Like the creditworthiness of borrowers or counterparties, the collateral available to the Bank (or general risk mitigation techniques) is of major importance when determining the extent of risks of counterparty default. Collateral is measured in accordance with the lending principles of the Bank. As part of the monitoring process, the valuation is adjusted if there are any changes in factors which are relevant for valuation purposes.

The collateral management system of Helaba satisfies the criteria necessary to enable full advantage to be taken of the comprehensive opportunities for recognising credit risk reduction techniques which enhance shareholders' equity in accordance with Basel II/SolvV. This system complies with the extensive and complex requirements of Basel II with regard to the utilisation, presentation and recognition of "traditional" credit collateral (and in particular property charges, guarantees and warranties, pledging and assignment of receivables and security positions, register charges for ships and aircraft) in the foundation approach. The collateral management system provides its stock of data to the central risk data pool, which in turn checks and distributes the eligible security values of the secured risk positions.

Country risks

The country risk consists of transfer, conversion and event risks (such as delivery risks). Helaba has a uniform methodology for the internal measurement and allocation of country risks. A country risk system serves as the central instrument for the complete, prompt, risk-oriented and transparent recording, monitoring and management of country risks. The system for managing country risks integrates all lending and trading activities of Helaba including the subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG. The Bank's total country risk, excluding the countries of the eurozone, may not exceed six times the liable capital of the Bank. As of 31 December 2010, utilisation was less than three times the liable capital.

Country limits are defined for all countries with the exception of the eurozone countries (with the exception of Greece, Malta, Portugal, Ireland, Cyprus, Slovenia and Slovakia) and other countries considered to be first-class borrowers in respect, in particular, of transfer risks (currently Switzerland, the UK, the USA, Denmark, Sweden, Norway, Canada). The overall limit assigned to a country is subdivided into a lending limit and a trading limit. The country risks for long-term transactions are also subject to additional sub-limits.

The internal rating process for country and transfer risks distinguishes between 25 possible country ratings based on the master scale which is applicable throughout the Bank. All ratings are reviewed at least annually by the Economics/Research department in the business unit Central Staff and Group Strategy (first vote). Changes to the political or economic situation of a country as a result of current events result in the rating also being reviewed ahead of schedule in the course of the year. These country ratings are used as the basis for submitting country limit proposals to the Country Limit Committee, on which the management function officers responsible for international business serve. The Country Limit Committee combines these proposals, which are primarily based on economic criteria, with considerations of business policy and risk methods which are specific for the Bank to form an overall assessment, which is used by Marktfolge Kredit (back-office loans) as the basis of submitting the second vote as the definitive limit proposal for the Board of Managing Directors. The Board of Managing Directors defines limits for the individual countries, considering the votes and risk grouping.

The types of transactions permitted in each of the country risk groups are laid down in a matrix. Depending on the particular risk group, this matrix covers lending and securities business as well as the various forms of capital market financing, money and foreign exchange transactions as well as derivative trading. Less favourable risk groups offer fewer business opportunities. The Bank has no defined country limits for countries falling into the weakest rating categories.

The country risk of € 53.9 bn in the narrow consolidation group has a regional focus on Europe (81.7 %) and North America (15.1 %). As of 31 December 2010, 91.5 % of the country risk was defined as country rating 0. A further 7.5 % is generated in the rating classes 1–9. Rating class 14 and worse is applicable only for 0.1 %.

The individual country risk positions are allocated in accordance with the domicile principle. However, this principle, which is based on the country in which the borrower is domiciled, is modified for economic reasons. Under certain conditions, the risk is transferred to the domicile of the parent company of the Group, the lessee or, in the case of cash flow structures and when security is taken into consideration, to the country of the entity bearing economic risk.

Approval procedure

The approval procedure followed by the Bank ensures that no credit risks are entered into without prior approval. The rules of procedure for the Board of Managing Directors state that loans above a certain value require the approval of the Supervisory Board or of one of its committees. Commitments in amounts below this value are approved at different authorising levels (Board of Managing Directors, staff members) depending on the amounts involved. Loans are approved on the basis of detailed risk assessments. In accordance with MaRisk, the loan documents in so-called risk-relevant business always comprise two independent votes of the relevant Markt (front-office) and Marktfolge Kredit (back-office loans).

The procedure is extended to include the concentration limits which are derived from the risk-bearing capacity of the Bank and which additionally limit the exposures in line with default rating classes of the economic borrower unit. All loans also have to be reviewed at least once every year. The global limit system, which aggregates all loans extended by the narrow group of consolidated companies (limits and utilisations) to each borrower considered as one risk unit, is one method by which the Bank ensures the daily management of any overdrafts of credit limits.

Quantifying risks of counterparty default

The quantification of expected and unexpected counterparty default risks is carried out via the central risk data pool. Expected counterparty default risks are calculated in the form of the expected loss for individual transactions. For regulatory purposes, the internal rating methods and regulatory LGD are used as the basis of the calculation. For covering unexpected losses, the equity to be maintained in accordance with the SolvV foundation approach for internal rating procedures is calculated on the basis of individual transactions and used for management of individual transactions as well as for risk capital management. In addition, internally estimated LGD parameters are also used as the basis in internal controlling for more precise quantification of unexpected losses from counterparty default risks. The correspondingly quantified expected and unexpected losses are subject to various scenario observations in order to identify the impact of corresponding stress situations.

Credit risk processes and organisation

The MaRisk comprise differentiated rules regarding the organisation of lending business and the lending processes as well as the form of the procedures for identifying, monitoring and managing risks in lending business.

The Board of Managing Directors has defined the main requirements of business policy regarding structure and procedure organisation in lending business in separate conditions applicable for lending business.

Risk provisions

Adequate risk provisions are created for risks of counterparty default. The adequacy of risk provisions is regularly reviewed and adjusted where necessary. Individual allowances are recorded and updated in the credit loss database, which is used as a central file for exposures which are potentially subject to default.

Market Price Risks

Risk management
Helaba manages market price risks for the trading book and the banking book as part of its overall bank management. Clearly defined responsibilities and business processes provide an efficient framework for effective limitation and management of market price risks. Depending on the particular activity and the capital stake of Helaba, the subsidiaries are included in the management process in a phased manner within the framework of Group-wide risk management. The main subsidiaries are Helaba Dublin, which is managed directly from the Bank, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG. In this respect, the market price risks are quantified using Helaba's methods.

The main forms of trading conducted by the Bank are customer trading, own dealing and maturity transformation. Responsibility for managing the positions in the trading book (Helaba Bank as well as the subsidiary Helaba Dublin) rests with the Capital Markets unit. The Asset/Liability Management unit looks after the banking book, which consists primarily of asset/liability management positions, positions taken for strategic reasons and the net balance of non-interest-bearing funds. The portfolio of own issues also falls under the jurisdiction of the Asset/Liability Management unit.

Limiting market price risks
Helaba employs a common limit structure to limit market price risks. The process through which limits are allocated involves the Supervisory Board Credit Committee as well as the Bank's internal corporate bodies. The overall limit for market price risks, which is proposed by the Board of Managing Directors on the basis of the Bank's ability to assume risks, must be approved by the Supervisory Board Credit Committee. The preparatory work leading up to this decision is carried out by the Risk Committee.

Acting through the Asset/Liability Management Committee, the Board of Managing Directors allocates limits to the risk-incurring business units and the various types of market price risk within the scope of the overall limit for market price risks. Separate limits are defined, in addition, for the trading book and the banking book. Responsibility for the onward allocation of limits to Helaba's subordinate organisational units and its various sites rests with the business units to which a limit has been assigned. Stop-loss limits and value limits are also used in the trading units to limit market price risks.

The overall market price risk limit was always met in the year under review. There were also no limit violations at the main aggregation stages of the trading and banking book as well as for the individual market price risk types.

Risk monitoring
The Risk Controlling Treasury unit is responsible for identifying, quantifying and monitoring market price risks. In addition to simple risk measurement, its duties include checking transactions for market conformity, and determining the economic profit or loss for the accounting department. In addition, the reconciliation statement with external Accounting is also prepared.

Helaba continuously develops the methods and systems used as part of its efforts to ensure adequate recording of market price risks. A special process owned by the New Products Committee has to be completed whenever a new product is introduced. New products must be incorporated correctly into the relevant systems for position recording, processing, profit or loss determination, risk measurement and reporting before they can be released for sale.

A comprehensive reporting regime ensures that the responsible members of the Board of Managing Directors and the position-keeping units are notified daily of the risk figures calculated and the economic profit and loss generated on the basis of current market prices. In addition, information about the current risk and earnings situation is provided weekly for the entire Board of Managing Directors and the Asset/Liability Management Committee and monthly for the Risk Committee. The escalation process to limit and reduce the risks comes into effect if any defined limit is found to have been exceeded.

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

The risk measurement systems employed at Helaba for the various categories of market price risk (interest rates, share prices and foreign exchange rates) all use the same statistical parameters in order to facilitate comparisons across the different risk categories. At the same time, this enables the individual risk types to be aggregated to form an overall risk. The overall risk is based on the assumption of the simultaneous occurrence of the individual losses. The MaR figure calculated using the risk models specifies the maximum loss which will not be exceeded, with a probability of 99 %, on the basis of the underlying historical period of observation of one year with a holding period of ten trading days for the position.

Chart 3 contains a reference date assessment of all the market price risks taken on as of the end of 2010 (including correlation effects between the portfolios) as well as a breakdown according to trading book and banking book. The linear interest rate risk accounts for most of the market price risk types. For the overall portfolio of the narrow group of consolidated companies, Euro positions account for 74 % of the linear interest rate risk, and US dollar positions account for 16 %. In the field of equities, the focus is on securities listed in the DAX and DJ Euro Stoxx 50. The main foreign currency risks are attributable to US Dollar, Swiss Franc, Japanese Yen and Sterling positions.

Group MaR according to risk types at year end (31.12.)
(Chart 3)

in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	2010	2009	2010	2009	2010	2009	2010	2009
Total	65.6	71.8	57.3	64.4	0.9	1.5	7.4	5.9
Trading book	16.9	28.2	16.1	25.0	0.4	0.8	0.4	2.4
Banking book	60.8	57.6	52.5	51.8	1.0	1.0	7.3	4.8

All risk measuring systems are based on a modified variance-covariance approach or a Monte Carlo simulation. The latter is particularly beneficial for presenting complex products and options. Non-linear risks in the currency field are of minor significance at Helaba. They are monitored with the aid of sensitivity analyses.

The risk measuring systems and the corresponding interfaces are continuously improved in specialist and technical terms; this guarantees a permanently high quality of risk measurement. Intense market data smoothing and a regular review of the business data from the position-keeping systems also make a major contribution in this respect.

Internal model in accordance with the Solvency Ordinance
Helaba calculates the regulatory capital required for the general interest risk using an internal model in accordance with SolvV. This model, which consists of the risk measurement systems MaRC² (linear interest rate risk) and ELLI (interest option risk), has been approved by the banking regulators. Rating-dependent interest rate curves are also used for evaluation within linear risk measurement in addition to swap, government and mortgage bond curves.

Market price risks in the trading book
All market price risks are calculated daily on the basis of the end-of-day position of the previous trading day and the current market parameters. Helaba also uses the parameters prescribed by the regulatory authorities for internal risk management. Chart 4 shows the MaR of the trading book (Helaba Bank, including the subsidiary Helaba Dublin) for the financial year 2010. In the whole of 2010, the average MaR was € 20.0 m, the maximum figure was € 26.5 m and the minimum figure was € 13.1 m.

Daily MaR of the trading book in fiscal 2010
(Chart 4)

Helaba's international branch offices and its subsidiary in Dublin, Frankfurter Bankgesellschaft (Schweiz) AG and Frankfurter Sparkasse make the current business data from their position-keeping systems available to Group headquarters in a bottom-up process so that consolidated MaR figures can be calculated for the Group. The market parameters, in contrast, are made available in a standard form right across the Group in a top-down process. This arrangement means that it is possible to measure risk centrally at headquarters and locally at the sites.

Chart 5 shows the average daily MaR amount for the trading book (Helaba Bank, including the subsidiary Helaba Dublin).

Average MaR for the trading book in fiscal 2010
Number of trading days: 253
(Chart 5)

Avg. MaR in € m

	Q1	Q2	Q3	Q4	Total
Interest rate risk	20.3	19.1	16.5	14.8	17.5
Currency risk	0.7	0.6	1.0	1.0	0.9
Equity risk	3.0	1.6	0.9	0.8	1.6
Total risk	**24.0**	**21.3**	**18.4**	**16.6**	**20.0**

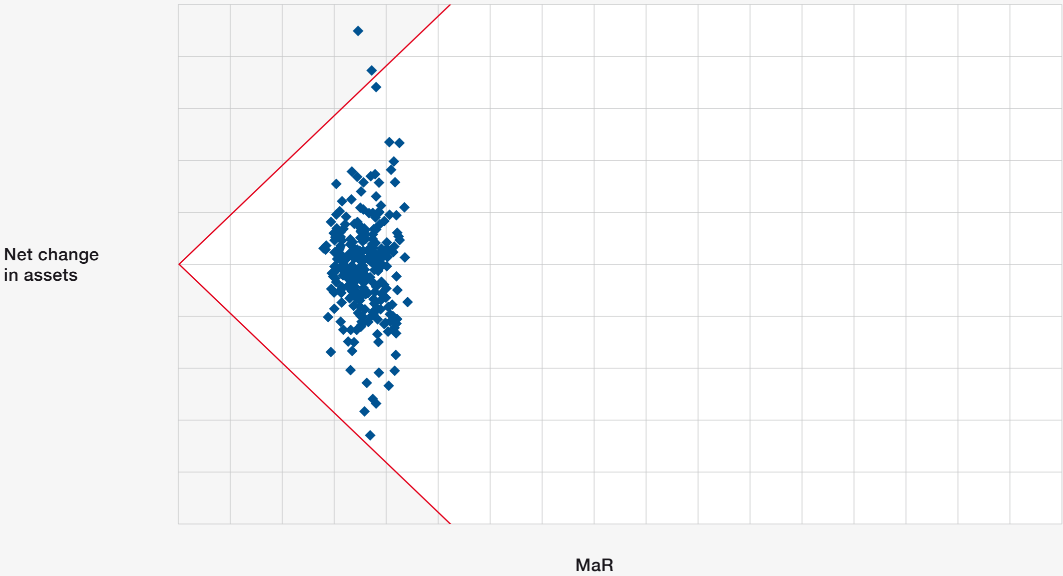
In the trading book, the annual average MaR for Frankfurter Sparkasse is € 0.1 m. The average MaR of the trading book of Frankfurter Bankgesellschaft (Schweiz) AG is € 0.6 m.

Back-testing

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

Chart 6 shows the back-testing for the trading book (Helaba Bank, including the subsidiary Helaba Dublin) over all market price risk types in fiscal 2010. No negative outliers occurred. Two positive outliers have occurred.

Back-testing for the trading book in fiscal 2010
(Chart 6)



In 2010, no negative outliers occurred in the internal model of the general interest rate risk, which consists of the model components MaRC² and ELLI.

Stress test program

A proper analysis of the effects of extraordinary but realistic market situations requires the use of stress tests in addition to the daily risk measurement routine. Various portfolios are re-evaluated regularly under the assumption of extreme market scenarios. Some portfolios have to undergo stress testing in line with banking supervisory regulations, while others are selected as a result of the level of exposure (materiality) and possible risk concentrations involved. Stress tests are carried out on Helaba's options book every day. The results of the stress tests are included in market price risk reporting to the Board of Managing Directors and are taken into consideration in the limit allocation process.

Methods available for use in stress testing include historical simulation, Monte-Carlo simulation, a modified variance-covariance approach and a variety of scenario calculations – including those based on the main components of the correlation matrix. Helaba also performs stress tests for simulating extreme spread changes. As has been the case in previous years, Helaba has taken part in a survey carried out by the Deutsche Bundesbank for analysing the impact of external changes in market values on the trading and banking books. These stress tests are based on the scenarios of the FSAP (Financial Sector Assessment Program) of the International Monetary Fund (IMF). Stress tests covering all risk types as part of the process of calculating the risk-bearing capacity of Helaba complement the stress tests for market price risks.

Market price risks in the banking book
Helaba employs the MaR approach used for the trading book in order to quantify the market price risks in the banking book. The risk figures calculated using this approach are extended to include maturity expiry schedules which are prepared on a daily basis and which indicate the maturity structure of the positions which have been taken out. Regular stress tests with holding periods of between ten days and up to twelve months back up the daily risk measurement activities in respect of the banking book.

The interest rate risks in Helaba's banking book comprise asset/liability management positions, the strategic positions taken by the Asset/Liability Management Committee, and the net balance of non-interest-bearing funds. The quantification of interest rate risks in the banking book is also part of the requirements under Basel II. This requires a risk calculation on the basis of standardised interest shocks. For translation into national law, the German banking regulatory authorities specify an increase of 130 basis points and a reduction of 190 basis points in the interest rate curve. Such an interest shock would result in a negative change of € 77.4 m in the banking book for the Helaba Group at the end of 2010 (2009: € 19.4 m). Helaba carries out the rate shock test at least once every quarter.

Performance measurement
The Bank carries out risk-return comparisons at regular intervals in order to assess the performance of individual organisational units. These comparisons calculate the ratio of the performance achieved to the average MaR. Other aspects, including qualitative factors, are also included in the assessment in acknowledgement of the fact that the short-term generation of profits is not the sole objective of the trading offices.

Liquidity Risks

The need to ensure liquidity enjoys first priority at Helaba. Accordingly, a wide range of tools is available for recording, managing and monitoring the liquidity risks; these tools are constantly being developed further. In recent years, the existing processes, tools and responsibilities for management of liquidity risks have also demonstrated their worth during the global financial markets crisis and the resultant turmoil on the money and capital markets. The liquidity of Helaba was also fully assured at all times in 2010.

One of the tasks in 2011 will be to improve liquidity management in relation to compliance with the new regulatory requirements of Basel III and the new MaRisk. The process of setting up the highly liquid security holdings necessary for complying with the short-term liquidity requirements under Basel III is therefore to start gradually, beginning in 2011.

There is a local management and monitoring concept for liquidity risks in the Helaba Group, i.e. each company is itself responsible for ensuring its own solvency. The corresponding conditions are agreed with Helaba. As part of the Group-wide risk management process, the subsidiaries in the narrow group of companies regularly report their liquidity risks to Helaba. The methods used in this process are based on the Helaba method.

Liquidity and funding risk

The Bank draws a distinction in liquidity risk management between short-term and structural liquidity management. Overall responsibility lies with Asset/Liability Management. The money market staff safe-guard the day-to-day solvency of the Bank, while the Asset/Liability Management unit is responsible for refinancing new lending business, giving due consideration to a balanced medium- and long-term liquidity structure in the context of structural liquidity management. Asset/Liability Management is also responsible for central management of liquid securities (Collateral Management).

The Risk Controlling Treasury unit reports daily on the short-term liquidity situation to the relevant managers, and reports monthly in the Risk Committee on the overall liquidity risks which have been taken on. This reporting also comprises various stress scenarios such as more pronounced drawings of liquidity lines, no availability of interbank liquidity on the financial markets and the impact of a significant rating downgrade on Helaba. The stress scenarios cover reasons attributable to the bank and also reasons attributable to the overall market. Inverse stress tests are also carried out. Additional ad-hoc reporting and decision-making processes for extreme market situations are in place.

Short-term liquidity risk

In order to assure its short-term liquidity requirement, Helaba holds a highly liquid portfolio of securities which can be used for generating liquidity as required. The current liquidity situation is managed using a short-term liquidity status. In this status, the liquidity requirements expected for the next 250 trading days are compared with the available liquidity from the liquid security holdings. The available liquidity is established conservatively with due consideration being given to mark-downs so that unexpected market developments of individual securities can also be mitigated. Securities which are used for collateral purposes in collateral management and which are thus earmarked for a specific purpose are not considered to be part of the liquid security holdings. The major currencies for short-term liquidity at Helaba are the Euro, followed by the US dollar.

The concept of the short-term liquidity status has been chosen so that various scenarios can be presented. The defined limits are 30 days up to one year depending on the specific scenario. The Risk Controlling Treasury unit is responsible for monitoring the limits. The utilisation in the scenario with the main relevance was 40 % as of the balance sheet date (or 52 % if Frankfurter Sparkasse is included). Average utilisation was 41 % in 2010. Limits were not exceeded at any time in the entire period under review.

The tasks of operational money management for assuring short-term liquidity are carried out by money market staff by way of borrowings/investments in the money market (interbank and customer business/commercial paper) and Lombard facilities with the European Central Bank (ECB).

The off-balance-sheet loan and liquidity commitments maintained in a central database are regularly reviewed with regard to their drawing potential and liquidity-relevant features, and are integrated in liquidity management. Guarantees and warranties are also considered. Liquidity costs are calculated as a function of the internal risk classification, and are allocated to the relevant business lines. Since 2002, the liquidity to be maintained has been calculated using a scenario calculation which assumes in particular a market disturbance, and is scheduled in advance. Back-testing investigations have shown that, during the recent years of the financial market crisis, the liquidity which was maintained at all times exceeded the liquidity which was actually drawn.

For the securitisation platform initiated by Helaba, a total of € 1.0 bn liquidity commitments had been called off as of the balance sheet date. This is an increase of € 0.3 bn compared with the previous year, due to new liquidity commitments which have been provided on a selective basis. In US public finance business, no liquidity had been called off from stand-by lines at the end of the year (2009: USD 0.02 bn).

Credit agreements, and in particular those of consolidated property companies, may include credit clauses which may result in distribution restrictions or may even result in the agreements being terminated. Even if there is the threat of such termination in individual cases, the Group is not exposed to any significant liquidity risk.

Helaba once again always complied in full with the liquidity requirements imposed by the banking supervisory authorities in fiscal 2010. The ratio in accordance with the Liquidity Ordinance was 1.64 as of the balance sheet date (minimum value 1.00).

Since February 2011, Helaba has also had its liquidity management and measuring procedures recognised as an internal model in accordance with Section 10 Liquiditätsverordnung (Liquidity Ordinance).

Structural liquidity risk
Asset/Liability Management manages the liquidity risks of Helaba's commercial banking activities via the central scheduling system. This mainly comprises lending business including floating-interest roll-over transactions, securities held for liquidity investment purposes and medium- and long-term financing. This aspect is managed on the basis of cash-flow-oriented liquidity outflow schedules, with limited matching liquidity. Monitoring is the responsibility of Risk Controlling Treasury. The main objective of liquidity scheduling is to assure the calculated economic success of lending business.

The major aim of funding management (procurement of funds) is to avoid cost risks in connection with the procurement of medium- and long-term borrowed funds, and limit dependency on short-term funding capital. Structural liquidity shortages are avoided by funding arrangements with matching maturities (as far as possible) as well as diversification of the sources of funding (products, markets, investors). Interfaces to money trading result when liquidity shortages are refinanced on a short-term basis or liquidity surpluses are invested on a short-term basis.

Market liquidity risk
The market liquidity risk is assessed in the money-at-risk (MaR) model for market price risks. The model takes account of the liquidity risk by way of a conservative assumption of a holding period of ten days. Monthly scenario calculations using a variety of holding periods are also carried out to track the risk of inadequate market liquidity. The market liquidity is also observed on the basis of the margin between bid and offer prices.

Definition of risk tolerance
The Board of Managing Directors defines the risk tolerance for liquidity risk at least annually. This comprises the limit applicable for short-term and structural liquidity risk, the maintaining of liquidity for off-balance-sheet liquidity risks as well as the definition of the corresponding models and assumptions. A comprehensive plan of action is maintained for all locations for potential liquidity shortages.

Operational risks

Basics of risk control
In line with the Basel Committee and the national capital regulations, operational risk at Helaba is defined as follows: "The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal risks. The strategic risk and reputation risk are not part of operational risk. Based on the national requirements of banking regulation with regard to regulatory capital backing and also based on the MaRisk, Helaba has an integrated approach for the management of operational risks. This approach is used to identify, measure and manage risks on the basis of the following components: Risks and claims.

Helaba's approach provides for the disciplinary and organisational segregation of operational risk management and controlling. Accordingly, the individual business lines of Helaba have local responsibility for risk management. They are supported by central management areas. Controlling of operational risks is based centrally in Credit Risk and Group Controlling.

Helaba has representatives in a number of working groups set up by the Federal Association of German Public-Sector Banks (VÖB) to consider issues surrounding operational risks. The aim of these co-operative arrangements is to reach agreement on disciplinary implementation matters and develop a technical standard solution. Accordingly, the IT system for managing operational risks is regularly developed further together with representatives of other banks and extended to include new functionalities. A joint data syndicate has been set up in a further working party with other banks (mainly Landesbanken); since 2006, this has been used for exchanging information concerning losses attributable to operational risks.

Tools

Since 2007, Helaba has adopted the standard approach for capital backing and risk management of operational risks.

A risk management system which identifies, records and presents risks and losses in a structured manner is the basis for managing and monitoring operational risks. A systematic comparison can be made in this way between risks and loss data.

The Helaba risk model is used as the basis for the systematic classification of operational risks. The Helaba risk model is based exclusively on the Basel event categories, which means that the regulatory risk view is used completely for the internal risk assessment.

Technical support is provided for management of operational risks by a web-based application with local data access and a central database. This application is regularly updated in line with specialist requirements.

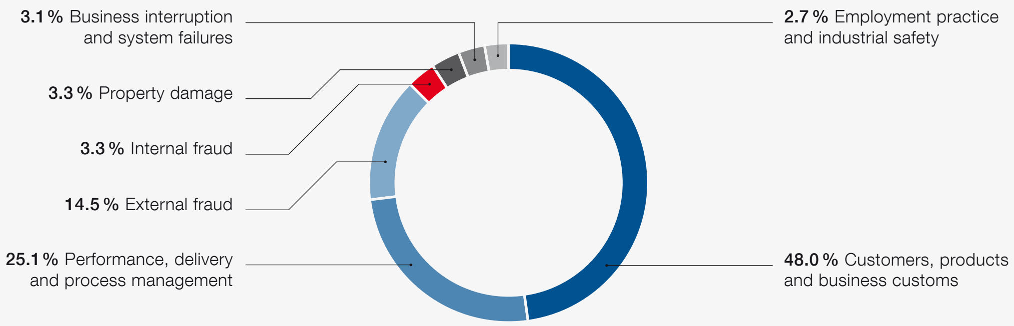
Established measures in internal processes and other procedures as well as insurances which cover certain losses up to agreed maximum limits are used for avoiding or limiting operational risks.

Risk monitoring

In the risk reporting system, the relevant bodies, the Risk Committee and the business lines responsible locally for risk management are notified of the risk situation and any losses which have been incurred.

The following chart 7 comprises the risk profile of the narrow group plus further subsidiaries for 2010:

Expected loss as of 31 December 2010 according to loss events
(Chart 7)



The expected loss (including credit risks induced by operational risks) as of 31 December 2010 was € 27.0 m (2009: € 25.6 m).

The total risk profile of the Bank is updated as part of an annual review. The risk profiles of the subsidiaries are added in order to create the Group risk profile.

Claims attributable to operational risks which have materialised are regularly reported locally by the business lines in Helaba. Reports of the subsidiaries concerning claims which have occurred are normally submitted on a quarterly basis, and enable the claims situation in the Group to be presented. For purposes of internal management, the collection of claims data is extended to include external claims from the VÖB data syndicate.

Quantification
The standard approach is used for quantifying operational risks for regulatory capital backing in accordance with the SolvV. For internal management, risks are quantified on the basis of the claims data collected and the quantitative risk assessment of the business lines. The unexpected losses are quantified in addition to the estimate of expected losses by way of separate modelling of frequency of default and extent of claim.

Documentation system
The documentation system of Helaba complies with the organisation guidelines prescribed by MaRisk. It lays down details of the due and proper organisation of business plus internal control procedures and security measures relating to the use of electronic data processing.

Clear responsibilities have been defined within Helaba for the creation and continuous updating of the various components of the documentation system. Bank organisation helps the specialist units responsible for the activities and processes to create and publish the regulations.

IT security and contingency plans
Helaba's defined strategies and regulations on IT security are the basis of an internal controlling process which complies with the relevant regulatory requirements and secure use of electronic data processing. In order to continuously improve the level of IT security, legal and internal requirements regarding IT security are regularly monitored by an IT security audit in relation to selected audit objects and for outsourcing companies.

The purpose of mandatory IT security concepts and IT standards for application development and operation is to ensure that risks are detected at an early stage and that appropriate measures to minimise these risks are then defined and implemented. These concepts and standards are the subject of continuous further development. Helaba refines these concepts and standards continuously to ensure that it always has all four mainstays of IT security – availability, integrity, confidentiality and non-repudiation – firmly in place in order to avoid any detrimental impact on the Bank's ability to act.

Helaba's organisational units have drawn up formal process-based contingency plans for their critical business activities. These documents are subject to continuous development and regular testing to ensure that essential business operations can be maintained in a properly ordered fashion in exceptional situations.

Agreements in the service level agreements for preventive and risk-limiting measures exist for the data centre operations outsourced to Finanz Informatik Technologie Service (formerly IZB Informatik-Zentrum); such agreements also relate to local systems. The documented procedures for ensuring operations or the technical restoration of data processing are regularly tested together with the specialist areas of Helaba and Finanz Informatik Technologie Service.

Accounting process

In relation to the accounting process, the objective of the internal control and risk management system of Helaba is to ensure proper and reliable financial reporting. The parties involved in the accounting process of Helaba comprise individual reporting units in which closed accounting groups are maintained and local (partial) financial statements in accordance with HGB and IFRS are prepared. The reporting units of Helaba are the Bank (Germany), the foreign branches, LBS as well as WIBank and all companies or sub-groups which are consolidated and accounted for using the equity method. On the other hand, the financial statements of the reporting units are consolidated at Helaba's Accounting and Taxes unit in order to prepare the consolidated financial statements in accordance with IFRS. In the headquarters, the closing data is also analysed, processed and communicated to the Board of Managing Directors.

The following are components of the internal control and risk management system in relation to the accounting process:

- Control environment
- Risk assessment
- Controls and reconciliations
- Monitoring of the controls and reconciliations
- Process documentation
- Result communication.

The control environment of Helaba in the accounting process also includes ensuring that the relevant areas, and in particular Accounting and Taxes, are properly provided with suitably qualified personnel. Open communication ensures that the individual employees are promptly provided with the complete information necessary for their work. Errors and problems which occur despite all controls are addressed and corrected. The IT system landscape used in the accounting process is subject to strategies and rules of IT security which guarantee compliance with generally accepted accounting principles (GoB)/generally accepted accounting principles in computer-assisted accounting systems (GoBS).

With regard to the assessment of risks in the accounting process, Helaba primarily focuses on the probability of occurrence and the extent of a potential error. In addition, an assessment of the impact on the closing statements is also relevant if the risk becomes significant (completeness, correctness, recognition, etc.).

The numerous controls and reconciliations in the accounting process are designed to minimise the risks in the accounting process. Extensive IT-based controls and reconciliations are used in addition to control measures such as the principle of dual control which ensures that manual activities, such as data input or calculations, are correct. Statistical evaluations for the reconciliations as well as reviews of individual validation measures are used to monitor the control and reconciliation procedures. Internal Audit is part of the control procedures, and regularly carries out audits of accounting.

The procedure in accounting is governed in several documentation forms which complement each other. HGB and IFRS accounting manuals specify the accounting methods to be applied. Group accounting-related requirements, which in particular have to be observed by the Group parent and the integrated sub-groups, are also governed here. The rules comprise not only the uniform principles throughout the Group with regard to recognition, measurement, statement and disclosure obligations, but also organisational aspects and the process of preparing financial statements. The individual reporting offices provided details concerning the procedures for the individual preparation of financial statements in the individual processes and sub-processes on their own responsibility and with varying degrees of detail.

The results of financial reporting, i.e. the closing figures which are determined, are subject to analytical audit actions within the Accounting and Taxes unit. For this purpose, the plausibility of the development of the figures during the year is checked, and the closing figures are compared with budgeted figures and expectations and extrapolations on the basis of the business development. And finally, the figures are checked for consistency with other evaluations which are prepared independently within Helaba. Managers and deputies who have responsibility for each reporting unit and for each disclosure in the Notes at Group level are accordingly nominated. Following this preliminary analysis and validation, the figures are regularly discussed with the Board of Managing Directors.

Legal risks

The Legal Services unit is responsible for monitoring the legal risk. It is represented on the Risk Committee of the Bank with an advisory vote and reports on the legal risks which have become quantifiable as ongoing or imminent court proceedings of the Bank or its subsidiaries.

Major undertakings with legal implications are cleared with the Legal Services unit as laid down in the basic principles of the Bank. As a contribution to preventive risk management, the Legal Services unit provides specimen agreements and information as well as other legally relevant declarations where possible and meaningful. The lawyers of the Legal Services unit are to be involved in the event of any deviations or new rulings. If it becomes necessary to involve external lawyers in Germany and abroad, the Legal Services unit also assumes responsibility for co-ordination. General rules and regulations exist for each specialist unit, and there is also a duty to consult in the event of doubt or in matters of a fundamental nature.

The Legal Services unit drafts agreements, general terms and conditions of business and other relevant legal declarations as part of its legal consulting support services in co-operation with the other units of the Bank. If documents and declarations of this type are submitted by third parties, the Legal Services unit is involved in their examination and negotiation.

If any mistakes or unexpected developments detrimental to the Bank are encountered, the lawyers help to identify and remedy problems and also avoid problems in future. They assume responsibility for examining events for legally relevant facts and conduct any proceedings launched. The same applies in respect of countering any claims asserted against the Bank. Internal reporting of Legal Services with regard to legal risks is assured by way of active involvement in the Board of Managing Directors' presentations, documentation of ongoing and imminent court proceedings as well as institutionalised liaison with other units.

Real estate project management risks

The real estate project management risk is defined as the risk affecting project developments of real estate resulting from deadline, quality, cost and marketing risks.

Real estate project management risks are encountered primarily in the entrepreneurially independent subsidiaries of the OFB Group (OFB Projektentwicklung GmbH) and the GWH Group (GWH Gemeinnützige Wohnungsgesellschaft mbH Hessen, within the framework of property development business) as well as in real estate project companies directly or indirectly held by Helaba.

Direct management at the entrepreneurially independent subsidiaries is the responsibility of management at the subsidiary. Real estate risks are managed in several stages in this respect:

- Operational management Responsibility of local management at the subsidiaries
- Strategic management – Central responsibility of the supervisory bodies of the subsidiaries and the Real Estate Management unit

At the directly or indirectly held real estate project companies, real estate management is responsible for operational and strategic risk management.

The opportunity and risk overview which is prepared quarterly serves as a key risk controlling instrument for identifying and tracking future project opportunities and risks which have not been budgeted. It employs a structured process to ascertain opportunities as well as costs, earnings and other asset risks for the purposes of this summary, and evaluates them in terms of their implications for the budget (as in an analysis of the risk-bearing capacity) and their likelihood of occurrence (using certain occurrence scenarios). The real estate management unit supports the process of preparing the opportunity and risk overview, and establishes the plausibility of the information.

Credit Risk and Group Controlling analyses the development of risks arising from real estate project management business and is responsible for quarterly risk reporting to the Risk Committee of the Board of Managing Directors. The risk position is also detailed as part of operational management in the meetings of the supervisory bodies of the various subsidiaries.

The risks attributable to real estate projects increased slightly in 2010. The risks are still completely covered by the expected income from this business.

Fund placing risks

The fund placing risk comprises the risk of the equity content of fund projects (closed funds). Fund placing risks are taken on primarily at HANNOVER LEASING or that company's subsidiaries.

Within the framework of the risk-bearing capacity statement, the risk potential of fund placings is not calculated separately. Because Helaba normally provides interim financing for the capital of funds during the placing phase, and thus de facto takes on the risk of the fund not being placed, the risk potential is taken into consideration in the risk-bearing capacity statement as part of the counterparty default risk for bridging finance for capital.

For risk reporting in relation to individual risk types, the risks arising from the fund placing activities of HANNOVER LEASING are shown separately. Limits for the overall portfolio and individual asset classes have been defined to limit the risks arising from placing obligations. There were no limit violations in the period under review.

Participation risks

Participation risks are defined as those risks attributable to equity participations for which individual risk types are not recognised separately in Risk Controlling for the individual risk types. If all risk types relevant for a participation are integrated in Group-wide risk management in accordance with materiality considerations and the possibilities of company law, the assessment of participation risks for this participation is not relevant. In addition to the equity participations under Commercial Law, the participation risks also relate to those financial instruments which, in accordance with the SolvV, are classified under the receivables class “equity participations”.

The risk content of each individual participation is classified with regard to value by means of a two-phase catalogue of criteria (traffic-signal method). In addition, the risk assessment is based on the appraisal and development of the rating of the particular company within the framework of the Bank's internal rating procedure. The participation risks are reported quarterly to the Risk Committee of the Board of Managing Directors and the Credit Committee of the Supervisory Board.

The composition of the investment portfolio in 2010 has changed mainly as a result of the reduction in the holding in HANNOVER LEASING from 79.8 % to 44.8 % and the repayment of a dormant contribution by DekaBank. The regular impairment tests performed on the investment portfolio resulted in the adjustment of the carrying amounts of individual investments.

Other Risks

Strategic risks
Helaba has coped with the problems of the financial and economic crisis out of its own resources. The positive operating results which were generated have been used for servicing all subordinate liabilities, profit participation rights and dormant contributions in full, and for paying an adequate dividend in relation to the share capital. The key factors of Helaba's success have been the conservative risk profile in conjunction with effective risk management, as well as the strategic business model of a universal bank which focuses on future viability throughout the entire Group with its own retail and public development and infrastructure business, a strong base in the region and the close relationship with the Sparkassen, as well as sound capital backing.

Helaba still enjoys good ratings, with “Aa2”, “A+” and “A” from the rating agencies Moody's Investors Service, Fitch Ratings and Standard & Poor's for uncovered long-term liabilities as well as “P-1”, “F-1+” and “A-1” for short-term liabilities. The strategically important securitised refinancing instruments, namely public Pfandbriefe and mortgage Pfandbriefe, have AAA ratings. Since mid-2005, following the abolition of guarantor liability and grandfathering, the ratings of Helaba for uncovered liabilities have been unchanged at all three rating agencies. Because of its strong standing with institutional and private investors, Helaba continued to have direct access to the refinancing markets, even during the financial market crisis.

In its capital strategy, Helaba has adjusted its objectives for capital backing to take account of changed regulatory conditions and expectations on the market. The aim is to achieve a minimum of 8.5 % – 9 % for the core capital ratio throughout the Group, also in view of the gradual introduction of Basel III, and the aim is also to achieve a total equity ratio of 13 %. These objectives are exceeded with a core capital ratio of 9.6 % for the regulatory Group and a total equity ratio of 14.4 %.

In December 2010, the Basel Committee of Central Bank Governors and chairmen of the regulatory authorities published the final proposals for the future capital and liquidity requirements (Basel III). They comprise in particular more stringent qualitative and quantitative requirements applicable to the future capital backing of credit institutions. These will become binding as of 1 January 2013 after implementation in the European Union and in national law. With its current capital backing, Helaba is in a good position to implement the new capital standards. As a credit institution in the legal form of a public sector institution, Helaba satisfies the criteria for taking advantage of the transitional periods which are applicable until the end of 2022 under Basel III for dormant contributions as “hard” core capital and also for permanently using capital instruments which meet the Basel III criteria for “hard” core capital. Dormant contributions, most of which are not of a fixed-term nature, accounted on a group-wide basis for around 50 % of the total core capital of Helaba at the end of 2010. Three quarters of the total volume of dormant contributions of € 2.97 bn have been provided from the group of owners by the Federal State of Hesse (€ 1.92 bn) and Sparkassen in Hesse-Thuringia (€ 0.4 bn). As soon as detailed information regarding the legal criteria exist at the EU and national level, Helaba will hold talks with its owners with regard to adapting the dormant contributions to the Basel III criteria applicable for “hard” core capital.

On the German banking market, the effects of the financial market and economic crisis have exacerbated the consolidation trend which has been ongoing for many years, and has resulted in further mergers between institutions. Numerous credit institutions, including credit institutions in the Landesbanken sector, have been restructuring and streamlining their business for several years. At institutions which have received government stabilisation and support measures which are covered by European Aid Law, covenants of the European Commission will have to be implemented. This will result in structural changes and shifts in market shares in major areas of operation, although the process will also open up strategic opportunities.

Helaba is in a good position to meet the challenges of the future, and considers that it is in a good position on a stand-alone basis to take advantage of further development opportunities for expanding regional private customers and SME business, regional and national S-Group business, public development and infrastructure business and also rounding off its client base and product range in the field of wholesale business (also internationally).

On the basis of its successful business model of an integrated universal bank with public development and infrastructure business, Helaba has a fundamentally positive attitude towards forward-looking consolidation efforts in the German Landesbanken and Sparkassen sector. However, it does not consider that there is any basis for economic success for credit institutions which operate exclusively in the field of wholesale business, even within the framework of functional holding structures. Helaba liaises closely with its three owners and still has an open mind for strategic approaches which serve to further strengthen its market position in its core areas of business and also serve to promote its forward-looking expansion as an integrated universal bank.

Reputational risks

Reputational risks that could lead, as a result of a deterioration of Helaba's reputation, to direct and indirect losses, or profits not realised are taken into account by all specialist units. Any imminent reputational risks identified are reported to the Risk Committee immediately.

Taxes

The Taxes department, which forms part of the Accounting and Taxes unit, is responsible for handling tasks in connection with taxation of the Bank in Germany and selected subsidiaries. If taxes are the responsibility of local units, the main tax issues and developments are included in the reports to the Taxes department. External tax advice services are used as required and also for the tax return of the foreign units. Tax law developments in Germany and abroad are constantly monitored by the persons with relevant responsibility, and their impact on the Bank and its subsidiaries is analysed. Any necessary measures are initiated by the Taxes department or following liaison with the Taxes department, and tax risks are either avoided in this way or appropriate provisions are created in the accounts to cover such risks.

Outsourcing risks

Major outsourcing risks are attributable to the objectives applicable for the operating segments, and can occur wherever outsourcing has taken place. Depending on the significance of the outsourcing process, and in order to limit the outsourcing risks, the office responsible for outsourcing is responsible for ensuring continuous monitoring of the services rendered by the outsourcing company and is also responsible for reporting to the relevant offices on the basis of reports. In its capacity as the central office, Central Staff and Group Strategy maintains a directory of all insourcing and outsourcing transactions which have taken place, and pools the changes with regard to existing insourcing and outsourcing arrangements as part of annual quality assurance.

On the other hand, risks attributable to insourcing arrangements attributable to activities which are taken on by Helaba from a third party receive similar treatment.

Summary

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

Report of Events after the Balance Sheet Date

Together with other Landesbanken, Helaba owns a stake in DekaBank via a holding. The Landesbanken have agreed to give up their shares in DekaBank (amounting to a total of 50 %, including 5.51 % for Helaba) to DSGV ö. K. or to the regional Sparkassen associations. The corresponding negotiations will probably be completed in the first quarter of 2011. A sale would probably result in a disposal gain for Helaba.

Forecast Report

Economic conditions
The global economy is currently expanding, although this process will slow down in 2011. In the emerging economies, the strong growth seen last year is returning to normal and the process of budget consolidation necessary for reducing the high levels of debt will have a negative impact on growth in many industrialised countries for several years. In addition, global growth is also being held back by the recent political unrest in the Arab world, via higher oil prices, and also the earthquake in Japan. Global growth in 2011 will be approximately 3.5 % (price-adjusted), compared with the previous year figure of approximately 4.5 %.

For the USA, there are signs of economic growth of around 3 % for 2011. This is mainly attributable to the recent program designed to stimulate the economy and which boosted private consumption at the beginning of the year. However, the resultant increase in public sector debt and the fact that subsequent consolidation will be inevitable are factors which indicate that the upswing will not be self-sustaining. In the eurozone, the major differences in growth between the member states will continue to exist. This year, Germany will again lead the way with growth of around 2.5 % in gross domestic product. On the other hand, the member states on the periphery of the eurozone which have been more severely affected by the financial crisis will fall a long way short of matching the growth rates seen in Germany. Overall, therefore, the eurozone will achieve a real growth rate of only approximately 1.5 %.

The upswing in the global economy has previously resulted in strong inflationary pressure only in the emerging countries. In the USA, the high level of underutilisation of production capacities will still hold down core inflation this year (excluding food and energy). In the eurozone, prices rose surprisingly at the beginning of the year. This is due mainly to administration measures. The increase in the price of oil has also been a problem. For the USA, as well as for the eurozone, consumer prices are expected to increase by 2 % over the year.

Whereas the Federal Reserve will for the time being retain its very expansionary monetary policy, the European Central Bank recently issued a verbal indication that there is likely to be a change of direction in interest rate policy. In the USA, interest rate policy is not likely to change this year in view of the fact that unemployment is still high and also in view of low inflationary pressure.

The capital market development in 2011 will be characterised by a volatile sideways movement. Structure and economic issues will alternate and have an impact on the financial markets. Because the economic problems in the eurozone and in the USA roughly cancel each other out, the Euro/Dollar rate will not see any strong trends. However, volatility will be very high. The development in yields is likely to be somewhat mixed in view of the fact that the debt crisis in some countries has by no means been overcome, because political factors are becoming increasingly significant and also in view of the growth in international capital flows.

There are no signs of global economic growth accelerating in 2012. The negative impact of the continuing consolidation in many countries is likely to be exacerbated by the start of the rate hike cycle in the USA. Interest levels are thus likely to be higher next year.

Further development of the strategic business model
On the German banking market, the effects of the financial market and economic crisis have exacerbated the consolidation trend which has been ongoing for many years, and has resulted in further mergers between institutions. Numerous credit institutions, including credit institutions in the Landesbanken sector, are currently implementing long-term restructuring and business streamlining processes (covering several years). At institutions which have received government stabilisation and support measures which are covered by European Aid Law, covenants of the European Commission will have to be implemented. The European Commission has announced that all current aid proceedings against German credit institutions will be completed by mid-2011. As a result of these processes, total assets, risk assets and employee headcounts will be considerably reduced, numerous locations in Germany and abroad will be closed, and major equity participations in the bank and non-bank sector will be sold and ownership conditions will be changed. This will result in structural changes and shifts in market shares in major areas of operation, although the process will also open up strategic opportunities.

In December 2010, the Basel Committee on Banking Supervision published the final version of the future capital and liquidity requirements (Basel III). They comprise in particular more stringent qualitative and quantitative requirements applicable to the future capital backing of credit institutions. These will become binding as of 1 January 2013 after implementation in the European Union and in national law. With its current capital backing, Helaba is in a good position to implement the new capital standards. As a credit institution in the legal form of a public sector institution, Helaba satisfies the criteria for taking advantage of the transitional periods which are applicable until the end of 2022 under Basel III for dormant contributions as “hard” core capital and also for permanently using unlisted capital instruments which need the Basel III criteria for “hard” core capital. Dormant contributions, most of which are not of a fixed-term nature, accounted for around 50 % of the total core capital of Helaba at the end of 2010. Three quarters of the total volume of dormant contributions of € 2.97 bn have been provided from the group of owners by the Federal State of Hesse (€ 1.92 bn) and Sparkassen in Hesse-Thuringia (€ 0.4 bn). The EU Commission intends to publish the draft of the “CRD IV” directive with regard to the translation of Basel III into European law by no later than mid-2011. The corresponding amendments in the German Kreditwesengesetz (KWG; Banking Act) must come into force by the end of 2012. As soon as extensive clarity has been achieved regarding the legal requirements at the EU and the national level, Helaba will hold talks with its owners with regard to the process of adjusting the dormant contributions to the Basel III requirements for core capital.

Helaba has established a very good position to meet the challenges of the future even when the changing regulatory conditions are taken into consideration. Based on its market positioning in its core areas of operation and also its integration in the German Sparkassen organisation, Helaba has identified further development opportunities on a stand-alone basis in its core areas of business. This is applicable for expanding private customers and SME business, S-Group business with the Sparkassen in Hesse-Thuringia as well as on a nationwide basis, for public development and infrastructure business and also for rounding off its client base and range of products in large-customer business (also internationally). New and existing business will be managed strictly on a risk- and resource-oriented basis in view of the future capital and liquidity requirements. This also includes winding down individual portfolios, including further optimisation of the investment portfolio. On the basis of its successful business model of an integrated universal bank with public development and infrastructure business and the legal form of a public sector institution, Helaba has a fundamentally positive attitude towards forward-looking consolidation efforts in the Landesbanken and Sparkassen sector. However, it does not consider that there is any basis for economic success for credit institutions which operate exclusively in the wholesale sector, even within the framework of functional holding structures. Helaba liaises closely with its three owners and thus fundamentally has an open mind for strategic approaches which serve to further strengthen its market position in its core areas of business and also serve to promote its forward-looking expansion as a universal bank.

Probable development of the Group
Following the economic recovery in 2010, the rate of growth will slow down in 2011. Under these conditions, Helaba expects to see operating revenues in 2011 remain constant at the level of the previous year. Net interest income is expected to be higher than the corresponding previous year figure, i.e. at around € 1.07 bn. Following the considerable decline in provisions for losses on loans and advances in 2010, it is not expected that there will be a further decline in this item in 2011 in view of the fact that the economic upswing is slowing down.

As was the case in the previous year, Helaba will continue to use new business on a selective basis. In 2011, medium-term and long-term new business of Helaba (Bank) is expected to be around € 11 bn, which is slightly higher than the corresponding previous year figure. The main contributions to earnings will again be generated in the fields of real estate and corporate finance. Slight growth in portfolio volumes is planned for these fields. A lower portfolio volume on the basis of portfolio optimising has been planned for financial institutions and public finance. The margins are expected to be lower than those generated in 2010 in view of the increasing competitive situation and also the fact that the capital markets will be functioning properly again.

Holdings in the trading book within capital market business are being further reduced, and risk assets are limited accordingly. It is expected that reversals of previous impairments recognised in the course of the financial market crisis will be only of a minor nature in 2011, so that earnings for 2011 are expected to be lower than the corresponding figure for 2010. The percentage of results attributable to capital-market-related customer business will be continuously expanded.

In Asset Management, income is expected to increase as a result of the expansion of volume-driven fund management and service business. This will be reflected in stronger net commission income.

In the business line Private Customers and SME Business, co-operation with the Sparkassen in the core business regions of Hesse and Thuringia will be continued within the framework of the “new S-Group concept” in the S-Group business field. S-Group co-operation will continue to take place at a high level, and will be strengthened further in 2011 by way of corresponding sales and market initiatives. The good position as an S-Group partner in own business and customer business of the Sparkassen is also expected to expand in 2011 with defined target regions outside Hesse and Thuringia. Sales activities are conducted with the involvement of the subsidiaries Helaba Invest Kapitalanlagegesellschaft mbH and Frankfurter Bankgesellschaft (Schweiz) AG.

Revenues at Frankfurter Sparkasse are expected to come in at a level just below the corresponding previous year figure. With slightly higher general administrative expenses and lower provisions for losses on loans and advances, the planned result in 2011 is slightly lower than the corresponding previous year figure, but is still at a comparatively high level.

In the Public Development and Infrastructure Business segment, Helaba performs public development tasks, particularly in the areas of housing and municipal development, infrastructure, the economy, agriculture and the environment via WIBank on behalf of the Federal State of Hesse. The income in 2011 is expected to be slightly higher than the corresponding figure for the previous year.

For the 2011 headcount of Helaba, no major change is planned compared with 2010. However, personnel expenses will increase slightly as a result of wage-bargaining agreements. Equipment costs will reflect regulatory project costs and levies in 2011.

Due to the deconsolidation of HANNOVER LEASING as of 30 December 2010, the other operating result and general administrative expenses will not include the contributions to results made by the HANNOVER LEASING Group starting in 2011.

On balance, despite the additional burden imposed by the bank tax, the Bank expects to generate pre-tax profits in 2011 which are slightly higher than the corresponding previous year figure.

A continuous development in the segments is expected for 2012. A further reduction in the trading portfolios will be opposed by selective expansion in lending, S-Group and development activities and also in fund management. In consequence, operating revenues are expected to increase slightly in 2012. As a result of the continuation of the cost management process, general administrative expenses are expected to increase slightly in 2012. Taking account of a sideward movement in provisions for losses on loans and advances, the Bank expects to see a positive trend in the development of results in 2012.

Overall assessment

As has been the case in previous years, it has again been apparent in the financial year 2010 that, despite volatile markets, the diversified business model of Helaba as an integrated universal bank with the three segments Wholesale Business, Private Customers and SME Business and Public Development and Infrastructure Business forms a sound base for stable earnings with growth potential. The new capital and liquidity requirements will continue to be a challenge for the banks and the overall economy with regard to earnings opportunities, international competitiveness and credit supply.

Helaba has established a good long-term position for the future. Based on its good market position, Helaba has identified further development opportunities on a stand-alone basis for expanding private customers and SME business, S-Group business with the Sparkassen in Hesse-Thuringia and in neighbouring regions, public development and infrastructure business as well as in rounding off the client base and range of products in wholesale business (including international activities). On the basis of its successful business model of an integrated universal bank with public development and infrastructure business, Helaba has a fundamentally positive attitude towards forward-looking consolidation efforts in the German Landesbanken and Sparkassen sector.

Frankfurt am Main/Erfurt, 29 March 2011

Landesbank Hessen-Thüringen Girozentrale

The Board of Managing Directors

Brenner	Berger	Gröb	Dr. Hosemann
Krick	Raupach	Dr. Schraad	

Consolidated Financial Statements

Income Statement

for the period from 1 January to 31 December 2010

		2010	2009 [1]	Change	
	Notes	in € m	in € m	in € m	in %
Interest income		5,387	5,851	–464	–7.9
Interest expense		–4,370	–4,822	452	9.4
Net income	(4), (21)	**1,017**	**1,029**	**–12**	**–1.2**
Provisions for loans and advances	(11), (22)	–285	–487	202	41.5
Net income after provisions for loans and advances		**732**	**542**	**190**	**35.1**
Commission income		404	349	55	15.8
Commission expenses		–155	–122	–33	–27.0
Net commission income	(23)	**249**	**227**	**22**	**9.7**
Net trading income	(4), (24)	148	315	–167	–53.0
Result of derivatives and financial instruments of the fair value option not held for trading	(4), (5), (25)	6	52	–46	–88.5
Result of hedges	(5), (26)	–1	40	–41	>–100.0
Result from financial investments	(4), (27)	–34	–38	4	10.5
Result from companies accounted for using the equity method	(3), (28)	9	20	–11	–55.0
Other operating result	(12), (29)	357	225	132	58.7
General administrative expenses	(30)	–1,068	–1,040	–28	–2.7
Earnings before tax		**398**	**343**	**55**	**16.0**
Taxes on income	(19), (31)	–100	–80	–20	–25.0
Result of continued operations		**298**	**263**	**35**	**13.3**
Result after tax of discontinued operations	(15), (32)	–	60	–60	–100.0
Consolidated net income		**298**	**323**	**–25**	**–7.7**
Thereof: Attributable to external shareholders		–1	–1	–	–
Thereof: Attributable to shareholders of the parent company		299	324	–25	–7.7

[1] Previous year figures adjusted, see also Note (1).

Statement of Comprehensive Income

for the period from 1 January to 31 December 2010

	Notes	2010 in € m	2009 in € m	Change in € m	Change in %
Consolidated net income according to the income statement		**298**	**323**	**–25**	**–7.7**
Gains and losses from available-for-sale financial assets					
Valuation gains (+)/losses (–) from available-for-sale financial assets		88	–105	193	>100.0
Gains (+)/losses (–) reclassified to the income statement upon disposal or impairment of the assets		43	38	5	13.2
Pro-rata result of companies accounted for using the equity method recognised directly in equity					
Gains (+)/losses (–) from companies accounted for using the equity method recognised directly in equity		–	–8	8	100.0
Gains (+)/losses (–) reclassified to the income statement upon disposal or impairment of the assets		–	9	–9	–100.0
Change from currency translation					
Gains (+)/losses (–) from currency translation of foreign operations		13	–1	14	>100.0
Gains (+)/losses (–) reclassified to the income statement upon disposal		–6	–	–6	–
Gains and losses from hedging cash flows					
VValuation gains (+)/losses (–) from hedging instruments in cash flow hedges		–6	–	–6	–
Actuarial gains (+)/losses (–) from pension obligations	(53)	**–80**	**–2**	**–78**	**>–100.0**
Other earnings before taxes		**52**	**–69**	**121**	**>100.0**
Taxes on income on gains/losses not recognised in the income statement	(31)	–2	27	–29	>–100.0
Other result after taxes		**50**	**–42**	**92**	**>100.0**
Total result for the reporting period		**348**	**281**	**67**	**23.8**
Thereof: Attributable to minorities		–2	–1	–1	–100.0
Thereof: Attributable to the shareholders of the parent company		350	282	68	24.1

Balance Sheet

as of 31 December 2010

Assets

	Notes	31.12.2010 in € m	31.12.2009 [1] in € m	Change in € m	Change in %
Cash reserve	(34)	436	659	–223	–33.8
Loans and advances to banks	(4), (35)	14,412	14,819	–407	–2.7
Loans and advances to customers	(4), (36)	87,698	87,468	230	0.3
Impairments on receivables	(11), (37)	–1,253	–1,188	–65	–5.5
Assets held for trading	(4), (38)	39,176	42,805	–3,629	–8.5
Positive market value of derivatives not held for trading	(4), (5), (39)	3,702	3,374	328	9.7
Financial assets	(4), (40)	17,687	16,733	954	5.7
Shares in companies accounted for using the equity method	(3), (41)	63	68	–5	–7.4
Investment property	(12), (42)	2,441	2,582	–141	–5.5
Property, plant and equipment	(13), (43)	317	755	–438	–58.0
Intangible assets	(14), (44)	164	203	–39	–19.2
Income tax assets	(19), (45)	452	427	25	5.9
Available-for-sale non-current assets and disposal groups	(15), (46)	–	18	–18	–100.0
Other assets	(16), (47)	949	1,177	–228	–19.4
Total assets		**166,244**	**169,900**	**–3,656**	**–2.2**

[1] Previous year figures adjusted, see also Note (1).

Liabilities

		31.12.2010	31.12.2009 [1]	Change	
	Notes	in € m	in € m	in € m	in %
Liabilities due to banks	(4), (48)	31,679	33,214	–1,535	–4.6
Liabilities due to customers	(4), (49)	40,896	41,882	–986	–2.4
Securitised liabilities	(4), (50)	40,389	38,505	1,884	4.9
Liabilities held for trading	(4), (51)	38,529	42,112	–3,583	–8.5
Negative market value of derivatives not held for trading	(4), (5), (52)	3,148	2,849	299	10.5
Provisions	(17), (18), (53)	1,190	1,098	92	8.4
Income tax liabilities	(19), (54)	238	191	47	24.6
Other liabilities	(16), (55)	484	618	–134	–21.7
Subordinate capital	(20), (56)	4,488	4,525	–37	–0.8
Shareholders' equity	(57)	5,203	4,906	297	6.1
Subscribed capital		477	477	–	–
Hidden deposits		1,920	1,920	–	–
Additional paid-in capital		658	658	–	–
Retained earnings		2,263	2,066	197	9.5
Revaluation reserve		–91	–196	105	53.6
Currency translation reserve		–	–7	7	100.0
Reserve from cash flow hedges		–13	–9	–4	–44.4
Minority interests in shareholders' equity		–11	–3	–8	>–100.0
Total liabilities		**166,244**	**169,900**	**–3,656**	**–2.2**

[1] Previous year figures adjusted, see also Note (1).

Statement of Changes in Equity

for the period from 1 January to 31 December 2010

in € m

	Shareholders' equity attributable to the shareholders of the parent company								Minority interests in shareholders' equity	Total shareholders' equity
	Subscribed capital	Hidden deposits	Additional paid-in capital	Retained earnings	Revaluation reserve	Reserve from currency translation	Reserve for valuation results of cash flow hedges	Subtotal		
Shareholders' equity as of 31 Dec. 2008	**477**	**1,920**	**643**	**1,798**	**–168**	**–4**	**–**	**4,666**	**9**	**4,675**
Adjustments according to IAS 8 [1)]				8				8	–	8
Shareholders' equity as of 1 Jan. 2009	**477**	**1,920**	**643**	**1,806**	**–168**	**–4**	**–**	**4,674**	**9**	**4,683**
Changes in the group of consolidated companies				–20				–20	–14	–34
Capital increase			15					15	3	18
Dividend payment				–14				–14	–	–14
Servicing of hidden deposits				–28				–28	–	–28
Total result of the reporting period				313	–28	–3	–	282	–1	281
Shareholders' equity as of 31 Dec. 2009	**477**	**1,920**	**658**	**2,057**	**–196**	**–7**	**–**	**4,909**	**–3**	**4,906**
Adjustments according to IAS 8 [1)]				9			–9	–		–
Shareholders' equity as of 1 Jan. 2010	**477**	**1,920**	**658**	**2,066**	**–196**	**–7**	**–9**	**4,909**	**–3**	**4,906**
Changes in the group of consolidated companies				–3				–3	–6	–9
Capital increase								–	–	–
Dividend payment				–14				–14	–	–14
Servicing of hidden deposits				–28				–28		–28
Total result of the reporting period				242	105	7	–4	350	–2	348
Shareholders' equity as of 31 Dec. 2010	**477**	**1,920**	**658**	**2,263**	**–91**	**–**	**–13**	**5,214**	**–11**	**5,203**

[1)] See also Note (1).

Cash Flow Statement

for the period from 1 January to 31 December 2010

in € m

	2010	2009 [1]
Net profit	**298**	**323**
Non-cash items in net profit and reconciliation with cash flow from operating activities:		
Depreciation, impairments and write-ups relating to receivables and fixed assets	486	780
Increase/decrease in provisions	196	168
Other non-cash expenses/income	–1,033	–869
Profit from the disposal of fixed assets	–15	–9
Sub-total	**–68**	**393**
Change in assets and liabilities of current operations after correction by non-cash components:		
Loans and advances to banks	506	1,259
Loans and advances to customers	–11	2,302
Assets/liabilities held for trading	–118	–2,824
Other assets from operating activities	–203	–1,011
Liabilities due to banks	–510	1,916
Liabilities due to customers	–903	228
Securitised liabilities	1,343	–2,045
Other liabilities from operating activities	–171	–625
Interest and dividends received	5,474	5,953
Interest paid	–4,413	–4,918
Income tax payments	–85	–100
Cash flow from operating activities	**841**	**528**
Inflows from the disposal of:		
Financial assets	3,885	3,829
Property, plant and equipment	75	125
Investment property	38	24
Outflows for the acquisition of:		
Financial assets	–4,703	–4,574
Property, plant and equipment	–159	–114
Investment property	–87	–79
Intangible assets	–13	–18
Changes in the group of consolidated companies:		
Outflows for the acquisition of consolidated companies	–2	–43
Inflows from the disposal of consolidated companies	3	200
Cash flow from investing activities	**–962**	**–650**

[1] Previous year figures adjusted, see also Note (1).

in € m

	2010	2009 [1]
Dividend payments	–14	–14
Servicing hidden deposits	–28	–28
Changes in funds from financing activities (subordinate capital)	–66	–9
Cash flow from financing activities	**–108**	**–51**
Cash and cash equivalents as of 1 January	**659**	**813**
Cash flow from operating activities	841	528
Cash flow from investing activities	–962	–650
Cash flow from financing activities	–108	–51
Effects of exchange rate changes, valuation changes and changes in the group of consolidated companies	6	19
Cash and cash equivalents as of 31 December	**436**	**659**
Thereof:		
Cash in hand	63	66
Cash at central banks	373	593

[1] Previous year figures adjusted, see also Note (1).

The cash flow statement shows the composition of and changes to cash and cash equivalents in the financial year. The changes in cash and cash equivalents are attributable to operating activities, investing activities and financing activities.

The cash flow from operating activities comprises inflows and outflows from receivables, liabilities, trading assets/liabilities and other assets or liabilities. The interest and dividend payments resulting from operating activities are shown separately.

The cash flow from investing activities comprises inflows and outflows for financial assets, property, plant and equipment, investment property and intangible assets as well as inflows and outflows for the sale or acquisition of subsidiaries and associated companies.

Cash flow from financing activities comprises inflows and outflows for subordinate capital. The dividends paid out in the financial year and the servicing of the dormant contributions disclosed under shareholders' equity are also shown under this item.

Cash and cash equivalents correspond to the cash reserve, which comprises cash in hand and cash at central banks.

Notes

Accounting Policies

(1) General Information

Principles of consolidated accounting
The consolidated financial statements of Helaba for the period ended 31 December 2010 have been prepared in accordance with Section 315a (1) HGB and the Directive (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 (IAS Directive) in line with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and adopted into European law by the European Union (EU).

The consolidated financial statements comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes. Segment reporting is included in the notes. The management report of the Group in accordance with Section 315 HGB contains a separate report on the opportunities and risks of future development (opportunity and risk report), in which risk management is also explained.

The reporting currency of the consolidated financial statements is the Euro (€). The figures are generally rounded to whole amounts of € millions.

The standards and interpretations valid as of 31 December 2010 have been applied in full. The regulations of commercial law applicable in accordance with Section 315a HGB have additionally been taken into consideration.

The financial year 2010 was the first year in which the following standards and interpretations which have been adopted by the EU were the subject of mandatory adoption:

- IFRS 1: First-time adoption of the International Financial Reporting Standards (IFRS 1 (2008))
- Changes to IFRS 1: Additional exemptions for first-time adopters
- Changes to IFRS 2: Share-Based Payment, Group Cash-Settled Share-Based Payment Transactions
- Changes to IAS 39: Financial instruments: Recognition and Measurement: Eligible Hedged Items
- Changes to IAS 39: Reclassification of Financial Assets – Effective Date and Transitional Regulations
- IFRIC 12: Service Concession Arrangements
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distributions of Non-Cash Assets to Owners
- IFRIC 18: Transfers of Assets from Customers
- Improvements to the International Financial Reporting Standards 2008: Extension of IFRS 5
- Improvements to the International Financial Reporting Standards 2009.

The application of these standards and interpretations had no or only an insignificant impact on the consolidated financial statements of Helaba.

The revised versions of IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements which were also subject to mandatory adoption for the first time in the financial year 2010, were the subject of voluntary adoption in the previous year.

The other standards and interpretations which were promulgated by the IASB and IFRIC, which have only partially been endorsed by the EU and which are only the subject of mandatory adoption in subsequent financial years, have not been the subject of early adoption. With the exception of IFRS 9 Financial Instruments, they will probably not have any, or will probably only have a minor impact on the consolidated financial statements.

On 12 November 2009, the International Accounting Standards Board (IASB) published a new International Financial Reporting Standard (IFRS 9) for classifying and measuring financial instruments and extended this on 28 October 2010 to include regulations regarding the recognition of financial liabilities. The publication represents the conclusion of the first part of a three-phase project for replacing IAS 39 Financial Instruments: Recognition and Measurement by a new standard. IFRS 9 has introduced new regulations for classifying and measuring financial assets and liabilities. According to the current version, the regulations are the subject of mandatory adoption starting 1 January 2013; early adoption is permitted. The IASB intends to extend IFRS 9 to include new regulations for impairments (phase 2) and the recognition of hedged relationships (phase 3).

Amendments to disclosure, amendments in accordance with IAS 8
In the previous year, a figure of € –9 m for the continuation of the equity value resulting from the effective part of a cash flow hedge which was recognised directly in equity as part of the equity valuation of an associated company was shown under retained earnings. In this year, this item is shown under the cash flow hedge reserve (see Note (57)). The figure shown in the previous year has been adjusted accordingly.

In the previous year, consultancy fees of € 15 m were shown under other operating result at one subsidiary. This year, they are shown under general administrative expenses. The previous year figures have been amended accordingly (see also Notes (29) and (30)).

The financial information disclosed under financial assets (see Note 40) for joint ventures and associated companies, which are not measured at equity in view of their minor significance, was incorrect in the previous year. The previous year figures have been corrected correspondingly.

The financial assets shown under collateral (see Note (58)) were overstated by € 347 m in the previous year. The previous year figure has been corrected correspondingly.

The subordinate assets (see Note (59)) were understated by € 322 m in the previous year. The previous year figures have been corrected correspondingly.

In the previous year, the obligations arising from warranties and guarantee agreements shown under contingent liabilities were overstated by € 641 m, and the contribution obligations shown under the other obligations were understated by € 31 m (see Note (70)). The previous year figures have been corrected correspondingly.

In the previous year, not all leasing issues were completely recorded in the information concerning leasing (see Note (74)). The figures have been corrected correspondingly.

The above-mentioned amendment of previous year figures has not had any impact on the consolidated net income and shareholders' equity.

Under the measurement of derivatives, the financial year 2010 was the first time that the default risks of counterparties were also taken into consideration by way of so-called "counterparty default adjustments" (CDA) and "credit valuation adjustments" (CVA). This adjustment of the valuation model is an amendment of an estimate in accordance with IAS 8.32 et seq., which has not resulted in any adjustments of previous year figures. The model adjustment has resulted in a valuation effect of € –39 m, which was charged against net trading income.

In the previous years, the accounts reported a liability due to customers which was recorded twice. The amendment in accordance with IAS 8.41 et seq. was carried out retrospectively for all previous year published periods. As of 1 January 2009, this resulted in a reduction of € 9 m in liabilities due to customers (see Note (49)), a reduction of € 1 m in income tax assets (see Note (45)) as well as an increase of € 8 m in retained earnings (see Note (57)). It was not necessary for the consolidated net income of the previous year to be amended. This aspect has also resulted in adjustments to the previous year figures in the Notes (60), (61), (63) and (64) and also in the cash flow statement.

Principles of accounting and valuation
The consolidated financial statements are based on the principle of the going concern assumption. In the same way as Helaba, the companies included within the framework of full consolidation and accounted for using the equity method have also prepared their financial statements for the period ended 31 December 2010. The exceptions relating mainly to the investment assets are also normally recognised in the amounts applicable as of 31 December 2010. The accounting policies are applied uniformly throughout the Group and consistently in relation to the specified reporting periods, unless otherwise specified. The exercising of options is detailed in the following notes.

An asset is recognised in the balance sheet if it is probable that the future economic benefit will accrue to the company and that reliable measurement is possible. A liability is recognised in the balance sheet if it is probable that a current obligation will in future result in an outflow of financial resources, and if the fulfilment amount can be reliably measured. Assets and liabilities are normally measured at amortised cost, unless otherwise specified. Income and expenses are accrued and deferred and are thus allocated to the period to which they belong from an economic point of view.

The necessary assumptions, estimates and assessments made as part of the accounting and valuation process are consistent with the corresponding standard, are constantly monitored and are based on past experience and additional factors such as planning, expectations or forecasts of future events. Estimation uncertainty has resulted particularly in connection with provisions for losses on loans and advances, impairments of assets including goodwill and other intangible assets, the determination of fair values of certain financial assets and liabilities, the recognition of deferred tax assets and the provisions for pensions and other obligations. These assumptions, estimates and appraisals affect the figures shown for assets and liabilities on the balance sheet date as well as income and expenditure for the reporting period.

The main accounting policies are detailed in the following.

(2) Group of Consolidated Companies

The group of consolidated companies of the Helaba Group comprises a total of 106 companies in addition to Helaba as the parent company (2009: 164). 84 (2009: 136) companies are fully consolidated in the Group, and 22 (2009: 28) companies are accounted for using the equity method. The fully consolidated companies are subsidiaries and special purpose vehicles, including investment assets.

40 subsidiaries and 13 joint ventures and 28 associated companies are of minor significance for the presentation of the net assets, financial position and results of operations of the Helaba Group, and are not included in the consolidated financial statements. The shares in these companies are shown under financial assets.

The subsidiaries, joint ventures and associated companies included in the consolidated financial statements are listed in Note (84). This list also contains information regarding a classification as a subsidiary, joint venture or associated company which differs from a classification which would be indicated on the basis of voting rights.

The changes in the consolidation group during the financial year have been mainly attributable to the HANNOVER LEASING Group.

On 30 December 2010, 35 % of the shares in HANNOVER LEASING GmbH & Co. KG were sold. The loss of control meant that it was necessary for the HANNOVER LEASING Group to be deconsolidated. The remaining interest in HANNOVER LEASING GmbH & Co. KG (44.8 %) is accounted for using the equity method on the basis of the consolidated financial statements prepared by HANNOVER LEASING. The result arising from the deconsolidation and the initial recognition of the equity value at fair value is shown in other operating result, and is stated as € 18 m.

Changes to the group of fully consolidated companies

Changes in the HANNOVER LEASING Group in 2010:

Additions

Companies initially consolidated during the reporting year and deconsolidated as a result of fund sales	
HANNOVER LEASING Flight Invest 49 GmbH & Co. KG, Pullach	Foundation
HANNOVER LEASING Flight Invest GmbH, Pullach	Foundation
HANNOVER LEASING Flight Invest Treuhand GmbH, Pullach	Foundation
IMOLA Verwaltungsgesellschaft mbH, Pullach	Foundation
Parco Solare SunEdison 2 s.a.s. di SunEdison Apulia 10 s.r.l. & C., Parco Solare SunEdison 3 s.a.s. di SunEdison Apulia 10 s.r.l. & C., Parco Solare SunEdison 4 s.a.s. di SunEdison Apulia 10 s.r.l. & C., SunEdison Apulia 001 s.a.s. di SunEdison Apulia 10 s.r.l. & C., SunEdison Apulia 002 s.a.s. di SunEdison Apulia 10 s.r.l. & C., SunEdison Apulia 003 s.a.s. di SunEdison Apulia 10 s.r.l. & C., SunEdison Apulia 004 s.a.s. di SunEdison Apulia 10 s.r.l. & C., SunEdison Apulia 005 s.a.s. di SunEdison Apulia 10 s.r.l. & C., SunEdison Apulia 006 s.a.s. di SunEdison Apulia 10 s.r.l. & C., all Milan, Italy.	Acquisition
SunPuglia Holding GmbH & Co. KG, Pullach	Acquisition

Additions

Companies initially consolidated during the reporting year and disposed of as part of transition consolidation	
CORNALES Verwaltungsgesellschaft mbH, Pullach	Foundation
Feuerwache Mülheim a.d. Ruhr GmbH & Co. KG, Pullach	Foundation
GAVOTTE Verwaltungsgesellschaft mbH, Pullach	Foundation
GORDION Verwaltungsgesellschaft mbH, Pullach	Foundation
HANNOVER LEASING Mobilien Holding GmbH & Co. KG, Pullach	Foundation
HML Rail Deutschland 1 GmbH & Co. KG, Pullach	Foundation
LEPANTO Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	Foundation
LUCINA Verwaltungsgesellschaft mbH, Pullach	Foundation
NIGRESCO Verwaltungsgesellschaft mbH, Pullach	Foundation
NOVELLINO Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	Foundation
PERCEVAL Verwaltungsgesellschaft mbH & Co. Beteiligungs KG, Pullach	Foundation
VOLTAIRE Verwaltungsgesellschaft mbH, Pullach	Foundation

As a result of the deconsolidation, the subsidiaries and special purpose vehicles of HANNOVER LEASING which had previously been included by way of full consolidation were retired from the group of subsidiaries of the Helaba Group (a further 51 disposals in addition to those detailed above).

This has not resulted in a major change in the total circumstances of the Group. In relation to individual major balance sheet items, the deconsolidation process has resulted in the following retirements of carrying amounts as of the balance sheet date (€ million).

Assets		Liabilities	
Loans and advances to customers	277	Liabilities due to banks and due to customers	1,044
Investment property	150	Other liabilities	99
Property, plant and equipment	443		
Other assets	212		

Changes in the OFB Group:

Additions	
Schlossgalerie Eschwege GmbH & Co. KG, Frankfurt am Main	Foundation

Disposals	
Römerhof GmbH, Frankfurt am Main	Sale

Other changes:

Additions	
Bankservicegesellschaft Rhein-Main mbH, Kriftel	Acquisition of further shares in November 2010 by Frankfurter Sparkasse and change-over from accounting using the equity method to full consolidation

Disposals	
Helaba Trust Beratungs- und Management-Gesellschaft mbH, Frankfurt am Main	Merged with Frankfurter Bankgesellschaft (Deutschland) AG in August 2010

Following the acquisition of a further 50 % in Bankservicegesellschaft Rhein-Main mbH by Frankfurter Sparkasse as of 30 November 2010, the method used for consolidating the company was changed from the equity method to the full consolidation method. The difference of € 2 m which remained after net assets were recognised at fair value was capitalised as goodwill.

Changes in the group of companies accounted for using the equity method
Changes in the HANNOVER LEASING Group in 2010:

Due to the change in the method of consolidating HANNOVER LEASING and its subsidiaries and special purpose vehicles as of 30 December 2010, the associated companies held by these companies have been retired from the group of associates of the Helaba Group (eleven retirements). As a result of the HANNOVER LEASING Group being accounted for using the equity method in line with the holding in HANNOVER LEASING which existed after the share transaction, these retirements, to the extent that they are still attributable to the HANNOVER LEASING Group, continue to be recognised indirectly.

Changes in the OFB Group:

Additions	
BS Projektverwaltung GmbH, Frankfurt am Main	Foundation
G & O Gateway Gardens Zweite GmbH & Co. KG, Eschborn	Foundation
G & O Gateway Gardens Dritte GmbH & Co. KG, Eschborn	Foundation
Multi Park Mönchhof GmbH & Co. KG, Walldorf	Acquisition
Projektentwicklung BS GmbH & Co. KG, Frankfurt am Main	Foundation

Disposals	
Franziskanerhof Bonn GmbH & Co. KG, Cologne	Sale

Changes in the GWH Group:

Additions	
CP Campus Projekte GmbH	Foundation

(3) Consolidation Principles

Accounting and measurement for all companies included in the consolidated financial statements of Helaba are based on uniform Group-wide principles. All major subsidiaries and other companies which are controlled directly or indirectly by Helaba or which had to be allocated to the Helaba Group in accordance with the principles of IAS 27 and SIC 12 are fully consolidated in the consolidated financial statements. The main joint ventures and interests in associated companies are accounted for using the equity method in accordance with IAS 28. In certain cases, which are of only minor significance in relation to the overall economic circumstances of the Group when viewed individually and collectively, holdings are not consolidated or accounted for using the equity method. In these cases, the holdings are shown under financial assets.

The annual financial statements of the consolidated companies or of the companies accounted for using the equity method are prepared in relation to the reference date applicable for the annual financial statements and consolidated financial statements of Helaba. Different reference dates for financial statements exist only in a small number of insignificant exceptions, relating to investment assets. These figures have also been recognised as of 31 December 2010.

Initial consolidations are recognised using the purchase method in relation to the reference date of the share acquisition. The assets and liabilities are recognised with their fair values as of this point of initial consolidation. Any remaining positive differences from the capital consolidation are shown as goodwill in the consolidated balance sheet under intangible assets, and are subject to an impairment test at least annually (see Note (14)). Any negative differences resulting from initial consolidation, after an appropriate test of the fair values, have to be recognised in the income statement.

The shares of subsidiaries which are not attributed to the parent company are shown within consolidated shareholders' equity and the income statement as minority interest in shareholders' equity or as minority interest in net profit. Minority interests are determined on the basis of the present values of assets and liabilities attributed to the minorities.

In situations in which shares are acquired in successive tranches, the Company is fully consolidated as of the date on which control is acquired. The shares which were acquired before control was acquired (old shares) are revalued at fair value at the point of acquisition and are used as the basis for capital consolidation. The difference between the carrying amount of the old shares and the fair value has to be recognised in the income statement, where appropriate after recycling carrying amounts which are attributable to the continuation of an equity value and which are recognised directly in equity or the measurement which previously has been recognised directly in equity as a result of being classified in the category AfS.

If companies which have previously been consolidated or accounted for using the equity method no longer have to be included, such companies are deconsolidated, and the transaction is recognised in the income statement, as of the reference date on which the shares which have to be consolidated are sold or as of which control ceases to be applicable. Fair value is used as the basis for recognising the remaining shares in accordance with IAS 39 or as part of accounting using the equity method.

If shares in subsidiaries, joint ventures or associated companies are held for trading, and if the other criteria are satisfied, the shares are measured in accordance with IFRS 5 and the assets, liabilities and profit contributions are shown in separate balance sheet items or income statement items.

Any internal balances which exist between consolidated companies as well as any income and expenses incurred between consolidated companies are eliminated as part of the process of consolidating liabilities and profits. Intercompany profits attributable to transactions between consolidated companies are also eliminated.

Shares in associated companies and joint ventures are shown at the cost of purchase to the Group in the consolidated balance sheet at the time at which control is acquired or if joint management exists. In subsequent years, the recognised equity value is extrapolated with due consideration being given to the amortisation of identified hidden reserves and charges by the proportionate equity changes. The pro-rata net profit of the equity participation is shown in the income statement as a result of companies accounted for using the equity method.

If the recoverable amount of the shares in a company accounted for using the equity method is lower than the previous figure recognised in the balance sheet, an impairment is recognised in relation to these shares. If the original reasons for an impairment are no longer applicable, prior impairments are reversed by way of write-ups to the amortised equity value (excluding goodwill). Impairments and reversals of impairments are recognised in the income statement in the result of companies accounted for using the equity method.

(4) Financial Instruments

In accordance with IAS 39, all financial assets and obligations, including all derivative financial instruments, have to be shown in the balance sheet. These instruments are initially measured at cost, which is equivalent to the value of the assets which are rendered or received at the time of the acquisition. Transaction costs are recognised as ancillary purchase costs. Spot transactions of non-derivative financial instruments are principally recognised as of the settlement date, and spot transactions of derivative financial instruments are recognised as of the trading date. Financial assets are derecognised when the contractual rights relating to the assets expire or are transferred in such a way that the opportunities and risks associated with the asset have essentially been transferred or if control has been transferred. Financial obligations are derecognised upon repayment.

The subsequent measurement of financial assets and liabilities depends on their classification under IAS 39 at the point at which they were acquired:

Loans and receivables (LaR)
Loans and receivables is the category used for classifying all non-derivative financial instruments which feature fixed or determinable payments and which are not listed on an active market, unless they are designated upon acquisition as financial assets measured at fair value through profit or loss (aFV). Securities with fixed or determinable payments for which an active market does not exist can also be classified as LaR.

Loans and receivables are shown at amortised cost. Any premiums or discounts are distributed over the remaining term on the assumption of constant effective interest rates (amortisation) and are recognised in the income statement under net interest income. The carrying amounts of financial instruments in the category LaR are shown in the balance sheet items “Loans and advances to banks” and “Loans and advances to customers”. Trade accounts receivable are shown under other assets.

As part of hedge accounting, the carrying amounts of receivables which are underlyings of micro fair value hedges are adjusted by the changes in fair values corresponding to the hedged risk.

With regard to the recognition of risks from lending business, please refer to the comments in Note (11).

Financial assets or liabilities measured at fair value through profit or loss (aFV)
This category distinguishes between financial instruments which are either held for trading (HfT) or for which the fair value option (FVO) is irrevocably used at the point at which the financial instruments are acquired. Financial assets and liabilities in this category are measured at fair value through profit or loss. Transaction costs are immediately recognised in the income statement. Derivative financial instruments which are not designated as hedging instruments are always classified under the category HfT.

In the case of held-for-trading financial instruments, there is the intention to achieve profits from short-term fluctuations in the price or from the trader margin. These instruments are shown under assets held for trading or liabilities held for trading. The expenses and income attributable to held-for-trading financial instruments are shown completely under net income from trading. Derivative financial instruments which are not held for trading are shown as positive or negative market values from derivatives which are not held for trading.

The FVO is used mainly for economic hedges of financial assets and liabilities as part of the hedge management strategy for which no micro hedge relationship in accordance with IAS 39 is documented. The FVO is also used for financial instruments with embedded derivatives which have to be separated. This is also the designation used by Helaba for financial assets and liabilities which are managed at fair value as an entity (portfolio) as part of a documented risk management strategy. Non-derivative financial instruments for which the FVO is exercised are recognised in the balance sheet item which would also have been used if this designation had not been applicable. Interest and dividends of the designated financial instruments are shown in net interest income. The valuation and the disposal results are shown in the result of derivatives not held for trading and financial instruments voluntarily designated at fair value.

Held-to-maturity financial assets (HtM)
To be classified in the HtM category, the non-derivative financial assets must have fixed or determinable payments as well as a fixed term. In addition, these financial instruments must be acquired with the intention and ability to be held to maturity. No financial instruments are designated in this category in the Helaba Group.

Available-for-sale financial assets (AfS)
The AfS category comprises all non-derivative financial assets which have not been classified under one of the above-mentioned categories. At Helaba, these are mainly bonds, shares and other variable-income securities as well as equity participations. Financial instruments in the AfS category are shown under financial assets. These are normally measured at fair value. If this cannot be reliably determined in the case of equity instruments, the financial instruments are measured at cost less any impairments. This is the case if there are no prices available from active markets, or if the factors relevant for the valuation models cannot be reliably determined.

The result from measurement at fair value – after the recognition of deferred taxes – is shown in equity in a separate item (revaluation reserve). If hedge accounting is used, that part of the valuation result which is attributable to the hedged risk is shown in result of hedges.

In the case of impairments attributable to rating considerations, which mean that the fair value will probably be lower then the amortised cost on a permanent basis, the revaluation reserve is adjusted. The impairment is recognised in the result of financial assets. Reversals of prior impairments in relation to debt instruments are recognised in the income statement, whereas reversals of impairments in relation to equity instruments are recognised in equity. No write-ups are recognised in relation to equity instruments measured at cost of purchase.

Interest income from securities, including amortised premiums and discounts, as well as dividends from shares or equity participations are shown in net interest income. If a financial asset is sold, the cumulative valuation result shown in the revaluation reserve is reversed and shown in the result of financial assets.

Financial liabilities (OL)
This category comprises financial obligations which are not classified in the category aFV. The obligations are measured at amortised cost. Premiums and discounts are distributed over the remaining term on the assumption of constant effective interest rates (amortisation) and recognised in the income statement under net interest income. The carrying amounts are shown in the balance sheet items "Liabilities due to banks", "Liabilities due to customers", "Securitised liabilities" as well as "Subordinate capital". Trade accounts payable are shown under other liabilities.

As part of hedge accounting, the carrying amounts of liabilities which are the underlyings of micro fair value hedges are adjusted by the changes in fair values corresponding to the hedged risk.

(5) Recognition of Hedges

IAS 39 comprises comprehensive rules for the recognition of hedges, i.e. the recognition of hedging instruments (in particular derivatives) and the underlyings covered by the hedging instruments.

The Helaba Group takes out derivatives for trading purposes and also for hedging purposes. If derivatives are demonstrably used for hedging risks attributable to non-trading activities which are not designated in the category aFV, IAS 39 under certain circumstances permits the application of special rules regarding the recognition of hedges (hedge accounting).

At the beginning of the hedge, it is necessary to document the hedge as well as the risk management objectives and strategies of the Group, and the method of prospectively and retrospectively measuring effectiveness in relation to the hedge. In particular, it is necessary to clearly specify the underlying to be hedged, the risk to be hedged and the hedging instrument.

In addition, IAS 39 also requires an effective hedge. The effectiveness of the hedges is regularly monitored for this purpose. A hedge is considered to be effective if changes in the value of the hedging instrument to a large extent compensate for changes in the value of the underlying at the time of designation and also throughout the life of the hedge (prospective effectiveness test or assumption of effectiveness) and if the current valuation results are within a range of between 80 and 125 percent (retrospective effectiveness test). If a hedge is no longer effective, it is reversed. If the underlying is retained in the balance sheet after a hedge has been terminated, the adjustments to the carrying amount of the interest-bearing underlying recognised during the hedge are amortised over the remaining term of the underlying in net interest income.

The Helaba Group uses micro fair value hedge accounting in order to offset changes in the value of hedging derivatives attributable to rate changes by market price changes of the hedged underlyings. The issuing and lending operations of the Group and the securities in the liquidity investment portfolio, if they are fixed-income securities, are particularly exposed to such a rate-induced market price risk. The hedges which are used consist exclusively of interest swaps and cross-currency swaps which meet the requirements of hedge accounting.

In accordance with the rules of fair value hedge accounting, the derivative financial instruments which are used for hedging purposes are recognised at fair value and are shown under the balance sheet items positive or negative market values of derivatives not held for trading. In the case of underlyings which are recognised at amortised cost without hedge accounting, changes in the value of the underlying which are attributable to the hedged risk result in a corresponding adjustment in the carrying amount. This change in the fair value of the underlying which is attributable to the hedged risk is recognised, together with the opposite change in the hedge, in the income statement under the result of hedges.

Cash flow hedges are used only by one fully consolidated special purpose vehicle and one associate, both of which operate in the real estate sector. Interest swaps are used to hedge against fluctuations in future cash flows which might result from the adjustment of interest rates applicable for liabilities. The effective part of the fair value change of the hedging instrument is recognised directly in equity.

Foreign currency risks are hedged by means of non-derivative financial instruments for investments in the category AfS and for a net investment in an international sub-unit.

Positive and negative market values of derivatives not held for trading
In the Helaba Group, this item is used for showing derivatives which are not held for trading. This also includes derivatives which are designated as hedging instruments for a micro fair value hedge. In addition, this item is also used for showing derivative financial instruments which are used as part of hedge management for economic hedging, but for which there is no documentation of compliance with the hedge accounting requirements in accordance with IAS 39 (Economic Hedges). Positive market values are shown on the assets side of the balance sheet, and negative market values are shown on the liabilities side of the balance sheet.

Depending on their particular use, the valuation results of the derivatives which are not held for trading purposes are shown in the result of hedges (hedge accounting) or in the result of derivatives and financial instruments of the fair value option (FVO) not held for trading. The current income and expenses from these derivatives is shown in net interest income.

(6) Structured Products

Structured products are defined as contracts which consist of a host contract and one or more embedded derivative financial instruments. An embedded derivative is an integral component of the structured product and cannot be traded separately.

Under certain conditions, IAS 39 specifies that embedded derivatives have to be separated from the corresponding host contracts for accounting purposes and have to be treated as separate derivatives if the entire structured product is not measured at fair value through profit or loss.

In the Helaba Group, financial instruments which have to be separated and which are not held for trading purposes are recognised separately, or the FVO is used for the structured product.

(7) Financial Guarantees

A financial guarantee is a contract in which the guarantee giver is obliged to make a certain payment which compensates the guarantee taker for any loss which is incurred because a certain debtor fails to meet his contractual payment obligations for a debt instrument on time. The obligation arising from a financial guarantee is recognised at the time at which the contract is taken out. At Helaba (guarantee giver), a financial guarantee is recognised with its fair value which, if the expected payments (present value of obligation) are equivalent to the consideration in the form of premium installments which are paid in arrears and on an arm's length basis (present value of premiums), is equivalent to zero. Upon subsequent measurement, a provision is created for anticipated losses attributable to a claim under the financial guarantee.

In addition, financial guarantees for which the FVO was exercised at the time at which the financial guarantee was provided are recognised at fair value when initially valued and also when subsequently valued. The valuation results are shown in the result of derivatives not held for trading and financial instruments voluntarily designated under the FVO.

(8) Repurchase Agreements and Securities Lending

The Helaba Group acts as a borrower (repurchase agreements) as well as a lender (reverse-repo agreements) as part of repurchase agreements.

Repurchase agreements are agreements in which a borrower transfers securities owned by the borrower to a lender in return for a specific payment. At the same time, it is agreed that the securities transferred to the lender (or equivalent securities) have to be retransferred to the borrower by the lender at a fixed later date in return for a previously agreed fee.

Because there is an unconditional obligation of the lender to retransfer the securities, no disposal of the securities is shown in the accounts of the borrower, and the securities continue to be shown in the consolidated balance sheet in accordance with their measurement category as detailed in IAS 39, and are recognised under assets held for trading or within the holdings of financial assets. Accordingly, the securities borrowed by the Helaba Group within the framework of reverse repo agreements are not shown in the consolidated balance sheet because the securities are not acquired from the economic point of view.

If repo agreements are taken out for trading purposes, the liquidity proceeds are shown as a liability under liabilities held for trading and are measured at fair value. The difference between the payment which is received and the repayment obligation is shown as a component of the valuation result in net trading income. Open market transactions, for which the focus is on liquidity management, are shown as liabilities due to banks. The agreed interest payments are shown under net interest income.

On the other hand, outflows of liquidity arising from reverse repo agreements, if they are conducted with the intention of trading, are shown as receivables within assets held for trading and are measured accordingly. The valuation results are shown in net trading income (as is the case with repo agreements), in line with the intention.

A distinction has to be made between repurchase agreements and securities lending, in which the Helaba Group acts as a lender and also as a borrower of securities.

In this case, securities are loaned for a fee for a specific period, whereby the borrower undertakes, at the end of the period, to re-transfer securities of the same type, quality and quantity to the lender. By way of contrast with the situation applicable for repurchase agreements, legal ownership of the securities in this case is retained by the lender. This is a loan in accordance with Section 607 BGB. The accounting treatment is the same as that applicable for repurchase agreements. Whereas loaned securities are still shown in the security holdings (assets held for trading, financial assets) and are measured in accordance with the relevant measurement category, borrowed securities are not recognised and measured.

If repurchase agreements are conducted for trading purposes, any related income and expenses are shown in net trading income. Otherwise, they are shown in net interest income.

Cash collateral provided for securities lending is shown under receivables, and cash collateral which is received is shown under liabilities. Collateral provided in the form of securities by the Helaba Group is still recognised in accordance with the originally chosen accounting method.

Liabilities resulting from short sales of borrowed securities are shown at fair value under liabilities held for trading.

(9) Recognition of Leases

A lease is classified as an operating lease if the lessor enjoys essentially all opportunities and risks attributable to the asset. On the other hand, leases for which all opportunities and risks are essentially transferred to the lessee are classified as finance leases.

Leases where the Helaba Group is the lessor
If operating leases are carried out in the Helaba Group, the Group company retains beneficial ownership of the asset. The assets are shown under property, plant and equipment in the consolidated balance sheet and, in the case of land and buildings, they are shown under investment property. The assets are recognised in accordance with the relevant principles. The proceeds of the lease are received on a straight-line basis over the term of the agreement (unless a different distribution is appropriate in an individual case), and are shown under other operating income. If the lease is classified as a finance lease, a receivable due from the lessee equivalent to the net investment value at the time at which the contract was taken out is shown under the items "Loans and advances to customers" or "Loans and advances to banks". Lease installments which are received are split into an interest component, which is recognised in the income statement, and a redemption component. The interest component is shown in net interest income.

Leases where the Helaba Group is the lessee
The installments paid as a result of operating leases are shown under general administrative expenses. There were no contractual agreements which have to be classified as finance leases in the financial year.

(10) Currency Translation

The rules of IAS 21 are used for translating foreign currency transactions in the financial statements of the companies included in the consolidated financial statements and also for translating the financial statements of foreign operations with a functional currency which is not the same as the reporting currency.

All foreign currency monetary items as well as foreign currency equity instruments measured at fair value (equities, equity participations) are translated using the rate applicable on the reference date. Non-monetary items measured at amortised cost (e.g. property, plant and equipment) are translated using the rate applicable at the time of acquisition. Currency translation differences, with the exception of differences resulting from equity instruments measured at fair value in equity, are recognised in the income statement.

In order to translate the financial statements which are prepared in foreign currencies for operations which are included (subsidiaries, branches), the timing method is initially used for translating from the foreign currency into the functional currency if these currencies are different. The modified reference date rate method is then used for translating into the reporting currency (Euro). All monetary and non-monetary assets and liabilities are translated into the reporting currency using the ECB reference rate applicable as of the balance sheet date. Income and expenses of the reporting period are translated using the average rate for the period. All resultant currency translation differences are initially shown in a separate equity item (currency translation reserve) until the foreign operation is sold or discontinued.

(11) Provisions for Losses on Loans and Advances

Individual allowances, global individual allowances and portfolio allowances are created in order to take account of the risks arising from on-balance-sheet lending.

In the Helaba Group, an impairment test is carried out on financial instruments in the category LaR at every balance sheet date. An individual assessment is carried out for all significant receivables. If there is objective evidence of an impairment, the impairment amount is calculated.

The following are examples of major indications of the existence of an impairment:

- Payment in arrears by more than 90 days
- Overdrawn without authorisation for more than 90 days
- Rating-related restructuring
- Compulsory enforcement
- Criteria satisfied for applying for insolvency proceedings or initiating insolvency proceedings

An allowance has to be created if it is probable that it will not be possible for all contractually agreed interest payments and redemption payments to be made. The extent of the individual allowance is defined as the difference between the carrying amount and the recoverable amount of the receivable. The recoverable amount corresponds to the present value of the expected cash flows, where appropriate after due consideration is given to the disposal of collateral. The original effective interest rate of the receivable is used for discounting the expected cash flows; the current interest rate is used for receivables with floating interest rates.

If payment expectations are unchanged, there is a change in present value over a period of time (unwinding). This is a component of interest income. Any addition to or reversal of an individual allowance is shown as provisions for losses on loans and advances in the income statement. This results from the differences between the cash flows received since the last balance sheet date and the amounts which were originally anticipated, changed expectations with regard to future cash flows as well as any change in variable interest rates. Changes in exchange rates are also recognised in the income statement.

Receivables which are not significant and for which there is an indication of an impairment are pooled in narrowly defined portfolios with similar risk structures, and are measured using a uniform method. The calculation of global individual allowances includes data from credit risk measurement, and in particular the sub-performing amounts, collateral and historical probabilities of default. This method is also used as the basis for creating portfolio allowances. This is applicable for receivables for which there is no objective indication of an impairment or for which no impairment requirement was determined on the basis of an individual assessment. The purpose of the portfolio allowance is to cover impairments which have occurred but which have not yet been identified.

Provisions for losses on loans and advances for receivables shown in the balance sheet are deducted from the loans and advances to banks and loans and advances to customers. Provisions for losses on loans and advances for off-balance-sheet business (contingent liabilities and irrevocable loan commitments) are shown as a provision for risks arising from lending. The process used for determining the extent of the provision is to a large extent equivalent to the process used for on-balance-sheet lending. However, the drawing probability is also taken into consideration.

Irrecoverable receivables for which no individual allowances have been created are written off directly. Any proceeds received in relation to receivables which have previously been written off are recognised in the income statement.

(12) Investment Property

Investment property is defined as property designed to generate rental income in the long term or designed to generate growth in value.

With regard to the classification of mixed use property, in other words property which is partially let and which is partially reserved for a company's own use, a check is first performed to determine whether the individual components can be sold or let separately or whether there is an active market for the property components. If it is not possible for the property to be split, the property is only classified as investment property if the owner occupancy content is insignificant in relation to the overall property. Property for which the owner occupancy content is of a material nature from the point of view of the Group is recognised in accordance with IAS 16 and shown under property, plant and equipment.

Investment property is shown at amortised cost. Subsequent costs of purchase or costs of production are only capitalised if this results in an additional economic benefit. On the other hand, costs for the maintenance are recognised immediately in the income statement. Borrowing costs are capitalised as part of the costs of purchase or costs of production in accordance with the conditions of IAS 23. The buildings are depreciated on a straight-line basis over their estimated useful economic life.

The ranges of the underlying useful economic lives depend on the specific type of use of the property:

- Residential and commercial property 60 – 80 years
- Office buildings, office and commercial property 40 – 60 years
- Special property 20 – 60 years

Any additional reductions in value are recognised by way of impairments. Write-ups are recognised if the reason for the original impairment is no longer applicable.

Rental income, disposal gains and losses as well as depreciation and other costs directly attributable to the investment property are shown under other operating result.

For the market values of the properties detailed in Note (42), there are different procedures for determining the market value depending on the size of the property. In the case of mid-size and large properties, a valuation appraisal is carried out by external experts at least every three to five years; this appraisal is reviewed and adjusted every year during this period by internal experts. Smaller properties are normally valued internally.

The earning capacity value method is used for valuing the properties.

(13) Property, Plant and Equipment

Owner-occupied land and buildings, operating and business equipment, properties under construction (if they are not created or developed for future use as financial investments) as well as assets which are leased within the framework of operating leases are shown under property, plant and equipment.

Property, plant and equipment is shown at amortised cost of purchase or cost of production. This comprises the purchase price as well as all directly attributable costs which are incurred in order to put the asset into a condition in which it is capable of operating. Subsequent costs of purchase or costs of production are only capitalised if this results in an additional economic benefit. On the other hand, costs incurred for the maintenance of property, plant and equipment are recognised immediately in the income statement.

Property, plant and equipment which is subject to wear and tear is depreciated on a straight-line basis over the normal useful economic life of the asset, with due consideration being given to legal and contractual restrictions. Minor-value assets constitute an exception in this respect; these are written off in full in the year of acquisition.

The range of expected useful economic lives is as follows:

- Buildings 40 – 60 years
- Fixtures and fittings 2 – 25 years
- Leased assets 5 – 25 years

Impairments are recognised if there are any indications of an impairment and if the carrying amount of a fixed asset exceeds the higher of net disposal price and value in use. If the reasons for an impairment are no longer applicable in subsequent years, a write-up is recognised up to an amount not exceeding the amortised costs.

Depreciation and impairments in relation to property, plant and equipment are shown in general administrative expenses, whereas profits and losses from asset disposals are shown in other operating result.

(14) Intangible Assets

The main assets shown under intangible assets are goodwill from capital consolidation, software as well as intangible assets acquired as part of a business combination.

Goodwill is subject to an impairment test at least annually and also if there are any specific indications of an impairment. The impairment test is carried out for each cash-generating unit to which goodwill has been allocated. The so-called recoverable amount is compared with the net carrying amount of the cash-generating unit including the carrying amounts of the allocated goodwill. The recoverable amount is the higher of value in use and fair value less costs to sell. If there are no recent comparable transactions or observable market prices, the value is generally determined by means of a model which is based on earning capacity value and which calculates the present value of the expected future income surpluses. The income expectations are determined on the basis of planning calculations and individual assumptions concerning growth trends for income and costs. The present value calculation is performed by using current long-term local market interest rates and by taking account of a risk premium which is calculated using a market risk premium and a beta factor. If the goodwill results from a property company, the present value can also be determined in relation to a specific property. An impairment is deemed to exist if the carrying amount of the cash-generating unit is higher than the recoverable amount. In this case, an impairment is recognised in the amount of the difference, which is shown in other operating result.

Software is shown at amortised cost and depreciated over a period of mainly three years. Acquired orders on hand are depreciated in accordance with their contractual term. Depreciation on software and other intangible assets is shown in general administrative expenses. Disposal results are shown under other operating result.

(15) Available-for-Sale Non-Current Assets and Disposal Groups

Available-for-sale non-current assets as well as shares in companies acquired with the intention of being sold, in the same way as disposal groups in accordance with IFRS 5 and the liabilities related to these assets, are shown in separate balance sheet items. For subsidiaries acquired with the intention of being sold on, the income and expenses, including the changes in deferred taxes, are shown in the income statement under net income after taxes of discontinued operations.

A high probability of an actual disposal within twelve months is an essential requirement for recognition in accordance with IFRS 5. The continued existence of this probability and the net disposal value are reviewed on every closing date.

Until the conditions are satisfied, the assets are measured in accordance with the general accounting policies. As soon as the criteria specified in IFRS 5 are satisfied, the assets are, from this time onwards, measured at the lower of the carrying amount and recoverable net disposal value.

(16) Other Assets and Other Liabilities

The other assets mainly comprise properties held in inventories which are intended for sale as part of ordinary operations. These include completed properties as well as properties under construction which are self-developed and marketed. The properties are measured at the lower of cost and net disposal value, in other words the estimated recoverable sales proceeds less anticipated costs for completion and sale. Debt interest is capitalised if the necessary criteria are satisfied. Income and expenses attributable to property held in inventories are shown in other operating result.

The other assets and liabilities are also used for showing assets and liabilities which, viewed in isolation, are of minor significance and which cannot be allocated to any other item in the balance sheet.

(17) Provisions for Pensions and Similar Obligations

The company pension scheme in the Helaba Group comprises various types of benefit plans. There are defined contribution plans as well as defined benefit plans.

For defined contribution plans, defined contributions are paid to external benefit schemes. Because there are no further payment obligations for the Group, no provisions are created for these commitments. One exception in this respect is a commitment which is identified as a liability for the purchase price allocation as part of a company acquisition and which is shown as a provision. The current contributions for defined contribution plans are shown in general administrative expenses.

For defined benefit plans, there are total benefit commitments as well as final salary schemes and pension module schemes. For some of the pension obligations, there are assets which are defined as plan assets in accordance with IAS 19 and which are netted with the pension obligations.

The pension obligations arising from defined benefit plans are determined annually by external actuaries. The obligations are measured using the projected unit credit method, taking account of biometric assumptions (the 2005 G mortality tables of Prof. Klaus Heubeck), salary and pension increases expected in future as well as a current market interest rate. This rate is based on the rate of prime industrial bonds with a maturity corresponding to the weighted average term of the payment obligations. The expected return on plan assets is determined by the responsible asset mananager separately for each plan and, in line with its structure on the basis of the expected yield of the asset classes and with due consideration being given to historical capital market developments.

The valuation parameters used in Germany are set out in the following table:

in %

	31.12.2010	31.12.2009
Interest rate	5.25	6.00
Salary trend	1.00 – 1.60	1.00
Pension trend	1.60 – 2.00	2.00
Fluctuation rate	0.00 – 3.00	3.00
Expected return on plan assets	3.00 – 6.28	4.00 – 6.34

In accordance with IAS 19, the pension costs to be recognised for defined benefit plans in the income statement are determined at the beginning of a financial year. Any differences between the previous actuarial assumptions and the actual development during the financial year as well as the updating of the valuation parameters at the end of the financial year result in actuarial gains and losses. In line with the option of IAS 19, these are shown in equity.

The pension expenses to be recognised in the income statement essentially comprise the service cost and the interest cost. The service cost comprises the increase in the pension obligations which is attributable to the work provided by the employees in the course of the financial year; it is shown in general administrative expenses. The interest cost is defined as the increase in the present value of the pension obligations resulting from the approaching time of fulfilment and thus the shorter discounting period. The pension costs are reduced by the expected income from the plan assets. The interest expense as well as the expected income from the plan assets are included in net interest income.

(18) Other Provisions

Other provisions are created in accordance with IAS 37 if a legal or constructive obligation accrues to the Helaba Group as a result of a past event before the balance sheet date and if this obligation will probably result in an outflow of resources and can be reliably estimated. The actual amount of the liability or the due date of the obligation is not certain. The amount recognised as a provision represents the best possible estimate of the costs which will be necessary for settling the obligation on the balance sheet date. Long-term provisions are shown with their present value if the discount effect is material. A normal rate commensurate for the level of risk involved is used for discounting purposes.

The other provisions also include personnel provisions which are measured in accordance with IAS 19.

(19) Taxes on Income

Taxes on income are recognised and measured in accordance with IAS 12. Current income tax assets and liabilities are calculated using the current tax rates which will be applicable at the point at which the tax arises.

Deferred tax assets and deferred tax liabilities are normally created on the basis of the balance-sheet approach in relation to temporary differences between the figures shown for assets and liabilities in the balance sheet prepared in accordance with IFRS and the balance sheet prepared for tax purposes. They are measured using the tax rates which have been adopted as of the reporting date and which are relevant for the point at which the deferred taxes are realised. Deferred tax liabilities are shown for temporary differences which result in tax charges when they are reversed. If tax refunds are expected at the point at which temporary differences are reversed, and if it is probable that they can be utilised, deferred tax assets are recognised. In the case of tax losses carried forward, deferred tax assets are recognised only if a future benefit can be assumed with adequate probability. Deferred tax assets and deferred tax liabilities are netted if the same tax type, same tax authority, and same term are involved. They are not discounted. Deferred taxes in relation to temporary differences which have occurred in relation to equity are recognised in equity under the revaluation reserve. The actual and deferred tax assets and liabilities are shown separately in the notes for the items deferred tax assets and deferred tax liabilities.

(20) Subordinate Capital

Issues of profit-sharing certificates, securitised and unsecuritised subordinate liabilities as well as hidden contributions which have to be classified as debt as a result of criteria defined in IAS 32 are shown as subordinate capital.

The financial instruments shown under subordinate capital are allocated to the category “Financial liabilities” (OL) and are shown at amortised cost of purchase. Micro fair value hedges or the FVO are used for parts of the subordinate capital in order to avoid valuation mismatches.

Notes to the Income Statement

(21) Net Interest Income

in € m

	2010	2009 [1]
Interest income attributable to		
Credit and money market business	3,563	4,056
Fixed-income securities	299	334
Hedging derivatives of hedge accounting	518	379
Derivatives not held for trading	838	873
Financial instruments of FVO	69	98
Building savings and loan business	56	62
Finance leases	18	21
Current income attributable to		
Equities and other variable-income securities	2	3
Shares in affiliated companies	1	1
Investments	23	24
Interest income	**5,387**	**5,851**
Interest expenses attributable to		
Liabilities due to banks and customers	–1,960	–2,245
Securitised liabilities	–916	–1,173
Subordinate capital	–173	–183
Hedging derivatives from hedge accounting	–249	–214
Derivatives not held for trading	–740	–675
Financial instruments of FVO	–198	–204
Building savings and loan business	–75	–74
Provisions	–59	–54
Interest expenses	**–4,370**	**–4,822**
Total	**1,017**	**1,029**

[1] Previous year figures adjusted.

Interest income and interest expenses attributable to financial instruments not measured at fair value through profit or loss amounted to € 3,932 m (2009: € 4,468 m) and € 3,123 m (2009: € 3,674 m) respectively.

The interest income from credit and money market business includes interest of € 21 m (2009: € 42 m) attributable to financial assets which have been reclassified to the category LaR.

The figure shown for interest income from credit and money market business includes so-called unwinding effects of € 42 m (2009: € 31 m) attributable to the compounding of impaired receivables in conjunction with otherwise unchanged payment expectations.

The interest income from building savings and loan business is attributable to building loans extended by Landesbausparkasse Hessen-Thüringen (LBS Hessen-Thüringen). The costs of LBS Hessen-Thüringen for building savings and loan deposits are accordingly shown under interest expenses.

The current income from shares and other variable-income securities includes a figure of € 2 m (2009: € 3 m) for dividends and distributions of financial instruments of the fair value option.

The figure shown for current income from shares in affiliated companies includes dividends as well as income from profit and loss transfer agreements.

The figure shown for interest expenses attributable to provisions includes an amount of € 55 m for costs attributable to the compounding of pension obligations (2009: € 52 m). The expected income from plan assets of € 10 m (2009: € 8 m) is accordingly included in interest income.

(22) Provisions for Losses on Loans and Advances

in € m

	2010	2009
Additions	**–421**	**–594**
Impairments on receivables	–394	–567
Provisions for risks attributable to lending	–27	–27
Reversals	**173**	**134**
Impairments on receivables	153	114
Provisions for risks attributable to lending	20	20
Direct impairments on receivables	**–51**	**–39**
Inflows received in relation to previously written-off receivables	**14**	**12**
Total	–285	–487

Provisions for losses on loans and advances include an amount of € 3 m for reversals (2009: allocations of € 4 m) to portfolio allowances for financial assets which were reclassified as LaR in 2008 as well as a figure of € 4 m for direct impairments (2009: € 6 m).

(23) Net Commission Income

in € m

	2010	2009
Credit and guarantee business	35	40
Payments and foreign trade	66	63
Asset management and fund conception	53	39
Security and security deposit business	38	28
Placing and underwriting obligations	21	26
Management of public grant and development programs	23	10
Building savings and loan business	–7	–1
Trust business	8	7
Other	12	15
Total	**249**	**227**

The item "Placing and underwriting obligations" mainly includes commissions attributable to the placing of short-term money market paper and sales of closed funds.

Commissions in connection with trading activities are shown under net trading income.

(24) Net Trading Income

in € m

	2010	2009
Equity-related business	**2**	**–**
Equities	170	–11
Equity-related derivatives	–168	11
Interest-related business	**199**	**346**
Non-derivative interest-related business	468	465
Interest derivatives	–269	–119
Currency-related business	**–15**	**–19**
Foreign exchange	–27	–3
FX-related derivatives	12	–16
Result from credit derivatives	**–7**	**8**
Commission income	**–31**	**–20**
Total	**148**	**315**

Net trading income includes disposal and valuation results of derivative and non-derivative financial instruments held for trading, the current interest and dividends resulting from trading portfolios as well as commissions in connection with trading activities.

The result of non-derivative interest-related business consists mainly of the contributions to income of fixed-income securities, repurchase agreements and money trading transactions as well as issued money market paper.

The result of currency-related business also includes foreign currency translation differences.

(25) Result of Derivatives and Financial Instruments of the Fair Value Option Not Held for Trading

in € m

	2010	2009
Results of derivatives not held for trading	–30	84
Result of financial instruments of FVO	36	–32
Total	**6**	**52**

This figure includes the results of economic hedges (underlyings and derivatives). It also includes the realised and non-realised results of additional financial instruments designated voluntarily at fair value. Interest and dividend income from financial instruments of the FVO are recognised in net interest income. Of the figure shown for the result of derivatives not held for trading, credit derivatives account for € –43 m (2009: € 98 m). The result attributable to financial instruments of the FVO held by consolidated special and public funds and non-trading derivatives amounts to € –16 m (2009: € –31 m).

(26) Result of Hedges

The result of hedges comprises the valuation result of the hedged underlyings and the hedging instruments of hedge accounting.

in € m

	2010	2009
Valuation result of hedging instruments	–62	347
Valuation result of hedged underlyings	61	–307
Total	**–1**	**40**

(27) Net Income from Investments

Net income from investments includes the disposal and valuation result of AfS financial investments.

in € m

	2010	2009
Disposal result of AfS financial assets	**5**	**–**
Investments	2	6
Bonds and other fixed-income securities	3	14
Equities and other variable-income securities	–	–20
Valuation result of AfS financial assets	**–39**	**–38**
Impairments	–46	–39
Write-ups	7	1
Total	**–34**	**–38**

Of the figure shown for impairments, € 1 m (2009: € 1 m) is attributable to bonds and other fixed-income securities, and € 45 m (2009: € 38 m) is attributable to investments and shares in affiliated companies.

(28) Result of Companies Accounted for Using the Equity Method

The result of companies accounted for using the equity method is attributable to all profit contributions of joint ventures and associated companies accounted for using the equity method and recognised in the income statement.

in € m

	2010	2009
Result of joint ventures accounted for using the equity method	–1	–5
Result of associated companies accounted for using the equity method	–8	–3
Disposal gains of joint ventures accounted for using the equity method	–	28
Disposal gains of associated companies accounted for using the equity method	18	–
Total	**9**	**20**

This item includes the pro-rata results for the period as well as the contributions to earnings resulting from extrapolating the hidden reserves and charges disclosed as part of the purchase price allocation process.

Changes in equity at companies accounted for using the equity method are shown in consolidated shareholders' equity.

The result of companies accounted for using the equity method includes impairments of € 2 m (2009: € 13 m).

(29) Other Operating Result

in € m

	2010	2009 [1]
Other operating income	**659**	**610**
Rental and leasing income (operating leases)	463	432
Income from the disposal of non-financial assets	24	17
Income from the reversal of provisions	16	24
Income from non-banking services	51	52
Income from receiving liability differences	2	16
Income from the deconsolidation of subsidiaries	37	16
Income from technical equipment, plant and machinery	2	–
Sundry other operating income	64	53
Other operating expenses	**–302**	**–385**
Operating costs of property not used for owner occupancy	–152	–150
Costs of disposal of non-financial assets	–3	–1
Depreciation on non-financial assets	–45	–38
Depreciation of goodwill	–11	–105
Expenses from the deconsolidation of subsidiaries	–2	–1
Restructuring expenses	–5	–2
Sundry other operating expenses	–84	–88
Total	**357**	**225**

[1] Previous year figures adjusted, see also Note (1).

The main components of other operating result are income and expenses attributable to investment properties as well as leasing income.

Of the figure shown for depreciation of goodwill, € 7 m is attributable to a foreign property company. Further depreciation relates to goodwill of eleven companies in the HANNOVER LEASING subgroup.

In the above figure shown for other operating income and expenses, the following amounts are attributable to investment property.

in € m

	2010	2009
Income from investment property	**326**	**290**
Rental income	316	281
Income from disposals	10	9
Expenses of investment property	**–186**	**–176**
Operating costs of investment property	–142	–137
thereof: From rental property	–142	–137
Depreciation	–43	–37
Other expenses	–1	–2
Total	**140**	**114**

Depreciation of € 2 m was recognised in relation to property held as inventory (2009: € 0.6 m).

(30) General Administrative Expenses

in € m

	2010	2009 [1]
Personnel expenses	**–536**	**–498**
Wages and salaries	–435	–403
Social security	–63	–60
Costs of retirement pensions and benefits	–38	–35
Other general administrative expenses	**–427**	**–421**
Depreciation and impairments	**–105**	**–121**
On property, plant and equipment	–84	–101
On software and intangible assets	–21	–20
Total	**–1,068**	**–1,040**

[1] Previous year figures adjusted, see also Note (1).

The other general administrative expenses are broken down as follows:

in € m

	2010	2009 [1]
Buildings and premises	–74	–75
IT costs	–127	–115
Mandatory contributions, audit and consultancy fees	–117	–121
Costs of advertising, public relations and representation	–39	–38
Costs of business operations	–70	–72
Total	**–427**	**–421**

[1] Previous year figures adjusted, see also Note (1).

(31) Taxes on Income

in € m

	2010	2009
Actual tax	–80	–95
Deferred tax	–20	15
Total	**–100**	**–80**

The actual tax expense incurred in the year under review is mainly attributable to the New York branch (€ 38 m), Frankfurter Sparkasse (€ 20 m) and the Bank in Germany (€ 14 m). It comprises refunds of € 17 m for previous years (2009: additional payments of € 2 m).

The actual tax expense of the year under review was reduced by € 25 m (2009: € 16 m) due to the utilisation of tax losses which had previously not been recognised.

The deferred tax income of the year under review is mainly attributable to the creation or realisation of temporary differences (tax expense: € 10 m) as well as the utilisation or creation of tax losses carried forward (netted tax expense: € 11 m). Changes in tax rates resulted in tax income of € 1 m in the reporting year.

The following table sets out the reconciliation between the forecast taxes on income and the reported taxes on income. The forecast tax expense is calculated as profit before taxes on income multiplied by the relevant Group income tax rate of 30 % (unchanged). This consists of corporation tax (15.0 %) plus solidarity surcharge (5.5 % of corporation tax) as well as an average trade tax rate.

in € m

	2010	2009
Result before taxes	**398**	**343**
Applicable consolidated income tax rate in %	30	30
Anticipated income tax expense in financial year	**–119**	**–103**
Effects of different tax rates	7	2
Effects of tax rate changes	1	–
Taxes attributable to previous years recognised in the financial year	17	–2
Non-allowable taxes on income	–	–
Tax-free income	25	24
Non-deductible operating expenses	–13	–32
Trade tax additions/reductions	–1	1
Impairments and amendments to previously recognised amounts	–6	36
Other effects	–11	–6
Income tax expense	**–100**	**–80**

In addition to the taxes on income recognised in the income statement, deferred taxes were created in relation to the individual components of other result. The following table sets out a breakdown of the profits and losses recognised directly in equity as well as the related deferred taxes.

in € m

	Before taxes		Taxes		After taxes	
	2010	2009	2010	2009	2010	2009
Gains and losses (–) from available-for-sale financial assets	131	–67	–26	26	105	–41
Pro-rata result of companies accounted for using the equity method recognised directly in equity	–	1	–	–	–	1
Change from currency translation	7	–1	–	–	7	–1
Gains and losses from cash flow hedging	–6	–	1	–	–5	–
Actuarial gains (+)/losses (–) from pension obligations	–80	–2	23	1	–57	–1
Total	**52**	**–69**	**–2**	**27**	**50**	**–42**

(32) Result after Tax of Discontinued Operations

This item includes the results of the subsidiaries in project management business and fund business of the HANNOVER LEASING Group which were acquired with the intention of being sold on.

in € m

	2010	2009
Pre-tax profit	**–3**	**1**
Income	–	4
Expenses	–3	–3
Attributable taxes	**–**	**–1**
Result of discontinued operations	**–3**	**–**
Profit from the disposal of discontinued operations	3	64
Attributable taxes	–	–4
Result of measurement and disposal of discontinued operations	**3**	**60**
Total	**–**	**60**

(33) Segment Reporting

in € m

	Real Estate		Corporate Finance		Financial Markets		Asset Management	
	2010	2009	2010	2009 [2]	2010	2009	2010	2009 [2]
Net interest income	340	317	249	279	94	88	31	11
Provisions for losses on loans and advances	–189	–239	–63	–175	3	–45	–6	–
Net interest income after provisions for losses on loans and advances	**151**	**78**	**186**	**104**	**97**	**43**	**25**	**11**
Net commission income	17	20	16	21	32	32	53	28
Net trading income	–	–	2	2	127	299	1	–
Result of hedges, derivatives not held for trading and financial instruments of the FVO	–4	–3	4	–14	6	125	–	–
Result of financial instruments and companies accounted for using the equity method	–3	–13	–5	–22	10	16	1	4
Other operating result [1]	194	200	181	136	1	–	4	8
Total income	**355**	**282**	**384**	**227**	**273**	**515**	**84**	**51**
General administrative expenses	–166	–163	–204	–223	–117	–115	–57	–22
Earnings before taxes [1]	**189**	**119**	**180**	**4**	**156**	**400**	**27**	**29**
Assets (€ bn)	36.8	37.6	26.5	26.4	70.6	67.4	1.7	1.4
Liabilities (€ bn)	2.8	3.0	6.5	6.5	111.7	116.1	1.4	1.1
Risk-weighted assets (€ bn)	21.0	21.1	13.9	15.9	10.0	12.0	1.1	2.4
Allocated capital (€ m)	1.853	1.675	1.291	1.156	812	875	86	171
Profitability of allocated capital (%) [2]	10.2	7.1	14.0	–	19.1	45.7	31.8	17.0
Cost/income ratio before risk provisioning (%) [2]	30.5	31.3	45.6	62.7	43.6	20.6	62.7	42.9

[1] Including result of discontinued operations.
[2] Previous year figures adjusted.

in € m

	S-Group business		Public development activities and infrastructure business		Frankfurter Sparkasse		Other/ reconciliation		Group	
	2010	2009	2010	2009	2010	2009	2010	2009 [2]	2010	2009 [2]
Net interest income	85	88	34	23	279	282	–95	–59	1.017	1.029
Provisions for losses on loans and advances	–1	–6	–	–	–10	–13	–19	–9	–285	–487
Net interest income after provisions for losses on loans and advances	**84**	**82**	**34**	**23**	**269**	**269**	**–114**	**–68**	**732**	**542**
Net commission income	15	25	29	14	74	76	13	11	249	227
Net trading income	19	14	–	–	–1	–	–	–	148	315
Result of hedges, derivatives not held for trading and financial instruments of the FVO	–6	–9	–	–	13	28	–8	–35	5	92
Result of financial instruments and companies accounted for using the equity method	–	–	–	–	–14	–24	–14	21	–25	–18
Other operating result [1]	5	3	–3	3	18	–31	–43	–29	357	290
Total income	**117**	**115**	**60**	**40**	**359**	**318**	**–166**	**–100**	**1.466**	**1.448**
General administrative expenses	–126	–143	–51	–29	–244	–241	–103	–104	–1.068	–1.040
Earnings before taxes [1]	**–9**	**–28**	**9**	**11**	**115**	**77**	**–269**	**–204**	**398**	**408**
Assets (€ bn)	13.7	13.9	8.8	6.5	17.6	17.9	–9.4	–1.2	166.2	169.9
Liabilities (€ bn)	20.0	18.4	8.8	6.5	17.6	17.9	–2.6	0.3	166.2	169.9
Risk-weighted assets (€ bn)	1.0	1.1	0.9	0.9	4.2	4.6	4.9	4.1	57.2	62.0
Allocated capital (€ m)	84	82	77	63	343	332	481	407	5.029	4.761
Profitability of allocated capital (%) [2]	–	–	11.4	16.5	33.4	23.2	–	–	7.9	7.2
Cost/income ratio before risk provisioning (%) [2]	106.5	119.1	85.6	73.8	66.3	72.7	–	–	61.0	55.6

1) Including result of discontinued operations.
2) Previous year figures adjusted.

IFRS 8 is the basis for preparing the segment reporting. The segment definition is based on the internal segment structure of the Bank, and follows the management approach. Equity participations are assigned to the segments on the basis of their specific focus.

The segment report is broken down into the seven segments explained in the following:

- Real estate lending business and real estate management are shown in the Real Estate segment. The Helaba services for real estate customers are accordingly pooled in one segment. The range of products covers traditional real estate financing in Germany and abroad, residential participations, planning and support for own and third-party real estate as well as private public partnership projects right through to facility management. The OFB Group as well as the GWH Group are included as sub-groups in this segment.
- The Corporate Finance segment comprises corporate finance. Financing solutions tailored specifically to meet the needs of companies are pooled in this segment. These include structured finance, investment financing, asset-backed securities, leasing finance as well as structuring and sales of fund concepts. The contributions to results of the HANNOVER LEASING Group are completely allocated to this operating segment up to the time of deconsolidation.
- The Financial Markets segment brings together the results of the business units Global Markets, Asset/Liability Management, Public Sector Sales, Financial Institutions and Public Finance as well as various special purpose vehicles. The treasury as well as trade and sales activities of the Bank are pooled in this segment. The product portfolio contains traditional capital markets products, financial instruments for managing interest rate risk, currency risk, credit risk and liquidity management as well as finance solutions tailored to meet the specific needs of financial institutions and the public sector.
- The Asset Management segment includes the investments Helaba Invest Kapitalanlagegesellschaft mbH and also Frankfurter Bankgesellschaft (Schweiz) AG which was fully consolidated for the first time as of 31 December 2009 and which previously had been accounted for using the equity method. Since the beginning of the financial year 2010, the contributions to results of Frankfurter Bankgesellschaft (Deutschland) AG have been shown in the Asset Management segment. In the previous year, Frankfurter Bankgesellschaft (Deutschland) AG, as a former subsidiary of Frankfurter Sparkasse, was shown in the Frankfurter Sparkasse segment. The product portfolio of this segment accordingly includes services relating to traditional asset support and management, private banking as well as the management of special and public funds for institutional investors as well as support for Master-KAG clients.
- The S-Group Bank and Landesbausparkasse Hessen-Thüringen are shown in the S-Group business segment. This segment deals primarily with providing support for the Sparkassen and their customers for whom products are developed and provided.
- The Public Development and Infrastructure Business segment mainly comprises Wirtschafts- und Infrastrukturbank Hessen. This segment thus pools the results of Helaba's activities in connection with public development and infrastructure measures in the fields of housing, municipal and urban development, agriculture as well as environmental protection.

- The Frankfurter Sparkasse segment shows the results of the credit institution of the same name as well as its subordinate companies included in the consolidated financial statements. The product portfolio comprises the traditional products of a retail bank in lending, funding and service business as well as the capital market products for equity investment, refinancing and liquidity management.

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

Net interest income in lending is calculated in internal controlling using the market interest method from the difference between the customer interest rate and the market interest rate for a structurally congruent alternative transaction. Maturity transformation results are shown as net interest income in Asset/Liability Management.

The results of trading, derivatives which are not held for trading and financial instruments of the fair value option, hedges, financial investments as well as companies accounted for using the equity method are determined in accordance with external accounting under IFRS.

The directly attributable costs plus the corporate centre cost levy based on the principle of causation within the framework of internal netting in accordance with market-oriented price agreements and appropriate drivers are shown in general administrative expenses.

On-balance-sheet assets are included under assets and on-balance-sheet liabilities including the equity of the relevant units in each case are shown under liabilities. The costs are allocated to the various segments on the basis of internal costing. The risk position comprises the risk position of the investment and trading book including the market price risk position in accordance with the Solvency Ordinance. The average shareholders' equity is distributed on the basis of risk positions and, for the real estate and other non-bank activities, in accordance with the on-balance-sheet assets.

The result before provisions for losses on loans and advances is expressed as a percentage of the allocated capital in order to enable the profitability ratio to be calculated. The cost-income ratio is calculated as the ratio between general administrative expenses and income.

The "Other reconciliation" column shows the contributions to earnings and expenses which cannot be attributed to the segments. In particular, this column includes the results from transactions business as well as the costs of the central units which cannot be allocated to the individual segments in line with the principle of causation. Moreover, the profit generated by central investment of own funds as well as strategic scheduling decisions are accordingly shown in this segment. The consolidation amounts between the segments are also shown at this point.

In order to improve comparability, adjustments were made in the Corporate Finance segment and Asset Management segment for 2009. In the Corporate Finance segment, this adjustment comprises a reclassification without any impact on the segment result. In the Asset Management segment, a one-off effect (€ 25 m) of the previous year was allocated to the Other reconciliation column.

Reconciliation effects between the segment results and the income statement of the Group relate mainly to interest result. Because internal costing shows net interest income on the basis of the market interest rate method, differences also result in the case of one-off income and interest results attributable to other periods.

The income after provisions for losses on loans and advances is broken down over products and services as follows:

in € m

	Income after provisions for losses on loans and advances	
	2010	2009 [1]
Real estate loans	209	140
Real estate management	19	10
Real estate services	127	132
Corporate financing	384	227
Treasury products	63	187
Trading products	136	289
Financing for financial institutions	74	39
Fund management/asset management	84	51
Building saving activities	58	59
Sparkassen S-Group activities	59	56
Public development and infrastructure business	60	40
Retail business	359	318
Other products/reconciliation	–166	–100
Group	**1,466**	**1,448**

[1] Previous year figures adjusted.

Based on regions, the breakdown is as follows:

in € m

	Income after provisions for losses on loans and advances	
	2010	2009 [1]
Germany	1,445	1,282
Europe (excluding Germany)	116	114
World (excluding Europe)	80	77
Consolidation	–175	–25
Group	**1,466**	**1,448**

[1] Previous year figures adjusted.

Notes to the Balance Sheet

(34) Cash Reserve

in € m

	31.12.2010	31.12.2009
Cash in hand	63	66
Cash at central banks	373	593
Total	**436**	**659**

Of the cash held with central banks, € 326 m (2009: € 576 m), is held at Deutsche Bundesbank.

(35) Loans and Advances to Banks

in € m

	31.12.2010	31.12.2009
Affiliated Sparkassen	6,808	6,866
Girozentralen	600	609
Banks	7,004	7,344
Total	**14,412**	**14,819**
thereof:		
Domestic credit institutions	11,103	10,822
International credit institutions	3,309	3,997

in € m

	31.12.2010	31.12.2009
Receivables, due daily	3,544	2,683
Other receivables	10,868	12,136
Total	**14,412**	**14,819**
thereof:		
Overnight money and fixed-term deposits	791	985
Cash collateral provided	2,636	2,466
Forwarding loans	4,288	3,914

(36) Loans and Advances to Customers

in € m

	31.12.2010	31.12.2009
Corporate customers	66,028	67,448
Private customers	6,643	6,228
Public sector	15,027	13,792
Total	**87,698**	**87,468**
thereof:		
Domestic customers	52,847	52,194
International customers	34,851	35,274

in € m

	31.12.2010	31.12.2009 [1]
Receivables, due daily	1,301	1,158
Other receivables	86,397	86,310
Total	**87,698**	**87,468**
thereof:		
Commercial real estate loans	34,615	34,554
Private construction loans	3,495	3,590
Buildings loans of the Bausparkasse	1,125	1,246
Forwarding loans	2,916	3,107
Infrastructure loans	3,390	2,464
Consumer loans	353	387
Borrowers’ note loans	658	900
Financial assets from credit substitute business	1,470	1,845
Receivables from finance leases	9	295
Receivables purchased before maturity	411	466

[1] Previous year figures adjusted.

The other loans and advances to customers of € 39.3 bn (2009: € 38.6 bn) mainly comprise redemption and roll-over loans in Corporate Finance.

(37) Provisions for Losses on Loans and Advances

Provisions for losses on loans and advances are broken down as follows as of the reference date:

in € m

	31.12.2010	31.12.2009
Impairments on loans and advances to banks	**4**	**19**
Individual allowances	–	14
Global individual allowances	1	1
Portfolio allowances	3	4
Impairments on loans and advances to customers	**1,249**	**1,169**
Individual allowances	900	830
Global individual allowances	104	97
Portfolio allowances	245	242
Provisions for risks attributable to lending	**66**	**58**
Total	**1,319**	**1,246**

The impairments in relation to loans and advances are shown separately on the assets side of the balance sheet. Provisions for losses on loans and advances for off-balance-sheet business are recognised as a provision, and are explained under that item. Impairments in relation to loans and advances have developed as follows:

in € m

	Individual allowances		Global individual allowances		Portfolio allowances		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
As of 1 Jan.	**844**	**813**	**98**	**123**	**246**	**104**	**1,188**	**1,040**
Changes in the group of consolidated companies	–8	7	–	–	–1	1	–9	8
Changes due to currency translation	6	–3	–	–	3	–1	9	–4
Consumption	–129	–260	–5	–18	–	–	–134	–278
Reversals	–153	–97	–	–7	–	–10	–153	–114
Unwinding	–42	–31	–	–	–	–	–42	–31
Additions	382	415	12	–	–	152	394	567
As of 31 Dec.	**900**	**844**	**105**	**98**	**248**	**246**	**1,253**	**1,188**

Impairments relating to loans and advances to customers are broken down according to customer groups as follows:

in € m

	31.12.2010	31.12.2009
Financial companies	4	13
Property and housing	605	506
Energy and water supply	15	17
Manufacturing	155	162
Other services	273	243
Natural persons	128	137
Insurance	1	–
Investments	17	19
Other	51	72
Total	**1,249**	**1,169**

(38) Assets Held for Trading

in € m

	31.12.2010	31.12.2009
Bonds and other fixed-income securities	**25,399**	**29,880**
Money market paper	926	1,023
Of other issuers	926	1,023
Bonds	24,473	28,857
Of public issuers	2,873	2,212
Of other issuers	21,600	26,645
Equities and other variable-income securities	**57**	**222**
Positive market values of derivative financial instruments	**6,641**	**5,831**
Price-related derivatives	99	19
Interest-related derivatives	5,410	4,893
FX-related derivatives	1,063	804
Credit derivatives	68	114
Commodity-related derivatives	1	1
Receivables held for trading	**7,079**	**6,872**
Total	**39,176**	**42,805**

The financial instruments in the item “Assets held for trading” are exclusively allocated to the category aFV (sub-category HfT) and are measured at fair value. Receivables held for trading mainly comprise borrowers’ note loans, repo and money trading transactions.

Of the bonds and other fixed-income securities as well as shares and other variable-income securities, € 22,810 m is listed (2009: € 28,302 m).

(39) Positive Market Values of Derivatives Not Held for Trading

in € m

	31.12.2010	31.12.2009
Hedging derivatives of hedge accounting	1,497	1,281
Other derivatives not held for trading	2,205	2,093
Total	**3,702**	**3,374**

The hedging derivatives of Hedge Accounting are used within the framework of micro fair value hedges classified under IAS 39. As other derivatives not held for trading, this item comprises derivative financial instruments which are used within the framework of hedge management for financial hedging but for which fulfilment of the hedge accounting requirements is not documented in accordance with IAS 39 (Economic Hedges).

(40) Financial Assets

This item comprises bonds and other fixed-income securities as well as shares and other variable-income securities in the category AfS and FVO. Shares in non-consolidated affiliated companies and equity participations classified as AfS are normally recognised at fair value in equity. If it is not possible for the fair value to be reliably determined, these instruments are measured at cost less any impairments.

Financial assets are broken down as follows:

in € m

	31.12.2010	31.12.2009 [1]
Bonds and other fixed-income securities	**16,840**	**15,924**
Of public issuers	3,688	2,640
Of other issuers	13,152	13,284
Equities and other variable-income securities	**111**	**91**
Equities	31	23
Other variable-income securities	80	68
Shares in non-consolidated affiliated companies	**33**	**33**
Measured at fair value	23	24
Measured at cost	10	9
Investments	**703**	**685**
Measured at fair value	675	627
Measured at cost	28	58
Total	**17,687**	**16,733**

[1] Previous year figures adjusted.

The other variable-income securities mainly comprise shares in investment assets.

The carrying amount of the listed financial assets is broken down as follows:

in € m

	31.12.2010	31.12.2009
Bonds and other fixed-income securities	16,036	15,064
Equities and other variable-income securities	42	29
Investments	53	59
Total	**16,131**	**15,152**

The investments also include shares in joint ventures and associated companies which are not accounted for using the equity method as a result of their minor significance. The following overview sets out a summary of financial information for these joint ventures and associated companies:

in € m

	31.12.2010	31.12.2009
Total		
Total assets	751	747
Total liabilities	586	645
Income	105	125
Net income for the year	3	–7
Pro-rata		
Total assets	270	274
Total liabilities	193	228
Income	34	45
Net income for the year	1	–3

The following table sets out the development in shares in non-consolidated affiliated companies and investments:

in € m

	Shares in non-consolidated affiliated companies		Investments		Total	
	2010	2009	2010	2009	2010	2009
At cost						
As of 1 Jan.	**53**	**91**	**788**	**732**	**841**	**823**
Changes in group of consolidated companies	–7	–41	–24	29	–31	–12
Changes due to currency translation	–	–	9	–2	9	–2
Additions	3	2	49	62	52	64
Transfers	–1	2	1	–2	–	–
Disposals	–1	–1	–40	–31	–41	–32
As of 31 Dec.	**47**	**53**	**783**	**788**	**830**	**841**
Valuation changes shown directly in equity						
As of 1 Jan.	**3**	**12**	**–20**	**–26**	**–17**	**–14**
Changes in group of consolidated companies	–	–7	–4	3	–4	–4
Changes due to currency translation	–	–	10	–5	10	–5
Changes in value from valuation (AfS) shown in equity	2	–3	8	–23	10	–26
Transfers	–	1	–	–1	–	–
Disposals	–	–	43	32	43	32
As of 31 Dec.	**5**	**3**	**37**	**–20**	**42**	**–17**
Cumulative write-downs and write-ups						
As of 1 Jan.	**–23**	**–22**	**–83**	**–46**	**–106**	**–68**
Changes in group of consolidated companies	3	–	9	–	12	–
Changes due to currency translation	–	–	–	–2	–	–2
Impairments	–	–1	–45	–36	–45	–37
Disposals	1	–	2	1	3	1
As of 31 Dec.	**–19**	**–23**	**–117**	**–83**	**–136**	**–106**
Carrying amounts as of 31 Dec.	**33**	**33**	**703**	**685**	**736**	**718**

There are restrictions regarding current dividend payments at the following companies on the balance sheet date as a result of contractual rulings or rulings in the Charter.

- Bürgschaftsbank Thüringen GmbH, Erfurt
- Bürgschaftsbank Hessen GmbH, Wiesbaden
- Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel
- Hessenkapital I GmbH, Frankfurt am Main
- Hessenkapital II GmbH, Frankfurt am Main
- Mittelhessenfonds GmbH, Frankfurt am Main
- Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt
- Palladium Praha s.r.o., Prague, Czech Republic

(41) Shares in Companies Accounted for Using the Equity Method

In the period under review, 19 (2009: 19) joint ventures and 3 (2009: 9) associated companies are accounted for using the equity method.

The shares accounted for using the equity method are broken down as follows:

in € m

	31.12.2010	31.12.2009
Shares in joint ventures	20	24
Shares in associated companies	43	44
Total	**63**	**68**

There are no listed companies among the companies accounted for using the equity method.

The following table includes the summarised financial information of the joint ventures and associated companies accounted for using the equity method on the basis of the individual or consolidated financial statements of the companies accounted for using the equity method and related to the capital interest of the Helaba Group held in the assets, liabilities, income and annual results.

in € m

	31.12.2010	31.12.2009
Shares in joint ventures – total		
Total assets	183	147
Total liabilities	150	111
Income	7	7
Net income for the year	–1	2
Shares in joint ventures – pro-rata		
Total assets	99	81
Total liabilities	79	59
Income	3	3
Net income for the year	–1	1

in € m

	31.12.2010	31.12.2009
Shares in associated companies – total		
Total assets	2,312	1,394
Total liabilities	2,202	1,265
Income	225	184
Net income for the year	–2	–9
Shares in associated companies – pro-rata		
Total assets	827	372
Total liabilities	798	339
Income	57	50
Net income for the year	–1	–2

(42) Investment Property

in € m

	31.12.2010	31.12.2009
Rented property and buildings	2,356	2,493
Undeveloped land	55	55
Vacant buildings	3	4
Property under construction	27	30
Total	**2,441**	**2,582**

Of the figure shown for investment property, € 1,776 m (2009: € 1,760 m) is attributable to residential property of the GWH Group.

The following table shows the development of investment property in the period under review:

in € m

	2010	2009
At cost		
As of 1 Jan.	**2,816**	**1,921**
Changes in group of consolidated companies	–170	521
Changes from currency translation	2	–
Additions	87	79
Transfers from the portfolio of owner-occupied land and buildings	–	19
Transfers from the portfolio of property under construction	–	15
Transfers to inventories	–9	–
Transfers from inventories	–	89
Transfers to available-for-sale non-current assets and disposal groups	–	–1
Transfers from available-for-sale non-current assets and disposal groups	–	189
Disposals	–29	–16
As of 31 Dec.	**2,697**	**2,816**
Cumulative depreciation		
As of 1 Jan.	**–234**	**–173**
Changes in group of consolidated companies	20	–2
Depreciation	–43	–36
Impairments	–	–1
Transfers from the portfolio of property under construction	–	–1
Transfers from available-for-sale non-current assets and disposal groups	–	–22
Disposals	1	1
As of 31 Dec.	**–256**	**–234**
Carrying amounts as of 31 Dec.	**2,441**	**2,582**

Of the figure shown for additions, € 82 m (2009: € 67 m) is attributable to the GWH Group.

With regard to the change in the consolidation group, please refer to Note (2).

The market values of the properties amounted to a total of € 2,986 m as of the balance sheet date (2009: € 3,182 m).

There is a contractual obligation of € 18 m (2009: € 9 m) for the acquisition, construction or development of investment properties.

(43) Property, Plant and Equipment

in € m

	31.12.2010	31.12.2009
Owner-occupied land and buildings	263	288
Operating and business equipment	54	61
Leased assets	–	401
Property under construction	–	5
Total	**317**	**755**

Property, plant and equipment has developed as follows:

in € m

	Owner-occupied land and buildings		Operating and business equipment		Leased assets	
	2010	2009	2010	2009	2010	2009
At cost						
As of 1 Jan.	**385**	**400**	**241**	**253**	**536**	**503**
Changes in group of consolidated companies	–31	–	–15	3	–538	62
Changes from currency translation	1	–	–	–	9	–
Additions	1	5	16	14	131	91
Reclassifications	8	–	–	–	–	–
Transfers to the portfolio of investment properties	–	–19	–	–	–	–
Transfers from the available-for-sale non-current assets and disposal groups	–	–	–	–	–	65
Disposals	–	–1	–13	–29	–138	–185
As of 31 Dec.	**364**	**385**	**229**	**241**	**–**	**536**
Cumulative depreciation						
As of 1 Jan.	**–97**	**–92**	**–180**	**–195**	**–135**	**–113**
Changes in group of consolidated companies	2	–	8	–	134	–
Changes from currency translation	–	–	–	–	1	–
Depreciation	–6	–5	–13	–13	–64	–83
Disposals	–	–	10	28	64	61
As of 31 Dec.	**–101**	**–97**	**–175**	**–180**	**–**	**–135**
Carrying amounts as of 31 Dec.	**263**	**288**	**54**	**61**	**–**	**401**

in € m

	Property under construction		Technical equipment, plant and machinery		Total	
	2010	2009	2010	2009	2010	2009
At cost						
As of 1 Jan.	**5**	**16**	**–**	**–**	**1,167**	**1,172**
Changes in group of consolidated companies	–	–	−8	–	−592	65
Changes from currency translation	–	–	–	–	10	–
Additions	3	4	8	–	159	114
Reclassifications	−8	–	–	–	–	–
Transfers to the portfolio of investment properties	–	−15	–	–	–	−34
Transfers from the available-for-sale non-current assets and disposal groups	–	–	–	–	–	65
Disposals	–	–	–	–	−151	−215
As of 31 Dec.	**–**	**5**	**–**	**–**	**593**	**1,167**
Cumulative depreciation						
As of 1 Jan.	**–**	**−1**	**–**	**–**	**−412**	**−401**
Changes in group of consolidated companies	–	–	1	–	145	–
Changes from currency translation	–	–	–	–	1	–
Depreciation	–	–	−1	–	−84	−101
Transfers to the portfolio of investment properties	–	1	–	–	–	1
Disposals	–	–	–	–	74	89
As of 31 Dec.	**–**	**–**	**–**	**–**	**−276**	**−412**
Carrying amounts as of 31 Dec.	**–**	**5**	**–**	**–**	**317**	**755**

With regard to the change in the consolidation group, please refer to Note (2).

(44) Intangible Assets

in € m

	31.12.2010	31.12.2009
Goodwill	138	151
Purchased software	25	29
Other intangible assets	1	23
Total	**164**	**203**

The intangible assets of the Helaba Group – with the exception of goodwill – have limited useful economic lives and are depreciated.

The goodwill is mainly attributable to the acquisition of Frankfurter Sparkasse in 2005 and a foreign real estate company which has been consolidated since 2009.

Intangible assets have developed as follows:

in € m

	Goodwill		Purchased software		Other intangible assets		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
At cost								
As of 1 Jan.	**264**	**142**	**124**	**111**	**50**	**50**	**438**	**303**
Changes in group of consolidated companies	–12	122	–6	1	–49	–	–67	123
Changes attributable to currency translation	–	–	1	–	–	–	1	–
Additions	–	–	12	18	1	–	13	18
Disposals	–	–	–10	–6	–	–	–10	–6
As of 31 Dec.	**252**	**264**	**121**	**124**	**2**	**50**	**375**	**438**
Cumulative depreciation								
As of 1 Jan.	**–113**	**–8**	**–95**	**–89**	**–27**	**–19**	**–235**	**–116**
Changes in group of consolidated companies	10	–	4	–	34	–	48	–
Changes attributable to currency translation	–	–	–1	–	–	–	–1	–
Depreciation			–13	–12	–8	–8	–21	–20
Impairments	–11	–105	–	–	–	–	–11	–105
Disposals	–	–	9	6	–	–	9	6
As of 31 Dec.	**–114**	**–113**	**–96**	**–95**	**–1**	**–27**	**–211**	**–235**
Carrying amounts as of 31 Dec.	138	151	25	29	1	23	164	203

With regard to the change in the consolidation group, please refer to Note (2).

There are no contractual obligations (2009: € 2 m) for the acquisition of intangible assets.

(45) Income Tax Assets

in € m

	31.12.2010	31.12.2009[1)]
Actual income tax assets	81	121
Deferred income tax assets	371	306
Total	**452**	**427**

[1)] Previous year figures adjusted, see also Note (1).

The deferred income tax assets are spread over the following items:

in € m

	31.12.2010	31.12.2009[1)]
Loans and advances to customers	44	46
Assets/liabilities held for trading and derivatives	1,044	2,272
Financial assets	99	125
Other assets	60	65
Liabilities due to banks and customers	118	227
Pension provisions	126	120
Other provisions	41	19
Other liabilities	53	52
Tax losses carried forward	16	27
Deferred income tax assets, gross	**1,601**	**2,953**
Netting with deferred income tax liabilities	−1,230	−2,647
Total	**371**	**306**
thereof: Non-current	330	228

[1)] Previous year figures adjusted, see also Note (1).

The individual tax rates have been used as the basis for calculating the deferred income tax assets of the domestic and foreign reporting units. In Germany, there is a combined income tax rate of 31.6 % (2009: 31.5 %) for the Bank after 2010 with an average trade tax multiplier of 450 % at present (2009: 448 %).

Deferred taxes relating to tax losses carried forward are only capitalised to the extent that it is sufficiently certain that they can be realised. This condition requires that, in a foreseeable future period, there will be sufficient taxable income available to enable the tax losses carried forward to be offset. Deferred taxes of € 16 m (2009: € 27 m) had been created in relation to losses carried forward as of the balance sheet date; all of these can be carried forward without any restriction.

Overall, no deferred income tax assets were created in relation to the corporation tax losses carried forward of € 254 m (2009: € 310 m) and in relation to trade tax losses carried forward of € 356 m (2009: € 520 m), because no taxable results are expected with sufficient probability in the foreseeable future.

The deferred income tax assets which have been netted directly with shareholders' equity amounted to € 55 m as of the balance sheet date (2009: € 77 m).

(46) Available-for-Sale Non-Current Assets and Disposal Groups

In line with the items of the balance sheet, the following main components are included in the combined statement on the assets side of the balance sheet:

in € m

	31.12.2010	31.12.2009
Financial assets	–	1
Other assets	–	17
Total	**–**	**18**

(47) Other Assets

in € m

	31.12.2010	31.12.2009
Property held in inventories	159	153
Completed properties	70	58
Property under construction	89	95
Advance payments and payments on account	44	118
Trade accounts receivable	36	102
Tax assets attributable to other taxes (excluding taxes on income)	5	12
Other assets	705	792
Total	**949**	**1,177**

(48) Liabilities Due to Banks

in € m

	31.12.2010	31.12.2009
Affiliated Sparkassen	2,236	2,672
Girozentralen	2,711	3,884
Banks	26,732	26,658
Total	**31,679**	**33,214**
thereof:		
Domestic credit institutions	25,158	25,980
International credit institutions	6,521	7,234

in € m

	31.12.2010	31.12.2009
Liabilities due daily	2,448	2,087
Liabilities with agreed term or period of notice	29,231	31,127
Total	**31,679**	**33,214**
thereof:		
Borrowers' note loans raised	11,241	12,506
Forwarding loans	7,457	7,240
Issued registered bonds	2,837	3,093
Overnight money and fixed-term deposits	2,583	3,650

(49) Liabilities Due to Customers

in € m

	31.12.2010	31.12.2009[1)]
Corporate customers	22,681	23,793
Private customers	14,964	14,548
Public sector	3,251	3,541
Total	**40,896**	**41,882**
thereof:		
Domestic customers	36,622	37,783
International customers	4,274	4,099

[1)] Previous year figures adjusted, see also Note (1).

in € m

	31.12.2010	31.12.2009[1)]
Liabilities due daily	12,934	12,905
Liabilities with agreed term or period of notice	27,962	28,977
Total	**40,896**	**41,882**
thereof:		
Customer deposits in current accounts	4,175	4,304
Overnight money and fixed-term deposits	13,853	14,072
Saving deposits	2,451	2,468
Building saving deposits	3,307	3,217
Issued registered bonds	9,475	9,905
Borrowers' note loans raised	7,087	7,456

1) Previous year figures adjusted, see also Note (1).

(50) Securitised Liabilities

in € m

	31.12.2010	31.12.2009
Issued bonds	**38,618**	**36,625**
Mortgage Pfandbriefe	2,421	1,540
Public Pfandbriefe	7,418	5,955
Other bonds	28,779	29,130
Other securitised liabilities	**1,771**	**1,880**
Total	**40,389**	**38,505**

As was in the case in the previous year, the other securitised liabilities consisted exclusively of money market paper.
For detailed information regarding issuing activities, please refer to Note (67).

(51) Liabilities Held for Trading

in € m

	31.12.2010	31.12.2009
Negative market values of derivative financial instruments	**7,254**	**6,422**
Price-related derivatives	57	21
Interest-related derivatives	6,318	5,608
FX-related derivatives	787	638
Credit derivatives	91	154
Commodity-related derivatives	1	1
Issued money market paper	**8,383**	**9,938**
Liabilities held for trading	**22,892**	**25,752**
Total	**38,529**	**42,112**

This item exclusively comprises financial instruments classified as aFV (sub-category HfT). The liabilities held for trading mainly comprise money trading transactions and repurchase agreements.

(52) Negative Market Values of Derivatives Not Held for Trading

in € m

	31.12.2010	31.12.2009
Hedging derivatives of hedge accounting	615	499
Other derivatives not held for trading	2,533	2,350
Total	**3,148**	**2,849**

The hedging derivatives of Hedge Accounting are used within the framework of micro fair value hedges classified under IAS 39. As other derivatives not held for trading, this item comprises derivative financial instruments which are used within the framework of hedge management for financial hedging but for which fulfilment of the hedge accounting requirements is not documented in accordance with IAS 39 (Economic Hedges).

(53) Provisions

in € m

	31.12.2010	31.12.2009
Provisions for pensions and similar obligations	**882**	**789**
Other provisions	**308**	**309**
Personnel provisions	97	104
Provisions for risk attributable to lending	66	58
Restructuring provisions	4	3
Other provisions	141	144
Total	**1,190**	**1,098**

A discount rate of 5.25 % has been used for calculating the pension provisions in Germany (2009: 6.00 %). This rate is based on the return of prime industrial bonds. Use is made of a reference rate which takes account of a large number of AA-rated bonds and which is adjusted for statistical outliers.

Of the figure shown for the present value of pension obligations, 69 % is attributable to Landesbank Hessen-Thüringen (2009: 69 %) and 23 % is attributable to Frankfurter Sparkasse (2009: 24 %).

Landesbank Hessen-Thüringen mainly reports the following defined benefit obligations:

A final-salary overall benefit commitment is applicable for beneficiaries who joined the Bank before 31 December 1985; the benefit under these obligations is calculated as a percentage (depending on the number of years of service) of the finally paid pensionable emoluments.

The pension scheme applicable between 1986 and 1998 is a final salary scheme in which the salary components above the contribution measurement limit is given a weighting in the statutory pension insurance scheme for shop-floor workers and office staff (BBG) which differs from the weighting for the salary components up to this limit.

With the pension commitment which has been applicable since 1999, the retirement pension is calculated as the sum of so-called pension modules which accumulate during the pensionable working life of the employee. The pension modules are calculated using the pensionable remuneration components of a specific calendar year multiplied by an age-dependent factor.

There are also essentially individual commitments for members of the Board of Managing Directors as well as employee-financed benefit commitments and commitments for ancillary benefits.

At Frankfurter Sparkasse, all employees are entitled to a pension of the pension fund. For employees of the former Stadtsparkasse Frankfurt, this claim is against the Zusatzversorgungskasse der Stadt Frankfurt (ZVK). Vested pension rights in excess of the maximum pension of the pension fund of Frankfurter Sparkasse are covered by a top-up commitment. There is also an employee-financed benefit commitment.

The provisions for pensions and similar obligations shown in the balance sheet break down as follows:

in € m

	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Present value of pension obligations (DBO)	1,077	950	927	972	1,086
thereof: Completely funded	208	169	161	171	292
thereof: Unfunded	869	781	766	801	794
Market value of plan assets	–247	–227	–186	–185	–167
Amount not shown as assets as a result of IAS 19.58b	44	59	24	10	–
Net amount of pension obligations	**874**	**782**	**765**	**797**	**919**
Asset overhang of pension obligations	8	7	7	7	–
Reported pension provisions	**882**	**789**	**772**	**804**	**919**

Of the pension provisions which are shown, € 68 m (2009: € 62 m) is attributable to a contribution commitment identified as a liability under purchase price allocation within the framework of a company acquisition.

The present value of the pension obligations (DBO) has developed as follows:

in € m

	2010	2009
Pension obligations as of 1 Jan.	**950**	**927**
Current service costs	16	17
Interest expense	55	52
Employees' contributions	3	2
Benefits paid	–45	–47
Actuarial gains (–)/losses (+)	92	–31
Change in group of consolidated companies	–	28
Change from currency translation	6	2
Pension obligations as of 31 Dec.	**1,077**	**950**

Developments in plan assets are as follows:

in € m

	2010	2009
Market value of plan assets as of 1 Jan.	**227**	**186**
Expected income from plan assets	10	8
Employer's contributions	9	7
Employees' contributions	3	2
Benefits paid	–4	–5
Actuarial gains (+)/losses (–)	–3	2
Change in the group of consolidated companies	–	26
Change from currency translation	5	1
Market value of plan assets as of 31 Dec.	**247**	**227**

The plan assets are broken down as follows:

in € m

	31.12.2010	31.12.2009
Equity instruments	20	17
Debt instruments	174	166
Property	–	4
Other assets	53	40
Market value of plan assets	**247**	**227**

Of the plan assets, € 13 m (2009: € 12 m) is attributable to the Group’s own financial instruments; there were no investments in owner-occupied properties and other assets (2009: € 2 m).

The actuarial gains or losses from pension obligations in the individual years are broken down as follows:

in € m

	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Experience-based gains (+)/losses (–) from pension obligations (DBO)	–4	19	–4	45	–43
Gains (+)/losses (–) from pension obligations (DBO) due to changes in assumptions	–88	12	72	94	29
Experience-based gains (+)/losses (–) from plan assets	–3	2	–4	4	–4
Change in the amount not shown as an asset due to IAS 19.58 b	15	–35	–14	–10	–
Actuarial gains (+)/losses (–) from pension obligations	**–80**	**–2**	**50**	**133**	**–18**

As of the balance sheet date, the cumulative actuarial gains and losses from pension obligations amounted to € 83 m (2009: € 163 m); after the deduction of deferred tax assets, they amounted to € 58 m (2009: € 115 m).

The income and expenses recognised in the income statement in connection with pension obligations are broken down as follows:

in € m

	31.12.2010	31.12.2009
Current service cost	16	17
Interest expense	55	52
Expected income from plan assets	–10	–8
Total expense and income	**61**	**61**

The actual income from plan assets amounted to € 7 m (2009: € 10 m).

A total of € 3 m was recognised in the year under review for defined contribution benefit commitments (2009: € 3 m).

Movements in other provisions are shown in the following:

in € m

	Personnel provisions		Provisions for risks attributable to lending		Restructuring provisions		Other provisions		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
As of 1 Jan.	**104**	**69**	**58**	**52**	**3**	**7**	**144**	**117**	**309**	**245**
Change in group of consolidated companies	−2	22	–	–	–	–	−21	10	−23	32
Changes attributable to currency translation	1	–	1	–	–	–	–	–	2	–
Consumption	−72	−40	–	−1	−1	−1	−45	−37	−118	−79
Reversals	−1	−6	−20	−20	−1	−1	−14	−17	−36	−44
Reclassifications	–	4	–	–	−2	−4	–	–	−2	–
Compounding	2	2	–	–	–	–	2	1	4	3
Additions	65	53	27	27	5	2	75	70	172	152
As of 31 Dec.	**97**	**104**	**66**	**58**	**4**	**3**	**141**	**144**	**308**	**309**

The personnel provisions mainly comprise provisions for semi-retirement and early retirement agreements, service anniversaries as well as special payments to employees. The other provisions comprise obligations arising from real estate project work, tenancy arrangements and litigation risks.

The allocations and reversals for personnel provisions are generally shown in personnel expenses; the allocations and reversals for provisions for risks from lending are generally shown in provisions for losses on loans and advances, and the allocations and reversals for the other provisions are shown in other operating result. Compound interest is included in net interest income.

(54) Income Tax Liabilities

in € m

	31.12.2010	31.12.2009
Actual income tax liabilities	115	163
Deferred income tax liabilities	123	28
Total	**238**	**191**

The deferred income tax liabilities are broken down as follows:

in € m

	31.12.2010	31.12.2009
Loans and advances to banks and customers	155	171
Assets/liabilities held for trading and derivatives	994	2,213
Financial assets	53	29
Other assets	65	98
Liabilities due to banks and customers	37	9
Pension provisions	30	52
Other provisions	8	91
Other liabilities	11	12
Deferred income tax liabilities, gross	**1,353**	**2,675**
Netting with deferred income tax assets	–1,230	–2,647
Total	**123**	**28**
thereof: Non-current	34	20

For measurement of the temporary valuation differences which result in deferred income tax liabilities, please refer to our comments on deferred tax assets (see Note (45)).

The deferred income tax liabilities which have been netted directly with shareholders' equity amounted to € 31 m as of the balance sheet date (2009: € 51 m).

(55) Other Liabilities

in € m

	31.12.2010	31.12.2009
Trade accounts payable	102	121
Liabilities due to employees	22	23
Advance payments received and advance payments made	191	246
Liabilities due to other taxes (excluding taxes on income)	59	57
Other liabilities	110	171
Total	**484**	**618**

(56) Subordinate Capital

in € m

	31.12.2010	31.12.2009
Subordinate capital	2,525	2,569
thereof: Pro-rata interest	12	12
Profit-sharing rights	845	852
thereof: Pro-rata interest	40	41
Hidden deposits	1,118	1,104
thereof: Pro-rata interest	50	50
Total	**4,488**	**4,525**
thereof:		
Securitised subordinate capital	3,158	3,188

The hidden deposits shown under this item do not meet the equity criteria of IAS 32.

(57) Shareholders' Equity

in € m

	31.12.2010	31.12.2009[1]
Subscribed capital	477	477
Hidden deposits	1,920	1,920
Additional paid-in capital	658	658
Retained earnings	2,263	2,066
Revaluation reserve	–91	–196
Currency translation reserve	–	–7
Cash flow hedge reserve	–13	–9
Minority interests in shareholders' equity	–11	–3
Total	**5,203**	**4,906**

[1] Previous year figures adjusted, see also Note (1).

The subscribed capital is the share capital paid in by the three owners in accordance with the Charter. The owners of Helaba are the Savings Bank and Giro Association Hesse-Thuringia (85 %), the Federal State of Hesse (10 %) and the Free State of Thuringia (5 %).

The hidden deposits shown under shareholders' equity satisfy the criterion of IAS 32 whereby there is no contractual obligation to provide liquid assets or other financial assets. Accordingly, the hidden deposits are serviced within the framework of the appropriation of profits.

The additional paid-in capital comprises the premiums attributable to the issuing of share capital to the owners.

The retained earnings comprise the retained profits of the parent company and of the consolidated subsidiaries as well as amounts from the amortised results of capital consolidation and other consolidation measures. In addition, retained earnings also include actuarial gains and losses attributable to defined benefit obligations which have to be shown directly in equity, with due consideration being given to the related deferred taxes.

The revaluation reserve contains the valuation effects of AfS financial instruments recognised in equity after deferred taxes. The gains or losses are only recognised in the income statement when the asset is sold or written off.

Further Information Concerning Financial Instruments

(58) Provision of Collateral

Assets transferred as collateral
The collateral is provided on terms which are normal for the relevant repurchase agreements, securities and financing transactions. The following assets are pledged or transferred as security for own liabilities as of the balance sheet date (carrying amounts):

in € m

	31.12.2010	31.12.2009[1]
Assets held for trading	10,369	10,315
Loans and advances to banks	2,673	2,499
Loans and advances to customers	91	174
Financial assets	1,772	2,594
Investment property	261	264
Property, plant and equipment	46	200
Other assets	10	15
Total	**15,222**	**16,061**

[1] Previous year figures adjusted, see also Note (1).

Collateral is provided in particular for open market transactions, for settling security transactions via clearing houses and also for repurchase agreements. Liquid collateral of € 2,726 m shown as loans and advances to banks and loans and advances to customers existed as of the balance sheet date as collateral for OTC transactions (2009: € 2,491 m).

In addition, the Bank holds receivables backed by property charges and municipal receivables in its cover funds in accordance with Sections 12 and 30 PfandBG. As of 31 December 2010, the cover funds amounted to € 29,410 m (2009: € 27,994) with mortgage and public Pfandbriefe of € 20,707 m in circulation (2009: € 19,479 m). These also include registered securities, which are shown under liabilities due to banks and liabilities due to customers.

Assets received as collateral
Collateral is received under conditions which are normal for the corresponding repo transactions, securities and financing transactions.

The fair value of collateral received within the framework of repurchase agreements which permit Helaba to sell on or pledge on such collateral if the party providing the collateral does not default amounts to € 452 m (2009: € 951 m). Such collateral with a fair value of € 50 m (2009: € 409 m onward pledging) was sold on in the course of the financial year; return obligations exist in the same amount.

Liquid collateral of € 582 m (2009: € 554 m) was received as collateral for OTC transactions; these are shown under liabilities due to banks and liabilities due to customers.

(59) Subordinate Assets

The following balance sheet items include subordinate assets:

in € m

	31.12.2010	31.12.2009[1)]
Loans and advances to banks	**83**	**123**
thereof:		
To other group companies	1	–
Loans and advances to customers	**1,423**	**1,400**
thereof:		
To affiliated companies	–	11
To other group companies	25	19
Assets held for trading	**19**	**2**
Financial assets	**75**	**61**
Total	**1,600**	**1,586**

[1)] Previous year figures adjusted, see also Note (1).

Assets are shown as being subordinate if, in the case of liquidation or insolvency of the debtor, they can only be satisfied after the claims of the other creditors have been satisfied.

(60) Foreign Currency Volumes

in € m

	Foreign currency assets		Foreign currency liabilities	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009[1)]
USD	19,456	19,631	16,098	16,201
GBP	7,109	6,952	3,514	2,953
CHF	3,638	3,628	4,294	4,213
JPY	1,405	1,188	1,761	1,905
Other currencies	2,270	2,486	331	512
Total	**33,878**	**33,885**	**25,998**	**25,784**

1) Previous year figures adjusted, see also Note (1).

The foreign currency assets and liabilities shown under this item relate to non-derivative financial instruments. Any resultant open foreign currency positions are essentially closed by the use of derivatives.

(61) Breakdown of Remaining Terms

in € m

	Due daily	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Non-derivative financial obligations	**17,924**	**32,385**	**26,130**	**56,371**	**28,617**
Liabilities held for trading	2,660	18,972	9,643	–	–
Liabilities due to banks	2,319	2,956	3,691	15,158	11,260
Liabilities due to customers	12,945	4,200	5,471	11,869	12,482
Securitised liabilities	–	6,249	6,565	26,072	3,506
Subordinate capital	–	8	760	3,272	1,369
Derivative financial liabilities	**7,254**	**302**	**656**	**1,708**	**537**
Liabilities held for trading	7,254	–	–	–	–
Negative market value of derivatives not held for trading	–	302	656	1,708	537
Irrevocable loan commitments	**405**	**812**	**3,499**	**7,213**	**5,510**
Total	**25,583**	**33,499**	**30,285**	**65,292**	**34,664**

The following amounts are applicable as of 31 December 2009:

in € m

	Due daily	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Non-derivative financial obligations	**18,323**	**34,232**	**29,237**	**54,563**	**31,784**
Liabilities held for trading	3,296	20,592	11,802	–	–
Liabilities due to banks	2,088	4,874	5,566	14,464	11,054
Liabilities due to customers[1)]	12,938	4,062	6,096	14,941	10,614
Securitised liabilities	1	4,696	5,447	23,228	6,719
Subordinate capital	–	8	317	1,930	3,397
Derivative financial liabilities	**6,412**	**327**	**653**	**1,566**	**501**
Liabilities held for trading	6,412	8	2	–	–
Negtive market value of derivatives not held for trading	–	319	651	1,566	501
Irrevocable loan commitments	**488**	**1,149**	**3,513**	**7,338**	**6,653**
Total	**25,223**	**35,708**	**33,394**	**63,467**	**38,938**

[1)] Previous year figures adjusted, see also Note (1).

For the breakdown of remaining terms of the financial liabilities, the undiscounted cash flows were spread over the individual maturity buckets in accordance with the contractually agreed maturity dates. If there was no fixed contractual agreement for the date of repayment, the earliest possible time or termination possibility has been used. This is applicable particularly for overnight money which has been raised, as well as sight deposits and also for savings deposits with an agreed period of notice.

The non-derivative financial liabilities shown under liabilities held for trading have been included in the breakdown of remaining terms with their carrying amounts, and the irrevocable loan commitments have been included with their nominal value. Held-for-trading derivatives are allocated with their carrying amount to the shortest maturity bucket; the irrevocable loan commitments are allocated to the earliest bucket in which the commitment can be drawn down. According to Note (70), liabilities from warranties and guarantee agreements can be utilised up to the maximum guaranteed amount at any time.

(62) Derivative Transactions

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

Derivatives can be concluded in the form of standard contracts on the stock exchange or they can be individually negotiated as OTC derivatives.

The nominal values reflect the gross volume of all purchases and sales. This figure is used as a reference for determining mutually agreed compensation payments; however, they are not receivables or liabilities which can be shown in the balance sheet.

The nominal and market values of derivative transactions as of the reference dates are shown in the following:

in € m

	Nominal values		Positive market values		Negative market values	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Equity-/index-related transactions	**882**	**580**	**99**	**19**	**57**	**21**
OTC products	**234**	**197**	**20**	**8**	**12**	**12**
Equity options	234	197	20	8	12	12
Purchased	137	93	18	8	1	–
Sold	97	104	2	–	11	12
Listed products	**648**	**383**	**79**	**11**	**45**	**9**
Equity/index futures	58	213	1	1	–	3
Equity/index options	590	170	78	10	45	6
Interest-related transactions	**499,736**	**430,619**	**8,799**	**8,157**	**8,875**	**7,900**
OTC products	**438,127**	**376,356**	**8,789**	**8,134**	**8,866**	**7,889**
Forward rate agreements	43,168	1,494	6	–	8	–
Interest swaps	343,758	337,338	8,061	7,708	7,899	7,296
Interest options	50,907	37,054	722	426	959	593
Purchased	22,906	16,698	714	417	–	1
Sold	28,001	20,356	8	9	959	592
Other interest contracts	294	470	–	–	–	–
Listed products	**61,609**	**54,263**	**10**	**23**	**9**	**11**
Interest futures	21,609	34,251	8	22	6	10
Interest options	40,000	20,012	2	1	3	1
Currency-related transactions	**53,455**	**48,871**	**1,373**	**912**	**1,281**	**1,104**
OTC products	**53,455**	**48,871**	**1,373**	**912**	**1,281**	**1,104**
Currency spot and future transactions	33,203	25,691	680	400	448	321
Cross-currency swaps	19,313	20,815	678	491	813	761
FX options	939	2,365	15	21	20	22
Purchased	474	1,179	15	21	–	–
Sold	465	1,186	–	–	20	22
Credit derivatives	**10,541**	**20,517**	**71**	**116**	**188**	**245**
OTC products	**10,541**	**20,517**	**71**	**116**	**188**	**245**
Commodity-related transactions	**19**	**9**	**1**	**1**	**1**	**1**
OTC products	**19**	**9**	**1**	**1**	**1**	**1**
Commodity swaps	19	9	1	1	1	1
Total	**564,633**	**500,596**	**10,343**	**9,205**	**10,402**	**9,271**

Nominal values broken down according to remaining terms:

in € m

	Equity-/index-related transactions		Interest-related transactions		Currency-related transactions	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Less than three months	200	239	153,572	115,086	23,919	17,394
More than three months and less than one year	121	141	80,595	75,439	10,525	11,387
More than one year and less than five years	561	200	165,042	147,649	15,193	16,029
More than five years	–	–	100,527	92,445	3,818	4,061
Total	**882**	**580**	**499,736**	**430,619**	**53,455**	**48,871**

in € m

	Credit derivatives		Commodity-related transactions		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Less than three months	510	386	5	1	178,206	133,106
More than three months and less than one year	1,294	1,841	11	3	92,546	88,811
More than one year and less than five years	7,274	15,833	3	5	188,073	179,716
More than five years	1,463	2,457	–	–	105,808	98,963
Total	**10,541**	**20,517**	**19**	**9**	**564,633**	**500,596**

Derivatives have been taken out with the following counterparties.

in € m

	Nominal values		Positive market values		Negative market values	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
OECD banks	420,374	373,979	7,445	7,041	8,789	8,153
Banks outside the OECD	115	300	–	–	–	–
Other counterparties (incl. stock exchanges)	126,531	117,582	2,237	1,804	1,066	968
Public authorities in the OECD	17,613	8,735	661	360	547	150
Total	**564,633**	**500,596**	**10,343**	**9,205**	**10,402**	**9,271**

(63) Carrying Amounts and Results Broken Down According to Measurement Categories

The following table sets out the carrying amounts of assets and liabilities as of 31 December 2010 in accordance with the measurement categories of IAS 39. The figures shown in the balance sheet are also detailed.

in € m

	LaR/OL	AfS	HfT	FVO	Total
Assets					
Cash reserve	436				436
Loans and advances to banks	14,352			60	14,412
Loans and advances to customers	87,550			148	87,698
Assets held for trading			39,176		39,176
Positive market values of derivatives not held for trading			3,702		3,702
Financial assets		15,221		2,466	17,687
Total	**102,338**	**15,221**	**42,878**	**2,674**	**163,111**
Liabilities					
Liabilities due to banks	31,212			467	31,679
Liabilities due to customers	39,083			1,813	40,896
Securitised liabilities	37,053			3,336	40,389
Liabilities held for trading			38,529		38,529
Negative market values of derivatives not held for trading			3,148		3,148
Subordinate capital	3,974			514	4,488
Total	**111,322**		**41,677**	**6,130**	**159,129**

The following amounts are applicable as of 31 December 2009:

in € m

	LaR/OL	AfS	HfT	FVO	Total
Assets					
Cash reserve	659				659
Loans and advances to banks	14,675			144	14,819
Loans and advances to customers	87,257			211	87,468
Assets held for trading			42,805		42,805
Positive market values of derivatives not held for trading			3,374		3,374
Financial assets		14,135		2,598	16,733
Total	**102,591**	**14,135**	**46,179**	**2,953**	**165,858**
Liabilities					
Liabilities due to banks	32,943			271	33,214
Liabilities due to customers	40,188			1,694	41,882
Securitised liabilities	35,513			2,992	38,505
Liabilities held for trading			42,112		42,112
Negative market values of derivatives not held for trading			2,849		2,849
Subordinate capital	3,997			528	4,525
Total	**112,641**		**44,961**	**5,485**	**163,087**

[1] Previous year figures adjusted, see also Note (1).

The following table sets out the contributions to earnings from financial instruments for fiscal 2010 for each measurement category:

in € m

	LaR	OL	AfS	HfT	FVO	Derivatives not held for trading	Total
Net interest income	3,607	–3,123	324		–127	367	1,048
Provisions for losses on loans and advances	–285						–285
Net trading income				148			148
Net income from investments			–34				–34
Result of derivatives not held for trading and financial instruments of FVO					36	–30	6
Result of hedges	15	46				–62	–1
Result shown in equity			131				131
Total	**3,337**	**–3,077**	**421**	**148**	**–91**	**275**	**1,013**

The following amounts were applicable in fiscal 2009:

in € m

	LaR	OL	AfS	HfT	FVO	Derivatives not held for trading	Total
Net interest income	4,110	–3,674	359		–104	363	1,054
Provisions for losses on loans and advances	–487						–487
Net trading income				315			315
Net income from investments			–38				–38
Result of derivatives not held for trading and financial instruments of FVO					–32	84	52
Result of hedges	–78	–229				347	40
Result shown in equity			–67				–67
Total	**3,545**	**–3,903**	**254**	**315**	**–136**	**794**	**869**

Net interest income as per the income statement includes interest from financial instruments as well as interest expenses attributable to pension obligations and other long-term provisions, expected income from plan assets and net interest income from finance leases.

(64) Fair Values of Financial Assets

The following overview sets out a comparison of the fair values of financial assets and liabilities with their corresponding carrying amounts.

in € m

	Fair value		Carrying amount		Difference	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Assets						
Cash reserve	436	659	436	659	–	–
Loans and advances to banks[1]	14,692	15,089	14,408	14,800	284	289
Loans and advances to customers[1]	89,445	90,550	86,449	86,299	2,996	4,251
Assets held for trading	39,176	42,805	39,176	42,805	–	–
Positive market values of derivatives not held for trading	3,702	3,374	3,702	3,374	–	–
Financial assets	17,687	16,733	17,687	16,733	–	–
Total	**165,138**	**169,210**	**161,858**	**164,670**	**3,280**	**4,540**
Liabilities						
Liabilities due to banks	32,318	34,012	31,679	33,214	639	798
Liabilities due to customers[2]	42,196	43,227	40,896	41,882	1,300	1,345
Securitised liabilities	40,322	38,472	40,389	38,505	–67	–33
Liabilities held for trading	38,529	42,112	38,529	42,112	–	–
Negative market values of derivatives not held for trading	3,148	2,849	3,148	2,849	–	–
Subordinate capital	4,395	4,425	4,488	4,525	–93	–100
Total	**160,908**	**165,097**	**159,129**	**163,087**	**1,779**	**2,010**

1) Net carrying amount after provisions for loans and advances in lending business.
2) Previous year figures adjusted, see also Note (1).

The fair value is defined as the amount at which an asset could be exchanged or a liability could be settled between knowledgeable, willing and independent business partners (except in the case of emergency settlement).

The market price is the best indicator for the fair value of financial instruments. If an active market exists, the observable market prices are used for measuring the financial instruments recognised at fair value. These are normally prices quoted on a stock exchange or market prices quoted on the interbank market (level 1).

If an observable market price does not exist for a financial instrument, recognised and normal valuation methods are used for measurement purposes, whereby all input data (e.g. interest curves, volatilities, spreads) are based on observable market data and are taken from external sources. These mainly comprise discounted cash flow based forward pricing and swap pricing models or option price models (e.g. Black-Scholes and versions thereof). These measurement methods are normally used for OTC derivatives (including credit derivatives) and financial instruments which are recognised at fair value and which are not traded on an active market (level 2).

In those cases in which not all input parameters are directly observable on the market, the calculation of the fair values is based on realistic assumptions related to market circumstances. This measurement method is particularly used for complex structured (derivative) spread-products in which correlations which are not directly observable on the market constitute a major valuation factor. If no market prices are available for non-derivative financial instruments, arranger prices are used. The measurement of unlisted equity participations which are recognised at fair value is also based on input parameters which cannot be observed, particularly the surpluses derived from corporate planning (level 3).

As a result of the financial market crisis, the Helaba Group analysed the securities portfolios, broken down according to sectors, in order to determine their liquidity on the markets. When it became apparent that markets for the total security holdings became active again in 2010, these securities were completely measured with market prices; this has resulted in a considerable reduction in level-3 security holdings. In addition, the fact that the markets have become more liquid has meant that security holdings which in the previous year had still been measured by means of recognised valuation methods and observable market parameters (level 2) are now measured with available and current market prices (level 1).

The breakdown of financial instruments measured at fair value according to the hierarchy of the input data on the assets side of the balance sheet which are used is shown in the following:

in € m

	Level 1		Level 2		Level 3		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Non-derivative financial instruments	**41,125**	**35,445**	**8,225**	**16,427**	**1,042**	**2,124**	**50,392**	**53,996**
Loans and advances to banks	–	–	60	144	–	–	60	144
Loans and advances to customers	–	–	148	211	–	–	148	211
Assets held for trading	24,739	24,297	7,722	11,757	74	921	32,535	36,975
Financial assets	16,386	11,148	295	4,315	968	1,203	17,649	16,666
Derivatives	**89**	**34**	**10,252**	**9,168**	**2**	**2**	**10,343**	**9,204**
Positive market values of derivatives of the trading portfolio	86	23	6,553	5,805	2	2	6,641	5,830
Positive market values of derivatives not held for trading	3	11	3,699	3,363	–	–	3,702	3,374
Total	**41,214**	**35,479**	**18,477**	**25,595**	**1,044**	**2,126**	**60,735**	**63,200**

The breakdown on the liabilities side of the balance sheet is as follows:

in € m

	Level 1		Level 2		Level 3		Total	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Non-derivative financial instruments	**2,381**	**2,285**	**34,976**	**38,844**	**48**	**46**	**37,405**	**41,175**
Liabilities due to banks	–	–	467	271	–	–	467	271
Liabilities due to customers	–	–	1,813	1,694	–	–	1,813	1,694
Securitised Liabilities	–	–	3,288	2,946	48	46	3,336	2,992
Liabilities held for trading	2,381	2,285	28,894	33,405	–	–	31,275	35,690
Subordinate capital	–	–	514	528	–	–	514	528
Derivatives	**54**	**21**	**10,340**	**9,244**	**8**	**6**	**10,402**	**9,271**
Negative market values held for trading	52	18	7,200	6,402	2	2	7,254	6,422
Negative market values of derivatives not held for trading	2	3	3,140	2,842	6	4	3,148	2,849
Total	**2,435**	**2,306**	**45,316**	**48,088**	**56**	**52**	**47,807**	**50,446**

The asset holdings of non-derivative financial instruments in level 3 are broken down as follows:

in € m

	31.12.2010	31.12.2009
Bonds and other fixed-income securities	**359**	**1,500**
Bonds	74	1,176
Borrowers' notes	69	69
Asset-backed securities	208	255
Certificates of deposit	8	–
Unlisted shares	**645**	**624**
Investment shares	**38**	**–**
Total	**1,042**	**2,124**

Holdings of bonds and other fixed-income securities in level 3 are broken down over the various ratings as follows:

in € m

	31.12.2010	31.12.2009
AAA	66	117
AA	89	45
A	59	1,128
BBB and below	102	45
No external rating	43	165
Bonds and other fixed-income securities	**359**	**1,500**

The bonds and other fixed-income securities which are classified under level 3 have been assessed to determine the sensitivity of their market parameters. The positive as well as the negative differences were not of a material nature as of 31 December 2010.

The following tables show the development of holdings of financial instruments which are measured at fair value and which are allocated to level 3 as well as the valuation result of the financial instruments still held in the portfolio as of 31 December:

in € m

	Assets held for trading		Financial assets		Positive market values of the trading portfolio		Positive market values of derivatives not held for trading	
Assets	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Carrying amount as of 1 Jan.	**921**	**30,075**	**1,203**	**11,905**	**2**	**5**	**–**	**1**
Profits or losses recognised in the income statement								
Net interest income			–	−22			–	−1
Net trading income	−60	−138			1	−1		
Result of derivatives and financial instruments of the fair-value option not held for trading			8	−8			–	–
Result of financial investments			–	−42				
Profits or losses recognised directly in equity			36	−120				
Additions	88	80	156	117	−1	–	–	–
Disposals/liquidations	−34	−6,398	−202	−1,657	–	−2	–	–
Changes to the group of consolidated companies	–	−1	−25	−9	–	–	–	–
Changes from currency translation	3	–	22	−2	–	–	–	–
Transfers from level 1 or 2	–	18	–	74	–	–	–	–
Transfers to level 1 or 2	−844	−22,715	−230	−9,033	–	–	–	–
Carrying amount as of 31 Dec.	**74**	**921**	**968**	**1,203**	**2**	**2**	**–**	**–**
Profits or losses of financial assets in the portfolio recognised in the income statement	−2	21	11	6	–	–	–	–

in € m

Liabilities	Securitized liabilities 2010	Securitized liabilities 2009	Liabilities held for trading 2010	Liabilities held for trading 2009	Negative market values of the trading portfolio 2010	Negative market values of the trading portfolio 2009	Negative market values of derivatives not held for trading 2010	Negative market values of derivatives not held for trading 2009
Carrying amount as of 1 Jan	**46**	**150**	**–**	**191**	**2**	**3**	**4**	**9**
Profits or losses recognised in the income statement								
Net interest income	–	–2					–	–2
Net trading income			–	–	–	1		
Result of derivatives and financial instruments of the fair-value option not held for trading	2	11					2	–3
Additions	–	4	–	–	–	–	–	–
Disposals/liquidations	–	–117	–	–	–	–2	–	–
Transfers to level 1 or 2	–	–	–	–191	–	–	–	–
Carrying amount as of 31 Dec.	**48**	**46**	**–**	**–**	**2**	**2**	**6**	**4**
Profits or losses of financial assets in the portfolio recognised in the income statement	–	–10	–	–	–	1	–2	2

(65) Reclassification of Financial Assets

In line with the amendments to IAS 39 and IFRS 7 “Reclassification of Financial Assets”, the Helaba Group reclassified certain assets held for trading and available-for-sale financial assets as loans and receivables (LaR) in the second half of 2008. This reclassification procedure also included assets which clearly were not intended to be sold or traded in the immediate future on 1 July 2008 and which instead were intended to be held for the foreseeable future. In accordance with the amended IAS 39, such assets were reclassified with effect from 1 July 2008 using the fair value determined on this reference date. No further reclassification has been carried out since that time.

The reclassification also resulted in a change in the way in which the assets are shown in the balance sheet (reclassification). The following table shows the carrying amounts and the fair values of the reclassified assets.

in € m

	31.12.2010 Carrying amount	31.12.2010 Fair value	31.12.2009 Carrying amount	1.7.2008 Carrying amount
Assets held for trading, reclassified as loans and advances to customers	314	286	375	437
Financial assets, reclassified as loans and advances to customers	1,156	1,050	1,470	1,722
Total	**1,470**	**1,336**	**1,845**	**2,159**

At the time of reclassification, the effective interest rates of the reclassified assets held for trading were between 4.5 % and 6.5 %, with expected attainable cash flows of € 452 m. The effective interest rates of the reclassified available-for-sale financial assets were between 3.2 % and 9.3 %, with expected attainable cash flows of € 1,794 m.

Had these reclassifications not been performed, this would have resulted for 2010 in additional unrealised measurement gains of € 0 m (2009: € 6 m) for assets held for trading and additional unrealised measurement gains of € 57 m (2009: measurement losses of € –41 m) for financial assets in equity.

Following reclassification, the assets made the following contributions to the income statement of the Group (before taxes) in 2010:

in € m

	2010	2009
Net interest income	18	39
Amortisation and realised result of repayment and disposal	3	4
Provisions for losses on loans and advances	–1	–10
Pre-tax profit of reclassified assets	**20**	**33**

(66) Information Concerning Liabilities of the Fair Value Option

For liabilities which were allocated to the FVO, the rating-related changes in fair value amounted to € 12 m in the reporting period (2009: € 25 m). The cumulative rating-related change in the fair values for the liabilities recognised as of the balance sheet date is € –24 m (2009: € –44 m).

(67) Information Concerning Issuing Activities

The following table shows the development of the securitised refinancing of the Helaba Group in the period under review:

in € m

	Issued money market securities of trading		Securitised liabilities		Securitised subordinate capital		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
As of 1 Jan.	**9,938**	**4,989**	**38,505**	**40,601**	**3,188**	**3,184**	**51,631**	**48,774**
Changes from currency translation	558	–12	638	47	12	–3	1,208	32
Additions from issues	41,899	39,201	24,621	24,108	–	–	66,520	63,309
Disposals due to repayment	–43,452	–34,144	–22,180	–25,074	–60	–	–65,692	–59,218
DIsposals due to repurchasing	–567	–59	–1,097	–1,078	–	–	–1,664	–1,137
Changes in accrued interest	1	–11	–28	–135	–1	–2	–28	–148
Changes in value recognised in the income statement	6	–26	–70	36	19	9	–45	19
As of 31 Dec.	**8,383**	**9,938**	**40,389**	**38,505**	**3,158**	**3,188**	**51,930**	**51,631**

As part of the issuing activities of the Helaba Group, short-term money market paper as well as medium- and long-term bonds and subordinate capital were placed on the money and capital markets.

The additions from issues and disposals as a result of repayments also include the placing volume of short-term money market paper which can be redeemed at the end of the financial year. The changes in value recognised in the income statement are attributable to valuation effects of financial liabilities which were held in the portfolio as of the closing date and which are included in hedge accounting as hedged underlyings or allocated to the FVO.

(68) Information Concerning Risk Management

The assuming of risks with the aim of achieving a profit, taking account of the economic and regulatory equity, is a core aspect of the Group's risk strategy. The identified risks are constantly measured and monitored for risk management purposes. The methods are constantly improved for this purpose. With regard to the organisation of risk management, the individual risk types as well as risk concentrations, please refer to the opportunity and risk report, which is an integral part of the management report.

(69) Credit Risks Attributable to Financial Instruments

No impairments were created for the receivables with a carrying amount of € 808 m (2009: € 530 m) which were measured at amortised cost of purchase and which were overdue as of the balance sheet date, because, in the opinion of Helaba, there has been no material change in the rating of the debtors and because it is expected that the outstanding amounts will indeed be repaid.

A financial asset is classified as overdue if the party to the agreement fails to make the contractually agreed payments attributable to the financial instrument on time and if this is the reason why an automatic reminder procedure has been initiated. In this respect, it is sufficient if certain contractually agreed part payments (interest or part repayments) are overdue.

The following table breaks down the receivables which are not impaired but which are overdue as of the balance sheet date, as well as the security which has been provided for these receivables:

in € m

	Overdue by ≤ 1 month	Overdue > 1 month ≤ 3 months	Overdue > 3 months ≤ 1 year	Overdue > 1 year	Total	Fair value of securities
Loans and advances to customers (LaR)	255	222	119	208	804	297
Trade accounts receivable (LaR)	2	1	1	–	4	–
Total	**257**	**223**	**120**	**208**	**808**	**297**

The following amounts are applicable as of 31 December 2009:

in € m

	Overdue by ≤ 1 month	Overdue > 1 month ≤ 3 months	Overdue > 3 months ≤ 1 year	Overdue > 1 year	Total	Fair value of securities
Loans and advances to customers (LaR)	295	77	78	52	502	336
Trade accounts receivable (LaR)	8	8	8	4	28	–
Total	**303**	**85**	**86**	**56**	**530**	**336**

Trade accounts receivable, which are shown under the balance sheet item "Other assets", are mainly attributable to real estate project management and residential construction business.

In order to secure its loans, the Helaba Group in particular holds property charges in relation to real estate, guarantees and warranties as well as securities. Standard security agreements for the sector are also used. The estimated fair values of the securities are based on the valuation of the securities which, depending on the particular type and volume of loan, are constantly monitored and updated in accordance with the credit guidelines.

The following table shows the carrying amounts of receivables in the LaR category which have been impaired by the creation of individual allowances or global individual allowances. The table also shows the gross carrying amounts before impairment of available-for-sale financial assets.

in € m

	Carrying amount before impairment		Amount of impairment		Carrying amount after impairment		Fair value of security for impaired financial instruments	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Loans and advances to banks (LaR)	9	25	1	15	8	10	–	–
Loans and advances to customers (LaR)	2,305	2,223	1,004	927	1,301	1,296	747	947
Financial assets (AfS)	538	441	149	142	389	299	–	–
Total	**2,852**	**2,689**	**1,154**	**1,084**	**1,698**	**1,605**	**747**	**947**

With the exception of loans and advances to banks and loans and advances to customers, the maximum credit risk in accordance with IFRS 7.36 (a) as of the closing date is equivalent to the carrying amount of the financial assets as detailed under Note (63) plus the contingent liabilities and irrevocable loan commitments in accordance with Note (70). For loans and advances to banks and loans and advances to customers, the maximum credit risk is equivalent to the carrying amount less the impairments in relation to receivables (see Note (37)). These are amounts which do not take account of securities or other agreements which reduce risk.

As part of the process of selling collateral in connection with real estate financing in the USA, properties with a carrying amount of € 21 m were contributed to property companies in the year under review. Work has started on selling on the property. The right relating to land acquired in the previous year (€ 18 m) was exercised in the year under review. The acquired land had been sold on as of 31 December 2010.

For further information with regard to credit risks, please refer to the opportunity and risk report, which is an integral part of the management report.

Off-Balance-Sheet Business and Obligations

(70) Contingent Obligations and Other Off-Balance-Sheet Obligations

The contingent and other obligations of the Helaba Group are mainly potential future liabilities of the Group which are attributable to the guarantees which have been provided and also to the credit lines which have been granted to customers but which have not yet been drawn down. The figures which are shown reflect possible obligations from the assumption of complete utilisation of extended credit lines and also on the assumption of the guarantees being utilised. The provisions for off-balance-sheet obligations have been deducted from the figures.

in € m

	31.12.2010	31.12.2009 [1)]
Contingent liabilities	**5,581**	**5,789**
Liabilities arising from guarantees and warranty agreements	5,581	5,789
Other obligations	**20,418**	**22,407**
Placing and acceptance obligations	2,729	3,023
Irrevocable loan commitments	17,439	19,141
Obligations to provide further capital	56	15
Contribution obligations	157	181
Contractual obligations for acquisition of property, plant and equipment, intangible assets and other assets	15	37
Contractual obligations in connection with investment properties	17	9
Other obligations	5	1
Total	**25,999**	**28,195**

[1)] Previous year figures adjusted.

On the balance sheet date, € 153 m of the contribution obligations was attributable to 23 commercial partnerships and € 4 m was attributable to two corporations. There were no contribution obligations due to affiliated companies.

The Bank is also jointly liable for discharging obligations to pay further capital of third parties who are members of the German Savings Bank Association (DSGV). If a claim is made against a former owner of DekaBank within the framework of the statutory guarantee regulations (grandfathering) in accordance with the Brussels Accord I, Helaba is obliged to provide pro-rata internal liability compensation.

The Bank holds an interest as a shareholder with unlimited liability in GLB GmbH & Co. OHG, Frankfurt am Main.

The Bank is involved in the deposit guarantee schemes of the German Sparkassen organisation via its membership of the security reserve of the Landesbanken and Girozentrale in Germany. Frankfurter Sparkasse AG is a member of the Sparkassen Support Fund of the Savings Bank and Giro Association Hesse-Thuringia. These security guarantee schemes have the effect of guaranteeing the institution, i.e. their purpose is to protect the continued existence of the affiliated institutions. There are margin call obligations if protection has to be provided.

Helaba and Frankfurter Sparkasse are also a part of the Reserve Fund of the Savings Bank and Giro Association Hesse-Thuringia. This guarantees additional protection on top of the existing security facilities, and provides not only institution protection but also creditor protection. Amounts are successively paid into the fund by Landesbank Hessen-Thüringen and the Sparkassen until 0.5 % of the calculation base has been attained (risk assets of the institutions). The commitment of each institution is established on the basis of risk, taking into account bonus and penalty factors. The Savings Bank and Giro Association Hesse-Thuringia will be liable to make up the relevant shortfall should the fund be required before such time as the full amount has been contributed.

Certain banks affiliated with the Group have additional obligations as members of deposit protection schemes in accordance with the provisions applicable to such arrangements.

If LBS Immobilien GmbH or OFB Projektentwicklung GmbH become insolvent, Helaba has agreed to bear the amounts of compensation for the relevant additional benefits fund.

If two hidden deposits with an unlimited term are repaid, there would be – as in the previous year – an additional payment liability of € 205 m.

(71) Letters of Comfort

Company	Registered offices
Grundstücksgesellschaft Gateway Gardens GmbH	Frankfurt am Main
Grundstücksgesellschaft Westhafen GmbH	Frankfurt am Main
HLL Campus Dreieich GmbH & Co. KG	Frankfurt am Main
Zweite Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG	Hofgeismar

(72) Volume of Managed Funds

The investment assets managed by Helaba Invest Kapitalanlagegesellschaft mbH and LB(Swiss) Investment AG are broken down as follows:

in € m

	31.12.2010	31.12.2009
Public funds 58 (2009: 58)	3,699	2,813
Special funds 227 (2009: 231)	64,267	52,769
Total	**67,966**	**55,582**

(73) Trust Business

in € m

	31.12.2010	31.12.2009
Trust assets	**1,226**	**3,249**
Loans and advances to banks	293	429
Loans and advances to customers	653	696
Investments	66	2,114
Other assets	214	10
Trust liabilities	**1,226**	**3,249**
Liabilities due to banks	9	11
Liabilities due to customers	906	3,192
Other liabilities	311	46

Of the figure shown for trust business, € 1.2 bn (2009: € 1.4 bn) comprises funding of the Federal Government, the Federal State of Hesse and of the KfW provided in the form of trustee loans, trust funds invested with other credit institutions as well as shareholdings managed for private investors. In addition, last year equity rights of € 1.9 bn were managed in trust as a service for various investors in the leasing and fund business of the HANNOVER LEASING Group. With regard to the change in the consolidation group, please refer to Note (2).

Other Disclosures

(74) Information Concerning Leasing

Leases where the Helaba Group is the lessor

in € m

	31.12.2010	31.12.2009
Gross investment value	**11**	**390**
Less than one year	1	76
More than one year and less than five years	4	156
More than five years	6	158
thereof: Unguaranteed residual values	**–**	**48**
Unrealised financial income	**–2**	**–95**
Net investment value	**9**	**295**
Less than one year	1	51
More than one year and less than five years	3	112
More than five years	5	132

The gross investment value is equivalent to the sum of the minimum leasing payments from the finance lease and the non-guaranteed residual values to which the lessor is entitled. The minimum leasing payments include the guaranteed residual values to be paid by the lessee. The unrealised financial income corresponds to the difference between the gross investment value and the net investment value.

In the previous year, finance leases were attributable mainly to business conducted by HANNOVER LEASING, and mainly relate to real estate, rolling stock, trucks, fitness equipment and other mobile assets. With regard to the change in the consolidation group, please refer to Note (2). There are no cumulative impairments for finance leases (2009: € 1 m). In the year under review, rent payments of € 4 m due to finance leases were recognised as income (2009: € 2 m).

The following minimum leasing payments are expected in the course of the next few years from operating leases which cannot be terminated:

in € m

	31.12.2010	31.12.2009 [1)]
Less than one year	92	273
More than one year and less than five years	151	569
More than five years	115	239
Total	**358**	**1,081**

[1)] Previous year figures adjusted, see also Note (1).

The operating leases mainly comprise subtenancy agreements for buildings which have been leased as well as tenancy agreements from letting own land and buildings. In the year under review, rent payments of € 1 m due to operating leases were recognised as income (2009: € 0 m).

Leases where the Group is the lessee

In the figure shown for general administrative expenses, € 43 m (2009: € 60 m) is attributable to payments for operating leases in which Helaba is the lessee. This mainly relates to land and buildings as well as operating and business equipment.

The leased properties are mainly office buildings used for banking operations, unless they are subject to different commercial use as part of subtenancy arrangements. The tenancy agreements have fixed terms with current residual terms of up to 13 years. Price adjustment clauses exist in various forms; no contingent rental payments have been agreed.

The following minimum leasing payments are expected in the course of the next few years from operating leases which cannot be terminated:

in € m

	31.12.2010	31.12.2009 [1)]
Less than one year	44	65
More than one year and less than five years	153	213
More than five years	187	252
Total	**384**	**530**

[1)] Previous year figures adjusted, see also Note (1).

As of the balance sheet date, future minimum rental payments of € 49 m are expected from subtenancy arrangements which cannot be terminated (2009: € 72 m). In the year under review, a figure of € 17 m was received from subtenancy arrangements (2009: € 23 m); this figure is shown under other operating income.

In fiscal 2010, there were no finance leases with the Helaba Group as a lessee.

(75) Information Concerning Equity Management and Regulatory Ratios

Equity management at the Helaba Group comprises the planning of regulatory own funds as part of the planning process, the allocation of own funds, monitoring of the development of risk positions and compliance with capital limits, monitoring and determining the plausibility of the remaining capital cushion as well as the recognition of a theoretical cost of capital rate as part of the direct costing method. The aim of equity management is to allocate shareholders' equity over the various divisions of the Group, with due consideration being given to risk and return aspects, and also in line with the need to comply with regulatory requirements concerning capital backing.

The regulatory own funds of the Helaba Group are determined in accordance with Sections 10 and 10a KWG. Accordingly, the Helaba Group must maintain adequate own funds in order to comply with its obligations to its creditors.

The Solvency Ordinance requires institutions to quantify their counterparty default risks, their market risks and the operational risk and to back these risks with own funds.

In accordance with the Solvency Ordinance, the regulatory own funds of the Helaba Group consist of core capital, supplementary capital and tier-III funds, and are broken down as follows as of the reporting deadline 31 December 2010:

in € m

	31.12.2010	31.12.2009
Ordinary capital	477	477
Other capital	2,973	2,973
Open reserves and consolidation effects	1,901	1,810
Special item for general banking risks in accordance with Section 340g HGB	428	427
Deductions in accordance with Section 10 (2a) KWG	–31	–57
Core capital	**5,748**	**5,630**
Capital in accordance with Section 10 (5) KWG	729	749
Longer-term subordinate liabilities	2,319	2,373
Other components and consolidation effects	–12	–55
Supplementary capital	**3,036**	**3,067**
Deductions in accordance with Section 10 (6) and (6a) KWG	–550	–427
Liable equity	**8,234**	**8,270**
Utilised available tier-III capital	–	–
Own funds, total	**8,234**	**8,270**

With the adoption of the financial statements for 2010, the regulatory own funds are strengthened by the addition to the special reserve in accordance with Section 340f HGB, the creation of impairments and additions to the reserves.

The following capital requirements and ratios are applicable as of the balance sheet reference date:

in € m

	31.12.2010	31.12.2009
Counterparty default risks	3,941	4,196
Market risks	388	506
Operational risks	245	203
Capital requirements	**4,574**	**4,905**
Core capital ratio	9.6 %	8.8 %
Total ratio	14.4 %	13.5 %

The core capital ratios and equity ratios comply with the target ratios formulated by Helaba as part of its capital planning process. The regulatory requirements regarding capital backing have been met.

(76) Transactions with Related Parties

In the course of the ordinary business operations of the Helaba Group, transactions with parties deemed to be related in accordance with IAS 24 have been conducted on an arm's length basis. The following information relates to the transactions with the non-consolidated affiliated companies, with associated companies and equity participations in joint ventures of the Helaba Group, the Savings Bank and Giro Association Hesse-Thuringia and the Federal State of Hesse and the Free State of Thuringia as the shareholders as well as the subsidiaries of the Savings Bank and Giro Association Hesse-Thuringia. The information relating to the persons in key positions of the Helaba Group and the Savings Bank and Giro Association Hesse-Thuringia defined in accordance with IAS 24, including their close family relations as well as companies controlled by these persons, is also included in the following.

The following receivables and liabilities as well as off-balance-sheet obligations of the Helaba Group existed with regard to related parties as of 31 December 2010:

in € m

	31.12.2010	31.12.2009
Loans and advances to banks	**5**	**121**
Participations in joint ventures and associated companies	5	5
Shareholders of Helaba	–	116
Loans and advances to customers	**1,591**	**1,801**
Non-consolidated subsidiaries	16	251
Participations in joint ventures and associated companies	453	564
Shareholders of Helaba	1,051	911
Other related parties	71	75
Assets held for trading	**424**	**278**
Non-consolidated subsidiaries	–	12
Participations in joint ventures and associated companies	15	3
Shareholders of Helaba	409	263
Other assets	**–**	**5**
Non-consolidated subsidiaries	–	1
Participations in joint ventures and associated companies	–	2
Shareholders of Helaba	–	2
Liabilities due to banks	**6**	**219**
Participations in joint ventures and associated companies	6	219
Liabilities due to customers	**92**	**99**
Non-consolidated subsidiaries	10	7
Participations in joint ventures and associated companies	21	37
Shareholders of Helaba	47	41
Other related parties	14	14
Liabilities held for trading	**75**	**175**
Non-consolidated subsidiaries	8	12
Participations in joint ventures and associated companies	1	2
Shareholders of Helaba	66	161
Other liabilities	**1**	**10**
Non-consolidated subsidiaries	1	–
Participations in joint ventures and associated companies	–	1
Shareholders of Helaba	–	9
Contingent liabilities	**345**	**531**
Non-consolidated subsidiaries	1	79
Participations in joint ventures and associated companies	161	208
Shareholders of Helaba	114	58
Other related parties	69	186

There are no impairments for capitalised receivables due from related parties. As was the case in 2009, no loans were derecognised, nor were there any waivers of loans, in 2010.

The transactions with related parties which are not shown as receivables, deposits or liabilities mainly comprise purchases and sales of securities and investment fund units as well as the business of placing closed funds operated by a subsidiary. The resultant income and expenses are only of minor significance (in total: less than € 1 m).

Receivables due from other related parties comprise loans of € 0.2 m extended to members of the Board of Managing Directors (2009: € 0.9 m) and loans of € 2 m extended to members of the Supervisory Board (2009: € 2 m).

The emoluments of the Board of Managing Directors and of the Supervisory Board of Helaba in 2010 are broken down as follows:

in € m

	31.12.2010	31.12.2009
Short-term benefits	6	4
Post-employment benefits	3	4
Other long-term benefits	–	–
Benefits due to termination of employment	–	–

(77) Auditors’ Fees

The following fees for services rendered by Group companies of PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft were invoiced for the financial year:

in € m

	31.12.2010	31.12.2009
Audit fees	5	5
Other services	1	1
Total	**6**	**6**

(78) Information Concerning Employees

Average number of staff during the year

	Female		Male		Total	
	2010	2009	2010	2009	2010	2009
Bank	980	961	1,425	1,408	2,405	2,369
WIBank	214	124	176	121	390	245
Landesbausparkasse	181	190	140	142	321	332
Overall bank	**1,375**	**1,275**	**1,741**	**1,671**	**3,116**	**2,946**
Group subsidiaries	1,564	1,497	1,500	1,447	3,064	2,944
Group	**2,939**	**2,772**	**3,241**	**3,118**	**6,180**	**5,890**

(79) Members of the Supervisory Board

Gerhard Grandke
Executive President
of the Savings Bank and Giro
Association Hesse-Thuringia
Frankfurt am Main/Erfurt
– Chairman –

Dr. Werner Henning
Chief Administrative Officer
County District of Eichsfeld
Heiligenstadt
– First Vice-Chairman –

Karlheinz Weimar
Member of the State Parliament
of Hesse
Wiesbaden
– Second Vice-Chairman –

Dieter Mehlich
Chairman of the Board of
Managing Directors
Kasseler Sparkasse
Kassel
Third Vice-Chairman
– until 31.12.2010 –

Hans Adler
Chairman of the Board of
Managing Directors
Sparkasse Starkenburg
Heppenheim
– until 30.04.2010 –

Prof. Dr. h.c. Ludwig G. Braun
Chairman of the
Management Board
B. Braun Melsungen AG
Melsungen

Bernd Fickler
Chairman of the Board of
Managing Directors
Kreissparkasse Groß-Gerau
Groß-Gerau
– since 01.05.2010 –

Robert Fischbach
Chief Administrative Officer
County District of
Marburg-Biedenkopf
Marburg

Martin Fischer
Chairman of the Board of
Managing Directors
Sparkasse Jena-Saale-Holzland
Jena

Stefan Gieltowski
Lord Mayor
City of Rüsselsheim
Rüsselsheim

Stefan Lauer
Member of the Management Board
Deutsche Lufthansa AG
Frankfurt am Main

Christoph Matschie
Minister
Minister of Education, Science
and Culture for the Federal State
of Thuringia
Erfurt

Gerhard Möller
Lord Mayor
City of Fulda
Fulda

Frank Nickel
Chairman of the Board of
Managing Directors
Sparkasse Werra-Meißner
Eschwege
– since 11.11.2010 –

Clemens Reif
Member of the State Parliament
of Hesse
Wiesbaden

Stefan Reuß
Chief Administrative Officer
County District of Werra-Meißner
Eschwege

Dr. h.c. Petra Roth
Lady Mayoress
City of Frankfurt am Main
Frankfurt am Main

Thorsten Schäfer-Gümbel
Member of the State Parliament
of Hesse
Wiesbaden

Dr. Bernd Scheifele
Chairman of the Management
Board
HeidelbergCement
Heidelberg

Wolfgang Schuster
Chief Administrative Officer
County District of Lahn-Dill
Wetzlar

Dr. Rainer Spaeth
Secretary of State
Thuringian Ministry of Finance
Erfurt

Dr. Norbert Vornehm
Lord Mayor
City of Gera
Gera

Dr. Manfred Wagner
Chairman of the Board of
Managing Directors
Sparkasse Bad Hersfeld-Rotenburg
Bad Hersfeld
– until 31.10.2010 –

Alfred Weber
Chairman of the Board of
Managing Directors
Kreissparkasse Saalfeld-Rudolstadt
Saalfeld

Stephan Ziegler
Chairman of the Board of
Managing Directors
Nassauische Sparkasse
Wiesbaden

Ulrich Zinn
Chairman of the Board of
Managing Directors
Sparkasse Grünberg
Grünberg

Staff representatives:

Wilfried Abt
Department Director
Frankfurt am Main
– Fourth Vice-Chairman –

Dr. Robert Becker
Senior Vice President
New York

Nicole Brandt
Bank Officer
Kassel

Wilfried Carl
Deputy
Department Director
Kassel

Thorsten Derlitzki
Bank Officer
Frankfurt am Main

Gabriele Fuchs
Bank Officer
Frankfurt am Main

Anke Glombik
Senior Bank Executive
Erfurt

Susanne Noll
Bank Officer
Frankfurt am Main

Hans Peschka
Deputy
Department Director
Frankfurt am Main

Erich Roth
Bank Officer
Frankfurt am Main

Birgit Sahliger-Rasper
Bank Officer
Frankfurt am Main

Wolf-Dieter Tesch
Department Director
Frankfurt am Main

(80) Credit Committee of the Supervisory Board

Gerhard Grandke
Executive President
of the Savings Bank and Giro
Association Hesse-Thuringia
Frankfurt am Main/Erfurt
– Chairman –

Dr. Werner Henning
Chief Administrative Officer
County District of Eichsfeld
Heiligenstadt
– Vice-Chairman –

Wilfried Abt
Department Director
Landesbank Hessen-Thüringen
Girozentrale
Frankfurt am Main

Martin Fischer
Chairman of the Board of
Managing Directors
Sparkasse Jena-Saale-Holzland
Jena

Claus Kaminsky
Lord Mayor
City of Hanau
Hanau

Frank Lortz
Member of the State Parliament
of Hesse
Wiesbaden

Dieter Mehlich
Chairman of the Board of
Managing Directors
Kasseler Sparkasse
Kassel
– until 31.12.2010 –

Gerhard Möller
Lord Mayor
City of Fulda
Fulda

Dirk Pfeil
Honorary Consul General
Management consultant
Frankfurt am Main

Clemens Reif
Member of the State Parliament
of Hesse
Wiesbaden

Fritz Schröter
Member of the State Parliament
of Thuringia
Erfurt
– since 19.03.2010 –

Wolfgang Wehner
Erfurt
– until 14.03.2010 –

Ulrich Zinn
Chairman of the Board of
Managing Directors
Sparkasse Grünberg
Grünberg

(81) Accounts Audit Committee of the Supervisory Board

Gerhard Grandke
Executive President
Of the Savings Bank and Giro
Association Hesse-Thuringia
Frankfurt am Main/Erfurt
– Chairman –

Stephan Ziegler
Chairman of the Board of
Managing Directors
Nassauische Sparkasse
Wiesbaden
– First Vice-Chairman –

Hans Peschka
Deputy Department Director
Landesbank Hessen-Thüringen
Girozentrale
Frankfurt am Main
– Second Vice-Chairman –

Hans Adler
Chairman of the Board of
Managing Directors
Sparkasse Starkenburg
Heppenheim
– until 30. 04. 2010 –

Dr. Robert Becker
Senior Vice President
Landesbank Hessen-Thüringen
Girozentrale
New York

Wilfried Carl
Deputy Department Director
Landesbank Hessen-Thüringen
Girozentrale
Kassel

Bernd Fickler
Chairman of the Board of
Managing Directors
Kreissparkasse Groß-Gerau
Groß-Gerau
– since 01. 12. 2010 –

Dr. Werner Henning
Chief Administrative Officer
County District of Eichsfeld
Heiligenstadt

Dr. Rainer Spaeth
Secretary of State
Thuringian Ministry of Finance
Erfurt

Karlheinz Weimar
Member of the State Parliament
of Hesse
Wiesbaden

In line with its authorised powers, the Supervisory Board also delegated tasks to a Personnel Committee, Building Committee and Investment Committee.

(82) Members of the Board of Managing Directors

Hans-Dieter Brenner
Chairman

Johann Berger
Deputy Chairman

Klaus-Dieter Gröb

Dr. Detlef Hosemann

Rainer Krick

Gerrit Raupach

Dr. Norbert Schraad

(83) Positions on Supervisory Boards and Other Executive Bodies

Mandates held by the members of the Board of Managing Directors

Holder of mandate	Corporation	Function
Hans-Dieter Brenner	DekaBank Deutsche Girozentrale, Frankfurt am Main	Member
	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	President
	Frankfurter Sparkasse, Frankfurt am Main	Chairman
	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	Member
Johann Berger	GWH Immobilien Holding GmbH, Frankfurt am Main	Chairman
Klaus-Dieter Gröb	DekaBank Deutsche Girozentrale, Frankfurt am Main	Member
	Frankfurter Sparkasse, Frankfurt am Main	First Deputy Chairman
	Thüringer Aufbaubank, Erfurt	Member
Dr. Detlef Hosemann	Frankfurter Sparkasse, Frankfurt am Main	Member
	GWH Immobilien Holding GmbH, Frankfurt am Main	Deputy Chairman
Rainer Krick	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Deputy Chairman
	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	Member
	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin, Ireland (until 31 December 2010)	Member
	Helaba International Finance plc, Dublin, Ireland (until 31 December 2010)	Chairman
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Deputy Chairman
Gerrit Raupach	Deutsche WertpapierService Bank AG, Frankfurt am Main	Member
	Frankfurter Sparkasse, Frankfurt am Main	Member
Dr. Norbert Schraad	Bundesdruckerei GmbH, Berlin	Member

Mandates of other employees

Holder of mandate	Corporation	Function
Hartmut Bieneck	Bürgschaftsbank Thüringen GmbH, Erfurt	Member
Bruno Döbeli	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Deputy Chairman
Dr. Winfried Franke	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland (until 31 December 2010)	Member
Herbert Hans Grüntker	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	Member
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Chairman
Jörg Hartmann	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	Member
Dr. Herbert Hirschler	Bürgschaftsbank Hessen GmbH, Wiesbaden	Member
Jürgen Hofer	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member
Dieter Kasten	GWH Immobilien Holding GmbH, Frankfurt am Main	Member
Dr. Ulrich Kirchhoff	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member
Claudio Miguel Lagemann	Pirelli Deutschland GmbH, Höchst	Member
Holger Mai	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Chairman
Dr. Ulrich Pähler	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin, Ireland	Chairman
	Helaba International Finance plc, Dublin, Ireland	Member
Lothar Steinborn-Reetz	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin, Ireland	Member
	Helaba International Finance plc, Dublin, Ireland	Member

(84) List of Shareholdings of Landesbank Hessen-Thüringen Girozentrale as per Section 315a in Conjunction with Section 313 (2) HGB

Fully consolidated subsidiaries

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand	
1	1822direkt Gesellschaft der Frankfurter Sparkasse mbH, Frankfurt am Main	100.00			7.1	0	1)
2	AGENORAS Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	89.80			–0.4	–236	2)
3	Arosa Finance Limited, Dublin, Ireland	0.00			0.0	0	3)
4	Bankservicegesellschaft Rhein-Main mbH, Kriftel	100.00			0.0	257	
5	BGT Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH & Co. KG für Citybauten, Frankfurt am Main	100.00	100.00		78.4	–850	2)
6	BHT Baugrund Hessen-Thüringen GmbH, Kassel	100.00			0.0	0	1), 4)
7	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt FBM Freizeitbad Mühlhausen KG, Frankfurt am Main	100.00	100.00		6.3	797	2)
8	CAMPANULA Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	0.00			0.0	–600	3)
9	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89			36.2	1,653	
10	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	100.00			0.1	198	2)
11	Erste Veritas Frankfurt GmbH & Co. KG, Kriftel	100.00			70.4	124	2)
12	Fachmarktzentrum Fulda GmbH & Co. KG, Frankfurt am Main	100.00			–0.9	–290	
13	Fellnerstraße 5 GmbH & Co. KG, Frankfurt am Main	100.00			–0.1	–122	2)
14	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00			24.0	1,357	
15	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00	100.00		105.6	8,174	
16	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		725.7	40,000	
17	FRAWO Frankfurter Wohnungs- und Siedlungs-Gesellschaft mbH, Frankfurt am Main	100.00			0.2	0	1)
18	G+S Bauen und Wohnen GmbH, Frankfurt am Main	100.00			2.6	11	
19	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	100.00			6.8	418	
20	GGM Gesellschaft für Gebäude-Management mbH, Erfurt	100.00			0.3	0	1), 4)
21	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00			0.3	0	1), 4)
22	Grundstücksgesellschaft Limes-Haus Schwalbach II GbR, Frankfurt am Main	100.00			0.0	–20	
23	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH & Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100.00			0.0	–1,607	2)
24	Grundstücksverwaltungsgesellschaft Kaiserlei mbH, Frankfurt am Main	100.00			0.1	16	
25	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00	5.10		51.9	4,041	
26	GWH Gemeinnützige Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	100.00			350.7	43,397	
27	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		949.9	0	1)

Fully consolidated subsidiaries

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand	
28	Hafenbogen GmbH & Co. KG, Frankfurt am Main	100.00	100.00		4.9	−483	2)
29	HANNOVER LEASING Private Invest Beteiligungs GmbH, Pullach	100.00			40.0	422	3)
30	HANNOVER LEASING Private Invest II GmbH & Co. KG, Pullach	91.25			51.7	−1,623	3)
31	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	54.50			50.2	−1,419	3)
32	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00			0.0	−120	2)
33	Haus am Zentralen Platz GmbH & Co. KG, Frankfurt am Main	100.00	100.00		5.0	117	2)
34	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin, Ireland	100.00	100.00		125.0	9,247	
35	Helaba International Finance plc, Dublin, Ireland	100.00	100.00		5.0	174	
36	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	100.00		13.0	0	1)
37	HeWiPPP II GmbH & Co. KG, Frankfurt am Main	100.00			2.5	50	2)
38	Horrido-Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs OHG, Mainz	95.00	95.00	24.00	−16.0	1,661	3)
39	IHB Investitions- und Handels-Aktiengesellschaft, Frankfurt am Main	100.00	100.00		3.5	165	
40	IKT Westhafen GmbH & Co. KG, Frankfurt am Main	100.00			−0.2	24	2)
41	LB(Swiss) Investment AG, Zurich, Switzerland	100.00			7.1	1,384	
42	LHT MSIP, LLC, Wilmington, USA	100.00			5.2	0	
43	LHT Power Three LLC, Wilmington, USA	100.00	100.00		0.7	0	
44	LHT TCW, LLC, Wilmington, USA	100.00			15.4	0	
45	LHT TPF II, LLC, Wilmington, USA	100.00			17.7	0	
46	Magnolia GmbH & Co. KG, Frankfurt am Main	100.00			0.8	−15	2)
47	Main Capital Funding II Limited Partnership, St. Helier, Jersey	0.00			0.0	139	3)
48	Main Capital Funding Limited Partnership, St. Helier, Jersey	0.00			0.0	51	3)
49	MAVEST Vertriebsgesellschaft mbH, Frankfurt am Main	100.00			0.0	0	1)
50	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	74.59			3.7	585	
51	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	90.70			16.3	1,136	
52	NVZ Teltow GmbH, Berlin	100.00			0.3	1,019	
53	OFB Beteiligungen GmbH, Frankfurt am Main	100.00			4.9	217	
54	OFB Projektentwicklung GmbH, Frankfurt am Main	100.00	100.00		1.1	0	1), 4)
55	OPUSALPHA FUNDING LTD Dublin, Ireland	0.00			0.0	0	3)
56	OPUSALPHA PURCHASER LTD Dublin, Ireland	0.00			0.0	0	3)
57	Palladium Praha s.r.o., Prague, Czech Republic	83.00			−92.6	−84,502	3)
58	Palladium SC GmbH & Co. Beteiligungs KG, Pullach	0.00			−2.3	−2,118	3)
59	Projektgesellschaft formerly JVA Erfurt mbH & Co. KG, Erfurt	100.00			0.1	−16	2)
60	Projektgesellschaft Gesundheitszentrum Frauengasse – Jena mbH & Co. KG, Frankfurt am Main	100.00			0.0	−2	2)

Fully consolidated subsidiaries

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand	
61	PVG GmbH, Frankfurt am Main	100.00	100.00		0.5	–679	
62	Schlossgalerie Eschwege GmbH & Co. KG, Frankfurt am Main	100.00			0.1	0	
63	STRATUS Verwaltungsgesellschaft mbH, Pullach	94.80			0.0	–114	3)
64	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.0	–2	
65	VANESSA Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	0.00			0.0	–806	3)
66	Vermögensverwaltung "Emaillierwerk" GmbH, Fulda	100.00			0.5	29	
67	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00			0.3	0	1)
68	Westhafen Tower GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	90.00			–0.5	–2	2)
69	Westhafenkontor GmbH & Co. KG, Frankfurt am Main	100.00			0.0	41	2)

No.	Securities special funds according to InvG	Capital holding in % Total	thereof: Direct		Fund volume in € m		
70	HI A-FSP Fonds	100.00			141.1		3)
71	HI C-FSP Fonds	100.00			125.5		3)
72	HI FBI Fonds	100.00			133.1		3)
73	HI FBP Fonds	100.00			92.7		3)
74	HI FSP Fonds	100.00			154.0		3)
75	HI H-FSP Fonds	100.00			133.7		3)
76	HI-Balanced 40	100.00			4.9		3), 5), 6)
77	HI-HT-KOMP-Fonds	100.00			8.6		3), 7)
78	HI-LBS 2-FONDS	100.00	100.00		49.3		3), 7)
79	HI-LBS 4-FONDS	100.00	100.00		49.8		3), 7)
80	HI-LBS 5-FONDS	100.00	100.00		42.5		3), 7)
81	HI-LBS 6-FONDS	100.00	100.00		48.7		3), 7)
82	HI-LBS-FONDS I	100.00	100.00		48.2		3), 7)
83	HI-RENTPLUS-FONDS	100.00	100.00		373.8		3), 7)
84	HI-TURBO-FONDS	100.00	100.00		760.9		3), 7)

The following joint ventures as well as associated companies have also been accounted for using the equity method:

Joint ventures accounted for using the equity method

		Holding in % as per Section 16 (4) AktG		Voting rights if different from capital holding	Shareholders' equity	Result
No.	Name and location of the company	Total	thereof: Direct	%	in € m	in € thousand
85	BS Projektverwaltung GmbH, Frankfurt am Main	50.00			0.0	0
86	CP Campus Projekte GmbH, Frankfurt am Main	50.00			0.0	0
87	G&O Alpha Hotelentwicklung GmbH, Eschborn	50.00			0.1	–2
88	G&O Alpha Projektentwicklungs-GmbH & Co. KG, Eschborn	50.00			0.0	–36
89	G&O Alpha Verwaltungsgesellschaft mbH, Eschborn	50.00			0.0	9
90	G&O Baufeld Alpha 2. BA GmbH & Co. KG, Eschborn	50.00			0.1	8
91	G&O Gateway Gardens Erste GmbH & Co. KG, Frankfurt am Main	50.00			0.3	1,687
92	G&O Gateway Gardens Dritte GmbH & Co. KG, Eschborn	50.00			0.0	n. a.
93	G&O Gateway Gardens Zweite GmbH & Co. KG, Eschborn	50.00			0.0	n. a.
94	gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	75.00			–0.7	–268
95	gatelands Verwaltungs GmbH, Schönefeld	75.00			0.0	0
96	GOB Dritte E&A Grundbesitz GmbH, Eschborn	47.00			–1.1	–322
97	GOB Projektentwicklung E & A GmbH & Co. Vierte Rhein-Main KG, Eschborn	55.00			–0.5	–559
98	GOB Werfthaus GmbH & Co. KG, Eschborn	50.00			0.1	4,376
99	Multi Park Mönchhof GmbH & Co. KG, Walldorf	50.00			2.9	–32
100	Projektentwicklung BS GmbH & Co. KG, Frankfurt am Main	50.00			–0.4	–427
101	SKYGARDEN Arnulfpark GmbH & Co. KG, Grünwald	50.00			3.4	–460
102	Westhafen Haus GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	50.00			–0.3	0
103	Westhafen-Gelände Frankfurt am Main GbR, Frankfurt am Main	33.33			1.5	9

Associated companies accounted for using the equity method

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand	
104	CORPUS SIREO Holding GmbH & Co. KG, Cologne	25.00			75.4	–23,355	
105	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33			1.5	530	
106	HANNOVER LEASING GmbH & Co. KG, Pullach	44.79	44.79		19.8	–9,579	

Subsidiaries not included

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand	
107	AGENORAS Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00			0.4	5	
108	BGT-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	0	1)
109	BHT Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Bauhof Maintal KG, Frankfurt am Main	50.00	50.00	66.67	0.4	52	
110	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt GZH Gemeindezentrum Hünstetten KG, Frankfurt am Main	100.00	100.00		0.4	120	
111	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt MGK Marstall-Gebäude Kassel KG, Kassel	50.00	50.00	66.67	0.2	26	
112	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Sparkassenfiliale Seeheim-Jugenheim KG, Frankfurt am Main	100.00	100.00		0.8	102	
113	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt TFK II Tiefgarage Kassel 2. BA KG, Kassel	33.33	33.33	66.67	0.6	127	
114	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Frankfurt am Main	100.00	100.00		0.6	405	
115	Bürogebäude Darmstädter Landstraße GmbH & Co. KG, Frankfurt am Main	100.00	100.00		0.1	15	
116	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		5.4	48	
117	Div Deutsche Immobilienfonds Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00			0.1	0	1)
118	Dritte Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	100.00			0.0	3	
119	FAM-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.1	–7	
120	Franziskanerhof Bonn GmbH & Co. KG, Cologne	100.00			2.0	20	
121	Franziskanerhof Bonn Verwaltungsgesellschaft mbH, Cologne	100.00			0.0	0	
122	GIB Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.0	n. a.	

Subsidiaries not included

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand	
123	GIMPRO Beteiligungs- und Geschäftsführungsgesellschaft mbH, Frankfurt am Main	100.00			0.2	3	
124	Helaba Beteiligungs-Management-Gesellschaft mbH i.L., Frankfurt am Main	100.00	100.00		0.5	0	1)
125	Helaba Projektbeteiligungsgesellschaft für Immobilien mbH, Frankfurt am Main	100.00	100.00		0.9	89	
126	HTB Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	–17	
127	Innovationsfonds Hessen Beteiligungsgesellschaft mbH & Co. KG i. L., Frankfurt am Main	86.66	86.66		–0.2	–228	
128	Innovationsfonds Hessen-Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.1	–1	
129	KHR Hessengrund-Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Kulturhalle Rödermark KG, Frankfurt am Main	50.00	50.00	66.67	0.9	199	
130	LBS Immobilien GmbH, Frankfurt am Main	100.00	100.00		1.8	102	
131	NIBU Grundstücksverwaltungs GmbH & Co. KG, Frankfurt am Main	100.00	100.00		5.1	473	
132	NORMAN BERRY DRIVE LLC, Norcross, USA	100.00	100.00		2.0	–5	
133	Nötzli, Mai & Partner AG, Zurich, Switzerland	70.00			0.5	71	
134	Projektentwicklung Taunusstein GmbH & Co. KG, Frankfurt am Main	100.00			0.0	–1	
135	Projektgesellschaft Darmstadt Goethestraße 36 mbH, Frankfurt am Main	51.00			0.0	1	
136	Projektgesellschaft Darmstadt Goethestraße 36 mbH & Co. Bauträger KG, Frankfurt am Main	51.00			0.1	33	
137	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		6.0	0	
138	Second Millennium GmbH i. L., Frankfurt am Main	100.00	100.00		0.0	2	
139	S-Landesimmobilien GmbH, Erfurt	100.00			0.0	0	1)
140	TE Atlas GmbH i.L., Frankfurt am Main	100.00	100.00		0.0	1	
141	TE Atlas Holding Limited i.L., Pieta, Malta	100.00			0.0	–24	
142	TE Atlas Limited i.L., Pieta, Malta	100.00			0.0	–9	
143	TE Beta GmbH, Frankfurt am Main	100.00	100.00		0.3	110	
144	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH), Frankfurt am Main	66.66	66.66		4.0	–1,187	
145	TFK Hessengrund-Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Tiefgarage Friedrichsplatz Kassel KG, Kassel	33.33	33.33	66.67	0.9	119	
146	Unterstützungseinrichtung der Landesbank Hessen-Thüringen GmbH, Frankfurt am Main	100.00	100.00		0.0	0	

Joint ventures, not accounted for using the equity method

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand
147	AARON Grundstücksverwaltungsgesellschaft mbH, Oberursel	50.00	50.00		–0.7	–14
148	G&O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00			0.0	–1
149	GOB Projektentwicklungsgesellschaft E & A mbH, Eschborn	50.00			0.0	3
150	HELY Immobilien GmbH, Frankfurt am Main	50.00	50.00		0.0	0
151	HELY Immobilien GmbH & Co. Grundstücksgesellschaft KG, Frankfurt am Main	50.00	50.00		–4.6	–6,486
152	Hessen Kapital I GmbH, Frankfurt am Main	100.00	100.00		16.6	–1,128
153	Hessen Kapital II GmbH, Frankfurt am Main	100.00	100.00		2.6	–244
154	H/H-Capital Management GmbH i.L., Luxembourg, Luxembourg	50.00			7.6	–395
155	Marienbader Platz Projektentwicklungsgesellschaft mbH, Frankfurt am Main	50.00			0.1	5
156	Marienbader Platz Projektentwicklungsgesellschaft mbH & Co. Bad Homburg v.d.H. KG, Frankfurt am Main	50.00			0.3	61
157	Mittelhessenfonds GmbH, Frankfurt am Main	100.00	100.00		–0.4	–460
158	Multi Park Verwaltungs GmbH, Walldorf	50.00			0.0	–22
159	SKYGARDEN Arnulfpark Verwaltungs GmbH, Grünwald	50.00			0.0	–2

Associated companies not accounted for using the equity method

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand
160	HANNOVER LEASING Verwaltungsgesellschaft mbH, Pullach	44.79	44.79		0.0	2
161	Bürgschaftsbank Hessen GmbH, Wiesbaden	21.25	21.25		12.0	325
162	Bürgschaftsbank Thüringen GmbH, Erfurt	31.50	31.50		16.6	1,162
163	Cargo Immobilien GmbH & Co. Projekt 2 KG, Wiesbaden	25.00			–0.4	149
164	Cargo Immobilien GmbH & Co. Projekt 3 KG, Wiesbaden	25.00			0.0	53
165	Comtesse BTH Limited, London, United Kingdom	6.77	6.77		26.3	–252
166	CEREUS Verwaltungsgesellschaft mbH & Co Vermietungs KG, Pullach	33.33			2.8	–477
167	CORPUS SIREO Holding GmbH, Cologne	25.00			0.1	7
168	CPC Cellular Process Chemistry GmbH, Frankfurt am Main	33.33			0.0	–782
169	Dorotheenhöfe Grundstücks-GmbH & Co. KG, Berlin	30.00			0.9	23
170	Francilienne Investments I S.à.r.l., Luxembourg, Luxembourg	23.41			0.2	243
171	HaemoSys GmbH, Jena	38.33			–4.8	–524
172	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Wiesbaden	50.00	50.00		0.5	221
173	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	36.39	36.39		43.4	766
174	Liparit Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Benary Vermietungs KG, Mainz	21.62			–1.7	1,138

Associated companies not accounted for using the equity method

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG: Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand
175	Logistikzentrum Rodgau GmbH, Schönefeld	25.00			–0.8	134
176	MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Frankfurt am Main	32.52	32.52		6.3	180
177	MIG Immobiliengesellschaft mbH, Mainz	22.73	22.73		–6.7	–151
178	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.60	38.60		16.9	1,420
179	Riedemannweg 59–60 GbR, Berlin	32.00	32.00		–4.8	47
180	Rotunde – Besitz- und Betriebsgesellschaft der S-Finanzgruppe bR, Erfurt	60.00	60.00	33.00	0.2	–46
181	SAB-HPI Immobilien GmbH, Bad Homburg v. d. Höhe	49.04			0.1	–1
182	SDZ Sparkassen-DienstleistungsZentrum Nordhessen GmbH, Homberg/Efze	44.00	44.00		1.0	17
183	sys-T-matic Automations AG (insolvent), Schaafheim	30.00			n. a.	n. a.
184	Uknow GmbH, Heidenrod	25.09			–0.4	13
185	Vierte Airport Bureau-Center KG Airport Bureau Verwaltungs GmbH & Co., Berlin	31.98	31.98		–2.2	335
186	Vision Verpackungstechnik GmbH, Grünberg	25.14			–0.8	–483
187	VRMI Gesellschaft zur Verwertung von Rechten im Bereich der medizinischen Information mbH i.L., Friedrichsdorf	34.00			–4.9	2,379

Capital holdings of more than 20 %

No.	Name and location of the company	Holding in % as per Section 16 (4) AktG: Total	thereof: Direct	Voting rights if different from capital holding %	Shareholders' equity in € m	Result in € thousand
188	BIL Leasing GmbH & Co. Objekt Verwaltungsgebäude Halle KG, Munich	100,00		0,21	0,0	3
189	SDS Sparkassen-Dienstleistungs-Zentrum Südhessen GmbH, Darmstadt	25,10	25,10	10,00	1,4	143

[1] A profit and loss transfer agreement has been signed with the company.
[2] Section 264b HGB has been utilised with regard to the company's financial statements.
[3] The company is a special purpose vehicle.
[4] Section 264 (3) HGB has been utilised with regard to the company's financial statements.
[5] A public special fund in accordance with the InvG.
[6] Financial year end 30 November.
[7] Financial year end 31 January.
n.a.: No adopted financial statements available.

Declaration of the Statutory Representatives

"We hereby confirm that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that the Group management report details the development of business including the result of business and the position of the Group in such a way that an accurate picture of the actual circumstances is provided, and that the main risks and opportunities of the probable future development of the Group are described."

Frankfurt am Main/Erfurt, 29 March 2011

Landesbank Hessen-Thüringen Girozentrale

The Board of Managing Directors

Brenner	Berger	Gröb	Dr. Hosemann
Krick	Raupach	Dr. Schraad	

Copy of the Auditors' Report

"Auditor's Report
We have audited the consolidated financial statements prepared by the Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, comprising the balance sheet, the income statement and the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Frankfurt am Main, 29 March 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Burghardt	Wolfgang Weigel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)