Group Management Report and Consolidated Financial Statements of Landesbank Hessen-Thüringen Girozentrale 2011

Group Management Report

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Business and Background

Business of the Group / the Bank
In recent years, Landesbank Hessen-Thüringen (Helaba) has reported stable growth in operations and earnings, despite having to cope with the challenges posed by the financial and government debt crisis. 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, selected international presence and strong integration in the Sparkassen (savings banks) organisation
- A conservative risk profile in conjunction with effective risk management and sound capital and liquidity backing
- A strong base in customer business and close links with the real economy
- Largely no loan substitution business
- Long-term liquidity management
- Major importance of business with S-Group Sparkassen as well as public development and infrastructure business

The following are key aspects of the business model of Helaba: Its public sector legal form in conjunction with its strong integration in the Sparkassen (savings banks) organisation as well as its retention and expansion of its activities in S-Group and public sector development operations. The strategic business model of Helaba is thus based on the three segments Wholesale Business, Private Customers and SME Business and Public Development and Infrastructure Business. The business activities are conducted directly from the two bank headquarters in Frankfurt am Main and Erfurt as well as the domestic and foreign branches and representative offices; they are also conducted via subsidiaries and equity participations. The principle of group-wide divisionalisation is applicable for the Bank's structure organisation and management of operations.

Helaba concentrates its business in the "Wholesale Business" segment on the six core business units Real Estate, Corporate Finance, Financial Institutions and International Public Finance, Global Markets, Asset Management and Transaction Business. In terms of sales, Helaba employs a twin strategy, on the one hand with regard to product customers from the various product areas, and on the other with regard to all products by way of focusing customer sales on target customers in the field of multinational corporations, institutional clients as well as central, regional and local authorities and municipal enterprises. These activities are accompanied by the Bank's direct market presence via branches in the USA, UK and France and also, by way of international representative offices, in Madrid, Moscow and Shanghai.

In the "Private Customers and SME Business" segment, Helaba with its S-Group bank function is a central product supplier and services platform for the S-Group Sparkassen in Hesse and Thuringia. All products and customers in the joint business area are covered by the business model of the economic entity with the S-Group Sparkassen in line with the principles of division of labour. Via the legally dependent Landesbausparkasse Hessen-Thüringen, Helaba is the market leader in Bausparkassen business in both of these federal states. Frankfurter Sparkasse, a wholly-owned and fully consolidated subsidiary of Helaba with the legal form of a public-sector entity, is the leading retail bank in the region of Frankfurt am Main with more than 800,000 customers, and is also active in national direct bank operations with 1822direkt. Via Frankfurter Bankgesellschaft (Schweiz) AG and the latter's wholly-owned subsidiary Frankfurter Bankgesellschaft (Deutschland) AG, Helaba covers the range of products for Sparkassen in the segment of private banking, wealth management and asset management. Helaba has adopted the strategic objective of becoming a leading S-Group bank for Germany.

In the "Public Development and Infrastructure Business" segment, Helaba has been entrusted with administering public-sector development programs of the Federal State of Hesse via Wirtschafts- und Infrastrukturbank Hessen (WIBank) – as a legally dependent entity within Helaba. In line with the law of the European Union (EU), a direct statutory guarantee has been provided by the Federal State of Hesse for WIBank, which is exempt from corporation tax and trade tax. Helaba holds stakes in numerous other funding organisations in Hesse and Thuringia and particularly in guarantee banks and SME investments. Helaba has extended a subordinate loan of € 40 m to Thüringer Aufbaubank which is recognised as liable equity for regulatory purposes.

Owners, capital backing 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.

The silent participations of € 1.92 bn which were contributed by the Federal State of Hesse without any time restriction were converted into capital contributions with legal effect as of 30 December 2011; they satisfy all regulatory requirements for being recognised as Common Equity Tier I capital/CET 1 capital. The capital contributions enjoy equal rights with share capital for any participation in net income or net loss generated by the Bank.

In addition, the Sparkassen in Hesse and Thuringia have paid dated and undated silent participations of € 395 m as liable core capital to Helaba, and private and institutional investors have paid a corresponding amount of € 658 m as liable core capital to Helaba.

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 Corp. (S&P) have awarded Helaba the following ratings for liabilities which are not subject to the guarantor liability (as of 28 February 2012).

	Moody's	Fitch	S&P
Long-term (uncovered)	A1	A+*	A*
Short-term (uncovered)	P–1	F1+*	A–1*
Public Pfandbriefe	Aaa	AAA	AAA
Mortgage Pfandbriefe	–	AAA	–
Financial strength/viability rating	C–	a+*	–

* 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. Within the framework of the changes in rating methods implemented by the rating agencies in 2011, all ratings of Helaba were confirmed by Fitch and S&P; at Moody's, the uncovered long-term liabilities were rated as A1 (previously Aa2). In a market comparison carried out by the three rating agencies, Helaba continues to be one of the German credit institutions with the highest creditworthiness ratings. In mid-February 2012, Moody's announced a "review for downgrade" for more than 100 European credit institutions in consequence of the government debt crisis in the eurozone. At Helaba, this does not affect the short-term rating of "P–1" and the Pfandbrief rating; for long-term uncovered liabilities, a possible downgrade is limited to one notch.

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 success factor 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 scheme of institutions. Some requirements which essentially still have to be satisfied on a formal basis were implemented after the necessary process of integrating the relevant bodies has been completed. On 24 November 2011, the Supervisory Board of the Bank approved the "Principles for the recruitment, remuneration and benefits for employees of the Bank not covered by collective bargaining agreements". These principles are to be implemented within the framework of concluding a service agreement. The employees who, as a result of their function, have an influence on the overall risk profile, have been identified. For these employees, a deferral component had already been introduced after the final compensation for the financial year 2009; the final compensation figures for the financial year 2010 have been subject to the rules of the Bank Compensation Ordinance (Instituts-Vergütungsverordung). The Compensation Committee set up in 2010 has discussed the current compensation scheme of Helaba in several meetings; it has discussed the modifications envisaged as a result of the rules of the Bank Compensation Ordinance and made suggestions. Changes intended on the basis of the previous compensation schemes have been notified on a regular basis to the Personnel Committee of the Supervisory Board, to which the Supervisory Board had transferred responsibility for monitoring the compensation scheme.

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. In its business strategy, Helaba has undertaken to ensure a sustainable focus of its business operations, and has also given a commitment to strengthen its sustainability profile. With the MAIN TOWER, the main building of Helaba, and the Junghof property, two buildings at the Company's location in Frankfurt am Main have been certified in accordance with the standards of "Leadership in Energy and Environmental Design" (LEED) in 2011, and have thus received an award as environmentally-friendly and sustainable buildings which make efficient use of resources. 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
The German economy made a very dynamic start to 2011. Following strong growth in gross domestic product (GDP) in the first quarter, the following months saw a significant slow-down. As a result of the slow-down in the world economy and the exacerbation of the European debt crisis, economic output in the final quarter declined slightly. With price-adjusted growth of 3 %, 2011 was overall the second boom year in succession. This means that Germany has returned to the level seen before the financial crisis, and was able to report growth which was almost twice as high as the average for the eurozone. The strongest growth was reported for exports and fixed asset investment. The German export industry benefited from the still strong demand emanating particularly from the emerging countries. However, the US economy also proved to be robust despite occasional fears of recession, and generated GDP growth of almost 2 %. Private consumption in Germany made a strong contribution to growth for the first time in many years. Construction investment also reported above average growth as a result of the favourable conditions in the construction sector. The structural problems disclosed by the financial crisis held back growth in other parts of the eurozone in 2011. The countries on the periphery of the eurozone are being forced by the pressure of the financial markets to introduce cost-cutting programs and economic reforms which will initially have a negative impact on growth.

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. After implementation in the EU (via the Capital Requirement Directive/CRD IV), these will become binding as of 1 January 2013. The EU Commission presented the initial draft of the CRD IV in mid-2011. In addition to a gradual introduction of the new capital ratios by 2019, CRD IV specifies that, for credit institutions irrespective of their legal form, 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 Common Equity Tier I capital. In addition, the CRD IV specifies that all credit institutions, assuming that appropriate criteria are satisfied, will continue to have to use capital instruments which are not share capital or reserves as CET 1 capital. The Federal State of Hesse and Helaba took advantage of this possibility by converting, on 30 December 2011, the previously silent participation of € 1.92 bn into capital contributions.

On the basis of resolutions of the European Council, the European Banking Authority (EBA) which was founded at the beginning of 2011 carried out several stress tests for system-relevant banks in the EU last year. In light of the continuing debt crisis in the eurozone, the purpose of these stress tests was to test the stability of the European banking sector and encourage the creation of confidence on the financial markets. Independently of the schedules set out in Basel III and CRD IV for the quantitative and qualitative implementation of new regulatory requirements for capital backing, the EBA used a capital concept in the stress tests based exclusively on Common Equity Tier I capital (CET 1). In addition, a minimum ratio of 9 % for CET 1 capital was defined for the stress tests in the second half of the year; this ratio also has to be temporarily maintained by system-relevant EU banks beyond 30 June 2012.

Helaba failed to pass the stress test carried out as of 30 September 2011 due to formal technical reasons because the conversion of the silent participation held by the Federal State of Hesse carried out at the end of 2011 (with a volume of € 1.92 bn) into capital contributions was not formally recognised by the EBA. The capital contributions of the Federal State of Hesse constitute Common Equity Tier I (CET 1) capital, so that there is essentially no recapitalisation requirement at Helaba. On the contrary, with these measures, Helaba has adjusted its capital base at an early stage to the capital requirements under Basel III or CRD IV.

In the German banking market, the effects of the financial market and Euro debt crisis as well as the more stringent regulatory requirements regarding equity and capital have considerably increased the pressure on credit institutions to review and adjust their business models. In addition, those banks which have had to utilise government aid in order to stabilise their economic positions are required to implement covenants of the EU Commission. These have resulted in a reduction or discontinuation of business activities and disposals of equity participations. Following the stress tests carried out in 2011 by the EBA, there has been a considerable increase in the requirements for backing with Common Equity Tier I (CET 1) capital at system-relevant credit institutions. In order to comply with these requirements, numerous credit institutions have initiated recapitalisation measures which will influence their market position in the long term. In the German credit industry, the changes in rating methods carried out by the leading rating agencies in 2011 have resulted in numerous rating downgrades, which have had a negative impact on the possibilities of obtaining funds on the national and in particular the international refinancing markets. The combination of higher capital, liquidity and refinancing costs and the burden imposed by the German bank tax has resulted in a permanent reduction of the profitability of the banking sector. This will result in structural adjustment processes and shifts in market shares in major areas of operation, although the process will also open up strategic opportunities for the individual credit institution.

Since the beginning of 2011, the statutory and regulatory conditions for supporting and winding down credit institutions have changed on several occasions in Germany. The Restructuring Fund Act came into force at the beginning of the year. One of the components of this law is the introduction of contributions payable by the banking industry to finance a “bank tax” at the fund for restructuring credit institutions in financial difficulties set up at the Finanzmarktstabilisierungsanstalt (FMSA). The bank tax has to be paid out of taxed operating results. 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. At the beginning of 2012, and within the framework of the Second Financial Market Stabilisation Act (limited until the end of 2012), the legislative authorities authorised the FMSA to carry out measures designed to stabilise credit institutions involving a guarantee framework totalling € 400 bn and a capital framework of up to € 80 bn. For the same period, the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), in the event of a special risk situation on the financial market or in order to avert a threat to financial market stability, has been granted powers to order the implementation of capital measures at individual credit institutions beyond the prevailing capital requirements of the Solvency Ordinance (SolvV) or requirements resulting from considerations applicable for a specific institution. With this wide range of tools, the German legislative authorities have created adequate conditions for assuring the confidence of the financial markets in the stability of the German banking system.

With regard to the discussions which have been held at the EU level since mid-2010 concerning the introduction of uniform deposit protection systems throughout Europe for the protection of customers' deposits, there are indications that existing national systems designed to protection institutions, such as the existing liability network in the German Sparkassen and Landesbanken organisation, might be able to continue as a fully fledged alternative for deposit protection.

Assessment of business development
The business and results of operations of Helaba in 2011 reflected the strong economic growth in Germany, which however declined noticeably in the course of the year, 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. An additional volume of € 14.4 bn was raised in medium-term and long-term new business of Helaba in lending operations with customers. Despite growth of 37 % compared with the previous year, loans and advances to customers throughout the Group declined by € 3.7 bn (– 4 %) to € 84.0 bn, as a result of high levels of repayments, some of which were not scheduled. Of the figure stated for medium- and long-term new business, € 6.7 bn was attributable to real estate loans, € 4.1 bn was attributable to corporate finance, € 1.0 bn was attributable to Sparkassen business, € 1.0 bn was attributable to municipal operations and € 0.9 bn was attributable to Frankfurter Sparkasse. 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.

In the financial year 2011, Helaba again generated a result which enables all subordinated capital, profit participation rights as well as silent participations 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 10.1 % and a total equity ratio of 15.3 % as of 31 December 2011. With the conversion of the silent participations of the Federal State of Hesse with a volume of € 1.92 bn into Common Equity Tier I capital which took place at the end of 2011, Helaba has satisfied the capital requirements of Basel III and CRD IV at an early stage.

Net Assets, Financial Position and Results of Operations

Change to the consolidation group
The change to the consolidation group in the financial year 2011 did not have a major impact on the net assets, financial position and results of operations. It mainly affects property companies from real estate project management.

At the end of December 2010, Helaba reduced its holding of 80 % in HANNOVER LEASING GmbH & Co. KG to 45 %. Accordingly, it was necessary for the Company to be deconsolidated, and the remaining shares have since been accounted for using the equity method. This affects the previous year comparison in the income statement and statement of comprehensive income, particularly with regard to the other operating result and general administrative expenses.

Income statement and statement of comprehensive income
Helaba considerably increased its consolidated net income in the financial year 2011. Due to the good state of the German economy, provisions for losses on loans and advances were lower than originally anticipated. Operating business, which is reflected particularly in net interest income and net commission income, has reported a very stable performance, with a rising trend. Net trading income was extremely volatile, following an excellent first half of the year; this item became negative in the second half as a result of the exacerbation of the sovereign debt crisis and the associated widening of spreads. This was compensated for by opposite positive valuation effects from the banking book derivatives. Helaba has coped well with exceptional charges, such as the bank tax which was paid for the first time or write-downs in relation to Greek government bonds. Earnings before tax at € 492 m (2010: € 398 m) were better than originally planned. After tax, consolidated net income is reported as € 397 m (2010: € 298 m). The individual items in the income statement have developed as follows:

Net interest income is stated as € 1,067 m, 5 % up compared with the corresponding previous year figure (2010: € 1,017 m). A moderate increase in the interest margin achieved with new business and favourable refinancing opportunities meant that the decline in volumes in retail business did not have a negative impact. 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 € 273 m (2010: € 285 m). Net additions of € 179 m were made in relation to individual allowances and global individual allowances (2010: € 241 m). The portfolio allowance, which is created to cover loans which are not exposed to an acute default risk, has been increased by € 78 m compared with the previous year, whereas it had not been changed in the previous year. 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 € 16 m (2010: € 44 m). After provisions for losses on loans and advances, net interest income declined from € 732 m to € 794 m.

Net commission income improved slightly to € 254 m (2010: € 249 m). The net commission income is generated mainly by Helaba, Frankfurter Sparkasse, Helaba Invest and Frankfurter Bankgesellschaft (Schweiz) AG. The commissions generated by the banking operations of Helaba in particular have reported a positive development. This is also attributable to the increase in development activities handled by WIBank for the Federal State of Hesse. The contributions made by the other group entities were roughly unchanged compared with the previous year figures.

Net trading income amounted to € –44 m (2010: € 148 m). As in financial year 2010, 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 decline is mainly attributable to the market turmoil in the second half of 2011 and the associated widening of spreads. Trading activities were conducted essentially by the Bank, and consist mainly of interest trading.

The strong increase in the net income of non-trading derivatives and financial instruments of the fair value option, namely from € 6 m in the previous year to € 280 m in the financial year 2011, is to some extent attributable to the fact that charges which were recognised in the previous year were not repeated in 2011, including charges attributable to the measurement of credit derivatives of the banking book at fair value (€ 16 m; 2010: € –43 m) and the valuation result of consolidated fund units

(€ 0 m; 2010: € –16 m). However, most of the increase is attributable to the recognition of the liquidity component for the valuation of foreign currency derivatives (see notes (1) and (25) of the consolidated financial statements 2011). The result of hedges, in which the ineffective part of micro hedges is shown, is stated as € 12 m (2010: € –1 m).

The net income from financial investments has improved slightly (€ –23 m; 2010: € –34 m). The realised disposal gains and losses of financial instruments in the category "available for sale" (AfS) amounted to € 63 m (2010: € 5 m). Of this figure, € 29 m was attributable to the sale of the shares in DekaBank. Valuation profits were also realised from the sale of bonds. The balance of write-downs and write-ups is € –86 m (2010: € –39 m). Of the figure shown for write-downs in relation to financial investments, € –58 m is attributable to Greek government bonds. Associates and joint ventures which are accounted for using the equity method have made a contribution to earnings of € 7 m (2010: € 9 m).

The other operating result has strongly declined from € 357 m to € 209 m. This is mainly attributable to the deconsolidation of the HANNOVER LEASING Group at the end of 2010. No write-downs of goodwill were recognised in 2011 (2010: € 11 m), and no income from negative goodwill was recognised in 2011 (2010: € 2 m). The result of investment properties, which is also shown under other operating result, is mainly generated by the GWH Group, and amounted to € 138 m (2010: € 140 m).

The reduction in general administrative expenses to € 997 m (2010: € 1,068 m) is also attributable to the deconsolidation of the HANNOVER LEASING Group. Adjusted by the change due to consolidation group factors, general administrative expenses increased by € 58 m. Of this figure, € 31 m is attributable to the contributions to the restructuring fund which had to be paid for the first time ("bank tax").

Personnel expenses have decreased from € 536 m to € 513 m. The Group employed 5,888 persons on average for the year, compared with 6,180 in the previous year. Material costs declined from € 532 m to € 484 m. This includes a figure of € 35 m (2010: € 105 m) for depreciation on property, plant and equipment and intangible assets.

General administrative expenses are opposed by operating revenues of € 1,762 m (2010: € 1,751 m), resulting in a cost-income ratio of 56.6 % (2010: 61.0 %). The operating revenues include net interest income before provisions for losses on loans and advances, net commission income, net trading income, the result of non-trading derivatives and financial instruments of the fair value option, net income on hedge accounting, net income from financial investments and results of companies accounted for using the equity method as well as the other operating result. Return on equity before taxes has increased from 7.9 % to 9.2 %.

Taxes on income amount to € 95 m (2010: € 100 m). Accordingly, the result after tax of continued operations or consolidated net income increased by 33 % to € 397 m.

Of the figure shown for consolidated net income, external shareholders of consolidated subsidiaries account for € 0 m (2010: € –1 m), which means that € 397 m (2010: € 299 m) is attributable to the shareholders of the parent company. Of this figure, an amount of € 28 m has been earmarked for servicing the capital contributions of the Federal State of Hesse shown under equity, and a figure of € 38 m has been earmarked for distribution to shareholders.

The total comprehensive income for 2011 has increased from € 348 m to € 358 m. In addition to the consolidated net income as reported in the income statement, this item also includes the other comprehensive income for the period recognised directly in equity. The other comprehensive income amounted to € –39 m (2010: € 50 m). This was attributable to actuarial losses due to the reduction of the discount rate, as was the case in the previous year. Financial instruments in the category AfS generated a result of € –9 m before tax for the period recognised in other comprehensive income. In the previous year, the corresponding figure was € 131 m.

Balance sheet

The consolidated balance sheet total of Helaba declined by 1.4 % (€ 2.3 bn) to € 164.0 bn in the financial year 2011. The decline in the balance sheet total is attributable to unscheduled repayments of loans and advances to customers and to the program of reducing trading assets. The total volume of business, which comprises the assets as well as off-balance-sheet obligations of banking operations and fiduciary activities, declined by 3.4 % to € 186.6 bn (2010: € 193.2 bn).

Loans and advances to banks have increased by 6.1 % to € 15.3 bn (2010: € 14.4 bn), due mainly to the increase in cash collateral which has been provided. Of this figure, € 6.7 bn (2010: € 6.8 bn) is attributable to refinancing funds which have been made available to the Sparkassen in Hesse and Thuringia.

Despite an increase in new business, loans and advances to customers have declined to € 84.0 bn (2010: € 87.7 bn). This was due to unscheduled repayments of customers with the aim of improving balance sheet ratios, and was also due to the substitution by bond issues as a result of the favourable capital market climate. The percentage of loans and advances to customers in relation to the balance sheet total is 51.2 % (2010: 52.8 %). Of the figure shown for loans and advances to customers, € 1.1 bn (2010: € 1.5 bn) relates to securities which were reclassified as part of the reclassification process in the financial year 2008 (see Note (65)).

Impairments recognised in relation to receivables are unchanged compared with the previous year, namely € 1.3 bn. Of this figure, € 326 m (2010: € 248 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 previous years, the trading assets shown at fair value were again reduced as part of a specific program in the financial year 2011. The decline from € 39.2 bn to € 38.0 bn is attributable to the reduction of bonds and other fixed-income securities to € 21.8 bn (2010: € 25.4 bn), which represent most of the trading assets. On the other hand, the positive fair values trading derivatives have increased to € 9.1 bn (2010: € 6.6 bn). The financial investments, 97 % of which consist of bonds, have been increased by € 1.1 bn to € 18.8 bn. The decline in equity instruments (shares and other variable-income securities, affiliated companies and equity participations) from € 0.8 bn to € 0.6 bn is due to the disposal of the indirectly held shares in DekaBank.

The liabilities due to banks are stated as € 31.5 bn, which is roughly in line with the corresponding previous year figure. The liabilities to Sparkassen in Hesse and Thuringia amount to € 2.6 bn (2010: € 2.2 bn).

Liabilities due to customers are reported as € 41.9 bn (2010: € 40.9 bn). Deposits of private clients and public sector authorities have increased. Of the figure reported for the liabilities due to customers, € 13.8 bn (2010: € 13.4 bn) is attributable to Frankfurter Sparkasse. As in the previous year, building saving deposits amount to € 3.3 bn.

The securitised liabilities have decreased by € 3.1 bn to € 37.2 bn. In particular, there was a decline in uncovered bonds (€ 25.9 bn; 2010: € 28.8 bn) and money market paper (€ 0.8 bn; 2010: € 1.8 bn) as of the balance sheet date, whereas there has been a slight increase in issues of public Pfandbriefe and mortgage Pfandbriefe (€ 10.5 bn; 2010: € 9.8 bn).

The decline in trading liabilities, namely from € 38.5 bn in the previous year to € 37.2 bn, is attributable to the lower refinancing requirement as a result of the reduction of trading assets. In particular, issued money market paper declined from € 8.4 bn to € 2.5 bn. On the other hand, there was an increase in the negative fair values of the trading derivatives (corresponding to the positive fair values under the trading assets) and term deposits.

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

Equity
As of 31 December 2011, the equity of the Group amounted to € 5.5 bn (2010: € 5.2 bn). The increase is mainly attributable to the total result of € 358 m (2010: € 348 m). The retained earnings include cumulative actuarial gains from pension obligations after deferred taxes of € 19 m recognised directly in equity (2010: € 58 m). The decline is mainly due to the reduction in the discount rate. The revaluation reserve after deferred taxes recognised directly in equity changed only slightly from € –91 m to € –88 m. The currency translation reserve of € 5 m (2010: € 0 m) and the cash flow hedge reserve of € –19 m (2010: € –13 m) are reflected in equity.

Exposure of the Group to other selected European countries
The following tables show the exposure of the Helaba Group to sovereign issuers of selected European countries if this is recognised at fair value in accordance with IFRS.

The following tables include the bonds shown under trading assets (trading book) and also under financial investments (banking book):

in € m

	Greece		Italy		Ireland	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Banking book						
Nominal amount, total	86	86	161	79	–	–
Less than three months	–	–	3	–	–	–
More than three months to one year	37	–	5	–	–	–
More than one year to five years	19	56	153	79	–	–
More than five years	30	30	–	–	–	–
Fair value	25	65	156	93	–	–
Trading book						
Nominal amount, total	–	–	115	140	–	–
More than one year to five years	–	–	107	132	–	–
More than five years	–	–	8	8	–	–
Fair value	–	–	111	142	–	–

in € m

	Portugal		Spain		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Banking book						
Nominal amount, total	10	20	30	–	287	185
Less than three months	–	–	–	–	3	–
More than three months to one year	–	–	–	–	42	–
More than one year to five years	10	20	30	–	212	155
More than five years	–	–	–	–	30	30
Fair value	9	10	31	–	221	168
Trading book						
Nominal amount, total	56	54	401	230	572	424
More than three months to one year	53	–	238	–	291	–
More than one year to five years	3	51	84	151	194	334
More than five years	–	3	79	79	87	90
Fair value	50	51	387	216	548	409

The following tables include the credit derivatives shown under trading assets (trading book) and also under financial investments (banking book):

in € m

	Greece		Italy		Ireland	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Banking book						
Nominal amount	–	–	39	151	–	–
Fair value	–	–	–6	–9	–	–
Trading book						
Nominal amount	–	–3	–	24	39	20
Fair value	–	–	–	–2	–5	–2

in € m

	Portugal		Spain		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Banking book						
Nominal amount	4	4	58	112	101	267
Fair value	1	–	–14	–20	–19	–29
Trading book						
Nominal amount	–	–2	–	–3	39	36
Fair value	–	–	–	1	–5	–3

In addition, the loans and advances to customers also show exposures of € 1,209 m with Spain (2010: € 1,402 m). Of this figure, € 1,175 m (2010: € 1,363 m) is measured at amortised cost of purchase.

The Helaba Group has written down the Greek government bonds with a nominal volume of € 86 m by € 58 m to the fair value on the balance sheet date of € 25 m. The bonds are classified as available-for-sale financial assets (AfS).

As of the reference date, there is also an unutilised credit line of € 6 m with Greek banks (2010: € 15 m).

There is an indirect risk in relation to Greece in the form of bonds of British subsidiaries of Greek banks, of which a total nominal amount of € 52 m is included in the portfolio with a fair value of € 43 m. Of this figure, a nominal amount of € 47 m is measured with a fair value of € 39 m in the income statement as a result of being classified as held for trading. € 5 m is allocated to the category AfS. An impairment of € 1 m has been recognised in relation to this category.

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 securitizing 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 2011, 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				
31.12.2011	Carrying amount in € m	AAA	AA	A	BBB	BB and below
RMBS	403	31.8 %	34.1 %	29.1 %	2.5 %	2.5 %
CMBS	288	–	49.4 %	30.8 %	19.8 %	–
CDO/CLO	345	10.0 %	23.4 %	40.1 %	13.2 %	13.3 %
Other ABS	62	36.2 %	11.4 %	34.9 %	7.1 %	10.4 %
ABS, total	**1,098**	**16.9 %**	**33.5 %**	**33.3 %**	**10.6 %**	**5.7 %**

The breakdown as of 31 December 2010 is shown in the following:

		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 ABS securities were measured at fair value until 30 June 2008, and were shown under trading assets or financial investments. 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 2011, liquidity lines of € 0.1 bn (2010: € 0.2 bn) exist for external securitisation platforms; of this figure, € 0.1 bn (2010: € 0.1 bn) had been drawn down as of 31 December 2011. The liquidity line made available for OPUSALPHA amounts to € 1.4 bn (2010: € 1.2 bn); of this figure, € 1.2 bn had been drawn down on 31 December 2011 (2010: € 1.0 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 balance sheet 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 and the objectives of risk management and the measures implemented for meeting objectives 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 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 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 function 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. As part of the structured risk inventory process, a check is carried out to determine what risks can have a major impact on the net assets (including capital backing), the results of operations or the liquidity position of the Helaba Group. The following main risk types have been identified.

- Counterparty default risk is the economic loss potential attributable to the default or rating downgrade of borrowers (traditional lending operations), issuers, counterparties or equity participations as well as cross-border restrictions with regard to payments or commerce (products and services). Creditworthiness risks which are shown in the market price risk under the credit spread risk and the incremental risk, do not form part of the counterparty default risk.

  The counterparty default risk also includes the investment risk (residual risk type) as an economic loss potential which results from a default or a rating downgrade of an investment which is not managed at the level of individual risk types. This might result in a decline in the value of the share, lower dividend payments or even no dividend payments, loss absorption or contribution, margin call and liability obligations.
- The market price risk is the economic loss potential resulting from negative changes in the market value of positions due to changes in interest rates, foreign exchange rates, equity prices and commodity prices as well as the related volatilities. Changes in the interest rate level in a market segment result in general interest rate risks, specific changes in interest rates (for instance of an issuer) result in credit spread risks, and changes in the prices of rated securities resulting from rating changes (including default) result in incremental risks.
- The liquidity risk is broken down into three categories. The short-term liquidity risk is defined as the risk of not being able to meet payment obligations as they fall due. Structural liquidity risks result from an imbalance in the medium- and long-term liquidity structure and a negative change in the entity's own refinancing curve. Market liquidity risks result from the insufficient liquidity of assets, with the consequence that positions can be closed out only, if at all, at a disproportionately high cost. 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 as 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 and outsourcing risks.

- Business risk is defined as the economic loss potential which can be attributed to possible changes in customer behaviour or competitive conditions in the market and also general economic conditions.
- The real estate risk is defined as the economic loss potential attributable to fluctuations in the value of an entity's own real estate and also the economic loss potential of project development business. This does not include risks arising from providing capital and debt for a specific project and also for risks attributable to real estate financing.

Risk Concentrations

Risk concentrations may occur within a single risk type and also between various risk types. At Helaba, management of the risk concentrations – i.e. identification, quantification, management and monitoring – as well as reporting in relation to identified risk concentrations is the responsibility of the risk-monitoring areas in line with their responsibilities for major risk types, risk-bearing capacity and stress tests.

Concentrations within one risk type (intraconcentrations) as well as concentrations between the risk types (interconcentrations) are analysed and are integrated in the reporting and decision-making processes of risk management. In addition to limit management, a capital cushion is maintained in the risk-bearing capacity calculation to cover risk concentrations attributable to counterparty risks. Between the risk types, no diversification effects which would mitigate risk are included in the risk-bearing capacity calculation. In addition, the risk concentrations between the risk types which are significant for Helaba are recognised by the form of the stress scenario of extreme market turmoil applicable for all risk types.

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.

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 collating and carrying out an overall assessment of all risks which are taken on in the Bank, namely the counterparty default risks, market price and liquidity risks, operational risks, business risks and real estate 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. 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.

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 management at the group companies of the Helaba Group

The way in which Group companies are involved in risk management at the Group level is based on the risks which are identified in the course of the annual or, where appropriate, ad hoc risk inventory process. The risks are identified as part of the risk inventory process at the level of the direct equity participations of Helaba, i.e. these companies which belong to the Group provide an overall assessment of the risk, i.e. including the risk for the relevant own equity participations.

The result of the materiality appraisal of the risk inventory process is used as the basis for determining which companies belonging to the Group are to be involved with which risk types in the risk management system at Group level, and also which companies belonging to the Group are included via the residual equity participation risk. If the effect of the risk potential of a company belonging to the Group is classified as material for a particular risk type at Group level, the company belonging to the Group has to be included in the risk management process at Group level.

In addition, the company belonging to the Group has to set up a suitable risk management process for its own risks which are allocated to the risk type at Group level.

The method of such integration is determined by the officer responsible for the specific risk types and methods. There are different ways of integrating the companies in the methods of the risk management process depending on the risk type.

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 risks, which occur mainly at the subsidiaries OFB and GWH, 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 and business risks.

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 risk	Front-office areas, Capital Markets, Asset/Liability Management	Credit Risk and Group Controlling (portfolio level), Back-office loans (individual exposure level), Central Staff and Group Strategy (residual investment risk)
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)
Business risks	Front-office areas	Credit Risk and Group Controlling, Risk Controlling Treasury
Real estate risks	Real Estate Management, subsidiaries	Credit Risk and Group Controlling, Real Estate Management

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 auditing every six months.

Capital market compliance, money laundering, fraud prevention and data protection
The Bank has set up the independent functions of the Capital Market Compliance Officer, the Data Protection Officer and the Group Money Laundering Officer.

The Capital Market Compliance Office is responsible for evaluating the risks arising from any violation of regulatory market protection rules and codes of conduct (compliance risk).

- It monitors in particular insider information and codes of conduct.
- It identifies and regulates Group-wide conflicts of interest with risk potential particularly in accordance with the Securities Trading Act and Investment Act.
- It evaluates the compliance risks of the business processes which are relevant for the capital market.
- It supports the specialist areas by way of providing constant and prompt advice on ways of minimising these risks.

The Group Money Laundering Officer, who is also responsible for combating terrorism financing and who is responsible as the coordination office for fraud prevention, develops internal principles, adequate business- and customer-specific security systems and checks for preventing money laundering, terrorism financing and other criminal actions. The organisational precautions which have to be taken as the basis of these operations include the risk analysis of the Group (money laundering, terrorism financing as well as fraud prevention) as well as the Group policy which reflects the general conditions of the Group and which comply with the national and international regulatory requirements. The latest monitoring and research software is used to continuously monitor the business relations.

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 all main risks of the Helaba Group 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 15 December 2010.

The risk-bearing capacity analysis for all risk types comprises potential risks for counterparty default risks, market price risks, operational risks, real estate and business 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 historical and theoretical stress scenarios on the risk-bearing capacity are also investigated. The observations cover a macro-economic stress scenario and a scenario of extreme market turmoil, the basis of which is created by market turmoil observed within the framework of a global financial crisis. Inverse stress tests are also carried out.

The risk-bearing capacity calculation of Helaba presents two different management approaches, which are distinguished for regulatory purposes as a going-concern approach and also a gone-concern approach.

The going-concern approach demonstrates that the regulatory minimum capital requirements can also be met in conjunction with expected losses which materialise. The gone-concerning approach of risk-bearing capacity demonstrates that, even in the unlikely event of unexpected losses which materialise, the capital of the Helaba Group will be sufficient to satisfy all creditors in full.

The going-concern approach compares different cover funds with the average loss risks of the risk-bearing capacity calculation in a two-stage scenario. The risk cover fund I assumes a sustainable result in relation to a period of one year. The risk cover fund II consists of the costs of servicing the non-hardened silent participations 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. For analysing the effects on the regulatory capital ratios, the going-concern approach also quantifies the effects of the stress scenarios on the regulatory capital requirement and also on the regulatory own funds.

The going-concern approach, which uses the regulatory capital ratios as the results parameter, is closely linked with the capital allocation process at Helaba. Regulatory capital is allocated to divisions and Group entities at Helaba on the basis of the associated expected developments of total and core capital ratio. This assures the consistency between capital allocation with the assumption of limits being fully utilised and the resultant result parameters of the risk-bearing capacity calculation.

The gone-concern approach uses economic cover funds for covering the internal capital requirement based on the IFRS accounting rules. The components of this approach are the Group result which has accumulated as of the balance sheet date, the equity as well as the subordinate capital in accordance with IFRS. An adjustment due to economic considerations is also made to elements of the cover funds. In the gone-concern approach, hidden reserves are not shown as an element of cover funds.

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 2011, and also documents the conservative risk attitude of Helaba.

In the basic scenario of the going-concern approach, the average loss risks can be completely covered by the sustainable operating result, and there is an additional cushion of € 0.3 bn. In the gone-concern approach, there is a capital cushion of € 6.0 bn for the economic risk potential.

As of 31 December 2011, the regulatory total capital ratio in the Helaba Group was 15.3 % (2010: 14.4 %), and the core capital ratio was 10.1 % (2010: 9.6 %). 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.

Further security mechanisms

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 (LBS) and the subsidiary Frankfurter Sparkasse are also directly integrated in this deposit security system. In addition, since the end of 2011, Frankfurter Bankgesellschaft (Deutschland) AG, a subsidiary of Frankfurter Bankgesellschaft (Schweiz) AG, has also been a member of the deposit security reserve of the Landesbanken and Girozentralen.

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 regulatory risk assets of the affiliated institutions weighted in accordance with SolvV, and amounted to € 520 m at the end of 2011. Until the total amount has been paid in, the SGVHT has assumed liability for paying the difference between the actual payment and the total volume.

The Federal State of Hesse has also assumed guarantor liability for the development bank WIBank, which is organised as a legally dependent institution in Helaba.

Counterparty Risk

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 sub-risk strategy for counterparty default risks 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 (pillar 1 of 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 fulfilled as part of the process of implementing Basel III (CRD II-IV). The new requirements are being implemented for the first time in an EU ordinance (Capital Requirements Regulation). 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 are integrated in the procedures and systems at Helaba.

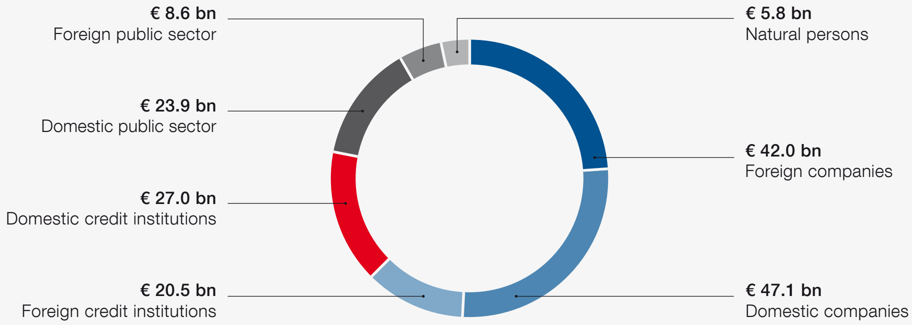
Risk monitoring with the global limit system
Helaba uses a global limit system for the prompt recording as well as transparent and structured processing of all risks of counterparty default. The counterparty limits are based on the rating of the counterparties and also on the risk-bearing capacity of 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 2011 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 € 174.9 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) or guarantees received are moreover also recorded for the respective bearer of the risk under “Other commercial risks”.

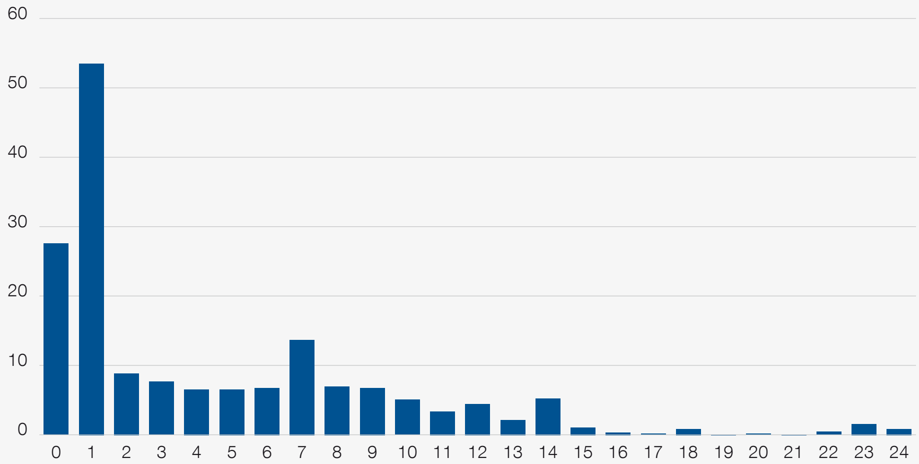
In line with the business model, the credit activities of Helaba as of 31 December 2011 focused on the sectors of lending, property and housing as well as the public sector.

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 internal rating systems. In addition, Helaba has developed its own methods for securitisations of loan and trading receivables, financing of municipal enterprises in the USA and also for commodity trade transactions. In all 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, Helaba 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 € 174.9 bn is broken down according to risk rating classes as shown in chart 2.

Total volume of lending according to risk ratings (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 reduce the strain on equity in accordance with Basel II/SolvV. This system complies with the extensive and complex requirements 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 for internal ratings. 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 one-off 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 2011, 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, Estonia 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 in the narrow consolidation group of € 48.3 bn (2010: € 53.9 bn) has a regional focus on Europe (81.6 %) and North America (15.7 %). As of 31 December 2011, 92.4 % (2010: 92.7 %) is classified under the country rating classes 0 and 1. A further 6.4 % (2010: 6.2 %) is generated in the rating classes 2– 9. Only 0.1 % (2010: 0.1 %) is rated with the rating class 14 and worse.

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 EL for individual transactions. For regulatory purposes, the internal rating methods and regulatory LGDs 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 also 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.

Equity 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 equity 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 investment 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 total carrying amount of the equity participation portfolio declined in 2011 considerably mainly as a result of a capital repayment of an intermediate holding in conjunction with the disposal of shares of DekaBank and also as a result of the disposal of a share in a listed company in the finance sector.

The regular impairment tests performed on the investment portfolio resulted in the adjustment of the carrying amounts of individual investments.

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 specific activities involved, a risk inventory process is used for phased integration of the subsidiaries in the

management process as part of the Group-wide risk management process. This is mainly applicable for the subsidiaries Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG as well as the subsidiary Helaba Dublin. The market price risks are quantified using Helaba's methods.

The main forms of trading conducted by the Bank are customer trading and own dealing. 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 volume limits are also used independently 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 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
The market price risks are quantified using a money-at-risk approach which has been extended to include stress tests and sensitivity analyses for credit spread risks and, since the end of 2011, by a consideration of incremental risks for the trading book. The money-at-risk (MaR) figure corresponds to what is deemed, with a certain confidence level, to be the upper threshold of the potential loss of a portfolio or position due to market fluctuations within a given 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 2011 (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 78 % (2010: 74 %) of the linear interest rate risk, and US dollar positions account for 16 % (2010: 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 by risk types
(Chart 3) in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Total	65.6	65.6	57.2	57.3	1.2	0.9	7.2	7.4
Trading book	19.4	16.9	17.9	16.1	1.2	0.4	0.3	0.4
Banking book	57.6	60.8	50.2	52.5	0.2	1.0	7.2	7.3

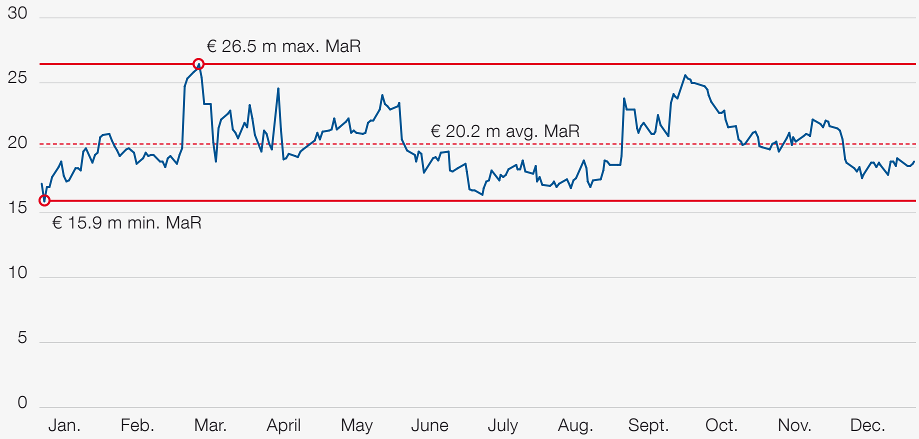
All risk measuring systems are based on a modified variance-covariance approach or a Monte Carlo simulation. The latter is particularly beneficial for presenting complex products and options. Non-linear risks in the currency field are of minor significance at Helaba. They are monitored using sensitivity 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 specified 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 2011. For the whole of 2011, the average market risk was € 20.2 m (2010: € 20.0 m), the maximum figure was € 26.5 m (2010: € 26.5 m) and the minimum figure was € 15.9 m (2010: € 13.1 m).

Daily MaR of the trading book in financial 2011
(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 financial 2011
(Chart 5)

Average MaR in € m

	Q1		Q2		Q3		Q4		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Interest rate risk	18.7	20.3	18.9	19.1	18.3	16.5	19.2	14.8	18.8	17.5
FX risk	1.2	0.7	1.0	0.6	0.6	1.0	0.8	1.0	0.9	0.9
Equity risk	0.4	3.0	0.7	1.6	0.7	0.9	0.5	0.8	0.6	1.6
Total risk	**20.3**	**24.0**	**20.6**	**21.3**	**19.6**	**18.4**	**20.5**	**16.6**	**20.2**	**20.0**

Number of trading days: 253 (2010: 253)

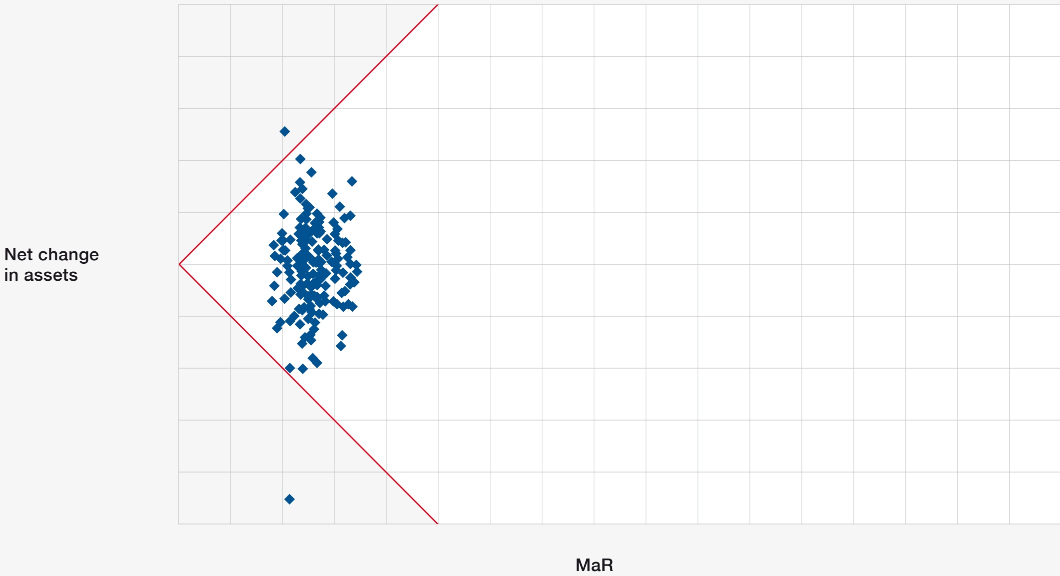
In the trading book, the annual average MaR for Frankfurter Sparkasse is € 0.1 m (2010: € 0.1 m). The average MaR of the trading book of Frankfurter Bankgesellschaft (Schweiz) AG is € 0.9 m (2010: € 0.6 m).

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 financial 2011. One negative outlier occurred, and one positive limit violation was observed.

Back-testing for the trading book in financial 2011
(Chart 6)



In 2011, two negative outliers occurred in the internal model of the general interest rate risk, which consists of the model components MaRC² and ELLI. These outliers are mainly due to the Euro and US debt crisis and the associated severe fluctuations of the market parameters. The two outliers do not have a negative impact on the forecasting quality of the model.

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 and inverse stress tests complement the stress tests for market price risks.

Market price risks in the bank 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 banking book risk measurement.

The quantification of interest rate risks in the banking book is also a component of regulatory requirements. This requires a risk calculation on the basis of standardised interest shocks. Since the end of 2011, and in line with the requirements of the Bank Regulator, a rise and also a fall of 200 basis points in interest rates is investigated. As of the end of 2011, such an interest shock would, in a negative scenario, result in a negative change of € 240.5 m in the banking book of the Helaba Group (2010: € 77.4 m, using the method applicable at that time for a rate hike of 130 basis points). Of this figure, € 227.9 m is attributable to the domestic currency and € 12.6 m is attributable to foreign currencies. 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 2011.

One of the tasks in 2012 will be to continue to focus liquidity management on complying with the new regulatory requirements of Basel III/CRD IV. The process of expanding the highly liquid security holdings (liquidity cushion) necessary for complying with the short-term liquidity requirements under Basel III/CRD IV will be continued for this purpose.

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 safeguard 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 the liquid securities and also for the purpose of the regulatory liquidity cushion for complying with the liquidity coverage ratio (LCR) and also for collateral management.

Risk Controlling Treasury 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 markdowns 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.

In February 2011, Helaba was the second bank in Germany to receive approval from the BaFin for its own liquidity risk measurement and management procedure in accordance with Section 10 of the Liquidity Regulation (Liquiditätsverordnung; LiqV). Accordingly, instead of monthly notification using the LiqV standard method, Helaba is permitted to use its own method for establishing the short-term liquidity status for regulatory reporting. Helaba once again always complied in full with the liquidity requirements imposed by the banking supervisory authorities in financial 2011.

The concept of the short-term liquidity status has been chosen so that various stress scenarios can be presented. The cumulative net liquidity (liquidity requirement) is compared with the available liquidity. 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 of the most relevant scenario (solvency) was 20 % (2010: 40 %) as of the balance sheet date. If Frankfurter Sparkasse is included, this figure is 33 % (2010: 52 %). Average utilisation was 32 % in 2011 (2010: 41 %).

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).

In parallel with internal management of short-term liquidity, the Bank has set up a project for complying with the regulatory requirements of Basel III/CRD IV for short-term liquidity. The aim is to ensure automatic calculation of the LCR within the framework of short-term liquidity management.

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 € 1.2 bn liquidity commitments had been called as of the balance sheet date. This is an increase of € 0.2 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 drawn down from stand-by lines as of the balance sheet date (as was the case at the end of 2010).

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.

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). Money trading is involved 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 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.

Instruments
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. This way a systematic comparison can be made 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.

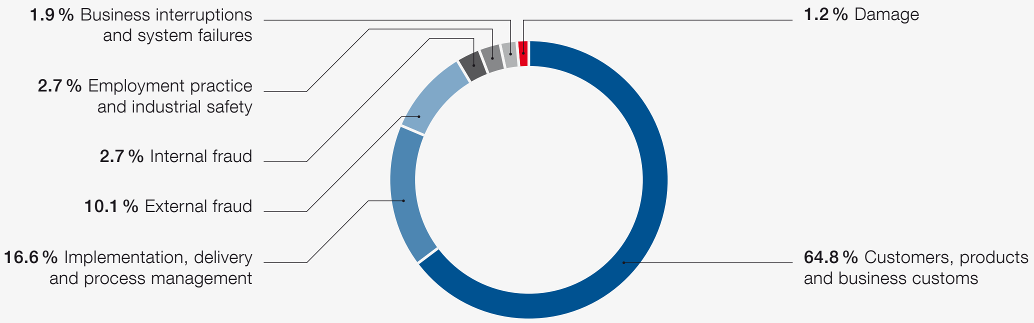
Technical support is provided for management of operational risks by a web-based application with local data access and a central database. This application is regularly updated in line with specialist requirements.

Established measures in internal processes and other procedures as well as insurances which cover certain losses up to agreed maximum limits are used to avoid or limit 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 2011:

Expected loss as of 31 December 2011 according to loss events
(Chart 7)



The expected loss amounted to € 27.2 m as of 31 December 2011.

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.

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 threatened court proceedings as well as institutionalised liaison with other units.

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.

IT security and business continuity management
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.

The segments and branches of Helaba have drawn up default and business continuity plans for the critical business processes as part of the emergency back-up system. This emergency back-up system is regularly updated and improved, and its effectiveness is checked by means of tests and trials. This ensures that the necessary and proper operations are maintained in the event of interruptions to business.

Agreements in the service level agreements for preventive and risk-limiting measures exist for the data centre operations outsourced to Finanz Informatik Technologie Service; 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 the Helaba Group 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 (domestic), the foreign branches, LBS, WIBank as well as companies or sub-groups which are consolidated or 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 under 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. Accounting manuals for HGB and IFRS set out specifications for the applicable methods of accounting. They also govern requirements which relate to Group accounting and which in particular have to be observed by the parent company of the Group and the integrated sub-groups. The scope of regulations comprises not only the uniform specifications of the Group with regard to recognition, valuation, statement and disclosure obligations but also organisational aspects and the process of preparing financial statements. The individual reporting offices are responsible for providing specifications of varying degrees of detail with regard to the procedure for the individual processes and sub-processes of preparing their own financial statements.

The results of financial reporting, i.e. the closing figures which are determined, are subject to analytical audit actions for accounts and taxes. 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.

Business Risk

Business risk is defined as the economic loss potential which can be attributed to possible changes in customer behaviour or competitive conditions in the market and also general economic conditions.

Operational and strategic risk management is the responsibility of the market segments of the Bank and management of the respective equity participations. Credit Risk and Group Controlling as well as Risk Controlling Treasury analyse the development of business risks and are responsible for quarterly risk reporting to the Risk Committee of the Board of Managing Directors.

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.

Real Estate Risks

The real estate risks comprise the real estate project planning risks and real estate portfolio risks.

The real estate project planning risk is defined as the risk of real estate project developments resulting from deadline, quality, cost and marketing risks. Real estate project management risks are encountered in the independent subsidiaries of the OFB Group (OFB Projektentwicklung GmbH) and the GWH Group (GWH Wohnungsgesellschaft mbH Hessen, within the framework of property development business) as well as in real estate project companies directly or indirectly held by Helaba.

The real estate portfolio risk is defined as the economic loss potential from fluctuations in the value of own real estate. This real estate portfolio risk does not include risks attributable to project business or risks attributable to real estate financing.

Real estate portfolio risks are encountered primarily in relation to real estate owned by Helaba, in the GWH Group and also in other Group companies. The accounting consolidation group is taken into consideration for this purpose.

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

- Operationally – locally in the respective equity participations by management
- Strategically – centrally by the supervisory bodies of the equity participations and the Real Estate Management unit.

At the directly or indirectly held real estate project companies, real estate management is responsible for risk management. In addition, the Bank's own real estate is handled by Real Estate Management Risk Management. Risks are monitored by Real Estate Management (for subsidiaries) and Credit Risk and Group Controlling.

The opportunity and risk overview which is prepared quarterly serves as a key risk controlling instrument for controlling project risks, and is used 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. The main risk controlling instrument for managing the risks attributable to portfolio properties are value appraisals which are regularly commissioned for the portfolio properties and also the ongoing observation of changes in yields in the relevant markets, broken down according to regions and types of use.

Credit Risk and Group Controlling analyses the development of risks arising from real estate project management business and from the portfolio properties 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 declined in 2011. The risks are still completely covered by the expected income from this business.

Opportunities of Changes in the Market Climate

Helaba has had a stable and viable strategic business model for many years. In recent years, the Bank has coped with the problems posed by the financial and economic as well as the debt crisis in the eurozone out of its own resources. The positive operating results which were generated have been used for servicing all subordinate liabilities, profit participation rights and silent participations 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 is valid for 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 and liquidity backing.

With ratings of “A1” (currently: under review for downgrade), “A+” (stable outlook) and “A” (stable outlook) of the rating agencies Moody’s Investors Service, Fitch Ratings and Standard & Poor’s (S&P) for uncovered long-term liabilities as well as ratings of “P–1”, “F–1+” as well as “A–1” for short-term liabilities, Helaba still has a good rating even after the changes in rating methods implemented by the rating agencies for bank ratings in 2011. The strategically important securitised refinancing instruments, namely public Pfandbriefe and mortgage Pfandbriefe, have AAA ratings. As a result of its excellent standing among institutional and private investors, Helaba continued to have direct access to the refinancing markets even during the crisis of confidence on the financial markets which was triggered off last year as a result of the debt crisis in the eurozone, and the Bank was not reliant on funding provided by the central banks.

In its equity strategy, Helaba at an early stage adapted its objectives for capital backing to the expectations of the market and also the changes in regulatory conditions which will be applicable after 2013 as a result of the introduction of Basel III or the implementation in European law within the framework of CRD IV. Within the framework of Basel III, Helaba aims to achieve a minimum of 8.5 % to 9 % for the core capital ratio throughout the Group, and a minimum of 13 % for the overall equity ratio. With a core capital ratio of 10.1 % in accordance with the Solvency Ordinance (SolvV) and a total ratio in accordance with SolvV of 15.3 % at the end of 2011, these targets are clearly exceeded throughout the Group.

On the basis of resolutions of the European Council, the EBA which was founded at the beginning of 2011 carried out several stress tests for system-relevant banks in the EU last year. In view of the continuing debt crisis in the eurozone, the purpose of these stress tests was to test the stability of the European banking sector and encourage the creation of confidence in the financial markets. Independently of the schedules set out in Basel III and CRD IV for the quantitative and qualitative implementation of new regulatory requirements for capital backing, the EBA used a capital concept in the stress tests based exclusively on Common Equity Tier I capital (CET 1). In addition, a minimum ratio of 9 % for CET 1 capital was defined for the stress tests in the second half of the year; this ratio also has to be temporarily maintained by system-relevant EU banks beyond 30 June 2012.

At Helaba, in line with the legal capital requirements (in Germany according to KWG and under EU-law according to CRD II), silent participations with a total volume of around € 3.0 bn accounted for more than 50 % of core capital recognised for regulatory purposes. Of this figure, € 1.92 bn was attributable to two silent participations of the Federal State of Hesse. Silent participations are liable in full in the event of a loss, and are available to the Bank without any time restrictions. With regard to the 14 requirement criteria specified by Basel III and CRD IV for recognition as CET 1 capital, there was only a need for adjustment to the two criteria “no fixed compensation” and “equivalence of share capital in the event of liquidation”. Although the owners of Helaba at an early stage provided a public and binding statement that they were willing to convert the silent participations of the Federal State of Hesse into CET 1 capital, these participations were disregarded in the stress tests of the EBA. In formal terms therefore, and in relation to a CET 1 capital ratio of 9 %, the EBA identified a recapitalisation requirement of € 1.5 bn for Helaba as of 30 September 2011. This includes the EBA sovereign buffer for sovereign exposures. In order to limit potential damage to the reputation of Helaba and also to avoid doubts of investors in relation to the strategic risk stability of the Bank, the treatment of the silent participations of the Federal State of Hesse in the EBA stress test was proactively communicated by Helaba to a broad public. The results of the stress tests therefore did not have any significant impact on the refinancing base of the Bank.

The previous "silent participation" of the Federal State of Hesse in Helaba, with a total volume of € 1.92 bn, were converted into capital contributions in a legally binding manner as of 30 December 2011. These capital contributions constitute CET 1 capital in their entirety. This means that Helaba has adjusted its capital base at an early stage to the capital requirements under Basel III or CRD IV.

In the German banking market, the effects of the financial market, economic and Euro debt crisis as well as the tightened regulatory conditions regarding the requirements applicable for capital and liquidity backing of credit institutions have considerably increased the pressure on the need to review and adjust the business models. In addition, those banks which have had to utilise government aid in order to stabilise their economic positions are required to implement covenants of the EU Commission. These have resulted in a reduction or discontinuation of business activities and disposals of equity participations. Following the stress tests carried out in 2011 by the EBA, there has been a considerable increase in the requirements for backing with Common Equity Tier I (CET 1) capital at system-relevant credit institutions. In order to comply with these requirements, numerous credit institutions have initiated recapitalisation measures which will influence their market position in the long term.

In the German credit industry, the changes in rating methods carried out by the leading rating agencies in 2011 have resulted in numerous rating downgrades, which have had a negative impact on the possibilities of obtaining funds on the national and in particular the international refinancing markets. The combination of higher capital, liquidity and refinancing costs and the burden imposed by the German bank tax has resulted in a permanent reduction of the profitability of the banking sector. 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.

WestLB, which is the third largest German Landesbank, must be split up by 30 June 2012 within the framework of EU aid law measures. Business with the Sparkassen and their customers will be separated and spun off into an S-Group bank ("NRW Verbundbank"). Assets which are not transferred to the Verbundbank and which have not been sold to third parties by 30 June 2012 must be transferred to the Erste Abwicklungsanstalt (EAA). The German Sparkassen organisation has given an undertaking to the Federal Government and the EU Commission that it will take on responsibility for the NRW Verbundbank either within the framework of setting up a legally independent entity or by way of "linking up" the bank with another Landesbank.

On 12 December 2011, and on the basis of the results of a due-diligence audit of the NRW Verbundbank, the Board of Owners of Helaba agreed a declaration of intent for integrating the NRW Verbundbank, and instructed the Board of Managing Directors to commence specific negotiations with WestLB. By taking on the NRW Verbundbank function, Helaba has an opportunity of further strengthening its position in the Sparkassen organisation, of strengthening its business model as an integrated universal bank and of developing into a leading Sparkassen central bank as an S-Group bank for more than 40 % of all Sparkassen throughout Germany.

Irrespective of this, Helaba is in a good position to meet the challenges of the future, and considers that it is in a good position 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 banking (also internationally). In view of the higher capital and liquidation costs resulting from Basel III/CRD IV and also the costs resulting from the German bank tax, the aim of the profitability strategy which has been updated with the strategic planning for 2011–2015 is to further improve long-term profitability and to enhance the enterprise value whilst assuring risk-bearing capacity.

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 on Subsequent Events

For the possibility that the “NRW Verbundbank” to be spun off as part of the final restructuring of WestLB in the course of 2012 might be integrated in Helaba, the two Sparkassen associations of North Rhine-Westphalia intend to acquire an equity participation in the Bank and to contribute Common Equity Tier I capital of € 500 m. For this possibility, the relevant bodies of the German Savings Bank and Giro Association have decided to provide a participation of € 500 m Common Equity Tier I capital in the final restructuring of WestLB, with the capital contributions being split 50:50 between Sparkassen and Landesbanken. The form of the capitalisation and the extent of the equity participation in Helaba still have to be finalised in the course of negotiations.

Helaba has voluntarily participated in the Greek bond swap. Holders have waived their right to 53.5 % of the nominal volume. The value of the bonds was written down on 31 December 2011 to the market prices observable on the balance sheet date (average price approx. 30 %). On the basis of the price fixed at the point at which the swapped bond was acquired, the average price in relation to the original nominal value was 22.4 %. This has resulted in an additional impairment requirement of € 5 m.

Report on Expected Developments

Economic conditions

Global economic growth in 2012 will be roughly in line with the corresponding previous year figure (around 3.5 %). The emerging countries will continue to be the driving force behind the global economy. The countries which are not having to face major structural problems are fluctuating around their medium-term growth trend. The countries include China and the other emerging countries. As the year progressed, the global economy showed signs of strengthening again: On the one hand, monetary policy in the emerging countries is moving away from the previously restrictive policy, and is now increasingly looking towards expansion. On the other hand, consolidation pressure in the European problem countries will continue to be high, but the restructuring processes which have already been initiated are showing initial signs of results.

The consolidation process and structural reforms in the eurozone will be continued in 2012, and will result in much lower budget deficits. In terms of an international comparison, the eurozone has accordingly made much more progress than the USA in the restructuring process. Because Italy has now also started the consolidation process, the eurozone (excluding Germany) will probably have fallen into a mild recession at the end of the year. The German economy also pauses for breath in the winter half of the year, before the economy picks up pace again by no later than the second half of the year. This is currently the message being sent out by the latest leading indicators. However, with economic growth of around 1 %, Germany is leading the way within the eurozone. German growth is based on a broad front. Exports and spending on machinery and equipment continue to be key factors driving the economy, even though they are only reporting moderate growth compared with the previous year. However, this increase is being reported from a very high level. The continuing favourable situation on the German labour market is benefiting private consumption. Construction spending will also make a contribution to growth in 2012. With a budget deficit of less than one percent of gross domestic product, it is also not very likely that the public sector will make a negative contribution to growth.

Interest rates will remain at a comparatively low level in 2012. The ECB will probably fix leading interest rates at 1 %, and the Fed will also not raise rates. If the economy continues to recover as the year progresses and if the Euro debt crisis improves, it is however likely that capital market rates will increase. Consumer price inflation will continue to be moderate in Germany. Only in the medium term will the development in inflation and interest rates depend on whether the leading central banks will be able to exit from extremely expansionary monetary policy.

For the eurozone, there are signs of growth accelerating in 2013. On the other hand, in the USA, the process of consolidating public spending will commence after the election and will have a negative impact on growth. Overall, therefore, there is not likely to be any significant increase in global economic growth next year.

Further development of the strategic business model

The economic and regulatory market climate has changed considerably as a result of the financial market crisis. This is applicable particularly for the more stringent quantitative and qualitative requirements applicable for capital backing and liquidity. The associated higher capital backing as well as higher liquidity costs will change the risk/reward profiles of individual transactions and entire areas of operation. In its medium-term business and income planning, Helaba therefore aims to carry out portfolio adjustments in its core areas of activity in the course of the new few years in order to streamline and focus its strategic business model by way of:

- even greater focus on customer and S-Group business and thus on strong links to the real economy,
- an even greater regional focus on Germany and neighbouring European core countries whilst maintaining the branches in London, New York and Paris in order to guarantee the wide range of services for customer and S-Group business and to secure access to the refinancing markets, and in particular for the currencies USD and GBP,
- further optimisation of costs and efficiency, with plans not to staff up to 450 jobs any more by 2015,
- a moderate business-related increase in risk assets.

The aim of the extrapolated profitability strategy, giving due consideration to changed regulatory conditions, is to further improve the sustainable profitability and to enhance the enterprise value whilst assuring risk-bearing capacity.

Assuming that there is a successful conclusion to the ongoing discussions with WestLB, its owners as well as the deposit protection institutions of the German Sparkassen organisation, Helaba intends to take on the previous S-Group activities of WestLB with the Sparkassen in North Rhine-Westphalia and Brandenburg ("NRW Verbundbank"). Helaba would then develop into a leading Sparkassen central bank as the S-Group bank for more than 40 % of all Sparkassen throughout Germany. If the NRW Verbundbank were to be taken over, the two regional Sparkassen associations from North Rhine-Westphalia would join the group of owners of Helaba and would participate in the share capital of the Bank by way of a capital increase.

Probable development of the Group

The economic development of the Helaba Group in 2012 will reflect an expected economic recovery as well as continuing consolidation pressure in the European problem countries. Even under these conditions, Helaba expects that operating revenues in 2012 will be roughly in line with the level seen in previous years as a result of its tried-and-tested business model which was improved in 2011. Net interest income is expected to be slightly higher than the corresponding previous year figure, i. e. at around € 1.07 bn. Provisions for losses on loans and advances in 2012 are expected to be below the previous year figure.

Helaba will expand new business to the level seen in previous years. In 2012, medium-term and long-term new business of Helaba (Bank) is expected to be around € 14 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. As part of the process of further developing the business model, these areas of operation will have a regional focus on Germany and neighbouring European core countries as well as a further focus on customer business. Slight growth in existing volumes is expected to be seen in Real Estate Lending and in the Corporate Finance segment. A lower portfolio volume on the basis of portfolio optimising has been planned for Financial Institutions and International Public Finance. Margins are expected to be unchanged compared with the previous year.

In capital market operations, holdings in the trading book will be further reduced and risk assets will be limited in line with the new regulatory requirements. Further market turmoil occurred in the fourth quarter of 2011 as a result of the Euro crisis, with a negative impact on results; results are now expected to be stronger in 2012. When the situation on the financial markets improves, it is expected that some of the lost ground will be recovered. The importance of capital-market-related customer operations for overall results will be expanded further.

In Asset Management, operating income is expected to increase as a result of the expansion of volume-driven fund management and service business as well as the inclusion of new products. Overall, income will decline as a result of the sale of the holding in DekaBank which took place in 2011.

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 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 2012 by way of corresponding sales and market initiatives. The main strategic focus of the next few years will be the expansion of S-Group operations in selected target regions. Sales activities are conducted with the involvement of the subsidiaries Helaba Invest and Frankfurter Bankgesellschaft (Schweiz) AG.

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 2012 is expected to be slightly higher than the corresponding figure for the previous year.

For the 2012 headcount of Helaba, no major change is planned compared with 2011. However, personnel expenses will increase slightly as a result of wage-bargaining agreements. In the medium term, Helaba is assuming that there will be a reduction in the headcount. Material costs in 2012 due to projects, including costs due to the regulatory climate and levies, are expected to be slightly higher than was the case in the previous year.

On balance, the Bank expects that pre-tax profits in 2012 will be somewhat higher than the corresponding previous year figure.

A continuous development in the segments is expected for 2013. 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.

As a result of the continuous developments of the segments, earnings are expected to be stable in 2013. As a result of the continuation of the cost management process, general administrative expenses are expected to increase slightly in 2013. Assuming that provisions for losses on loans and advances are in line with expectations, the Bank again expects to see a stable development in earnings in 2013.

There are indirect risks for the development in earnings at the Bank as a result of the uncertainty regarding the development in the European problem countries and the possibility that the Euro crisis might become even more serious.

On 12 December 2011, the owners of Helaba instructed the Board of Managing Directors to commence specific negotiations for integrating the S-Group operations of WestLB in Helaba. Because no resolutions have so far been adopted in this respect, operational planning for 2012 as yet does not contain any results of the integration of WestLB.

Overall assessment

The financial year 2011 has also shown 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 basis for a stable development in business and earnings. The new capital and liquidity requirements, and also the consequences of the financial market and the Euro debt crisis, 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. On the basis of its existing market position and the early compliance with the capital requirements of Basel III and CRD IV, Helaba has identified further opportunities for development in expanding private customers and SME business, S-Group operations with the Sparkassen as well as in selected segments of wholesale business. The intended assumption of the Verbundbank function for the Sparkassen in North Rhine-Westphalia and Brandenburg pursues the strategic objective of establishing Helaba as a leading Sparkassen central bank throughout Germany. The aim of the profitability strategy continued with the strategic planning 2011–2015, giving due consideration to changed regulatory conditions, is to further improve the sustainable profitability and to enhance the enterprise value whilst assuring risk-bearing capacity.

Frankfurt am Main/Erfurt, 30 March 2012

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 2011

		2011	2010	Change	
	Notes	in € m	in € m	in € m	in %
Interest income		5,140	5,387	–247	–4.6
Interest expense		–4,073	–4,370	297	6.8
Net interest income	(4), (21)	**1,067**	**1,017**	**50**	**4.9**
Provisions for losses on loans and advances	(11), (22)	–273	–285	12	4.2
Net interest income after provisions losses on loans and advances		**794**	**732**	**62**	**8.5**
Commission income		409	404	5	1.2
Commission expenses		–155	–155	–	–
Net commission income	(23)	**254**	**249**	**5**	**2.0**
Net trading income	(4), (24)	–44	148	–192	>–100.0
Result of non-trading derivatives and financial instruments of the fair value option	(4), (5), (25)	280	6	274	>100.0
Net income on hedge accounting	(5), (26)	12	–1	13	>100.0
Net income from financial investments	(4), (27)	–23	–34	11	32.4
Result of companies accounted for using the equity method	(3), (28)	7	9	–2	–22.2
Other operating result	(12), (29)	209	357	–148	–41.5
General administrative expenses	(30)	–997	–1,068	71	6.6
Earnings before tax		**492**	**398**	**94**	**23.6**
Taxes on income	(19), (31)	–95	–100	5	5.0
Consolidated net income		**397**	**298**	**99**	**33.2**
thereof: Attributable to non-controlling interests		–	–1	1	100.0
thereof: Attributable to shareholders of the parent company		397	299	98	32.8

Statement of Comprehensive Income

for the period from 1 January to 31 December 2011

	Notes	2011 in € m	2010 in € m	Change in € m	Change in %
Consolidated net income according to the income statement		**397**	**298**	**99**	**33.2**
Gains and losses from available-for-sale financial assets					
Valuation gains (+)/losses (–) from available-for-sale financial assets		2	88	–86	–97.7
Gains (+)/losses (–) reclassified to the income statement upon disposal or impairment of the assets		–11	43	–54	>–100.0
Pro-rata result of companies accounted for using the equity method recognised directly in equity					
Gains (+)/losses (–) reclassified to the income statement upon disposal or impairment of the assets		–2	–	–2	–
Change from currency translation					
Gains (+)/losses (–) from currency translation of foreign operations		7	13	–6	–46.2
Gains (+)/losses (–) reclassified to the income statement upon disposal		–	–6	6	100.0
Gains and losses from hedging cash flows					
Valuation gains (+)/losses –) from hedging instruments in cash flow hedges		–10	–6	–4	–66.7
Actuarial gains (+)/losses (–) from pension obligations	(53)	**–54**	**–80**	**26**	**32.5**
Other comprehensive income before taxes		**–68**	**52**	**–120**	**>–100.0**
Taxes on income on gains/losses not recognised in the income statement	(31)	29	–2	31	>100.0
Other comprehensive income after taxes		–39	**50**	**–89**	**>–100.0**
Total result for the reporting period		**358**	**348**	**10**	**2.9**
thereof: Attributable to non-controlling interests		–2	–2	–	–
thereof: Attributable to shareholders of the parent company		360	350	10	2.9

Balance Sheet

as of 31 December 2011

Assets

	Notes	31.12.2011 in € m	31.12.2010 in € m	Change in € m	Change in %
Cash reserve	(34)	351	436	–85	–19.5
Loans and advances to banks	(4), (35)	15,295	14,412	883	6.1
Loans and advances to customers	(4), (36)	84,041	87,698	–3,657	–4.2
Impairments on loans and advances	(11), (37)	–1,256	–1,253	–3	–0.2
Trading assets	(4), (38)	37,960	39,176	–1,216	–3.1
Positive fair value of non-trading derivatives	(4), (5), (39)	4,285	3,702	583	15.7
Financial investments	(4), (40)	18,755	17,687	1,068	6.0
Shares in companies accounted for using the equity method	(3), (41)	50	63	–13	–20.6
Investment property	(12), (42)	2,436	2,441	–5	–0.2
Property, plant and equipment	(13), (43)	315	317	–2	–0.6
Intangible assets	(14), (44)	167	164	3	1.8
Income tax assets	(19), (45)	636	452	184	40.7
Non-current assets held for sale and disposal groups	(15), (46)	8	–	8	–
Other assets	(16), (47)	942	949	–7	–0.7
Total assets		**163,985**	**166,244**	**–2,259**	**–1.4**

Liabilities

		31.12.2011	31.12.2010	Change	
	Notes	in € m	in € m	in € m	in %
Liabilities due to banks	(4), (48)	31,533	31,679	–146	–0.5
Liabilities due to customers	(4), (49)	41,907	40,896	1,011	2.5
Securitised liabilities	(4), (50)	37,243	40,389	–3,146	–7.8
Trading liabilities	(4), (51)	37,198	38,529	–1,331	–3.5
Negative fair values of non-trading derivatives	(4), (5), (52)	3,916	3,148	768	24.4
Provisions	(17), (18), (53)	1,279	1,190	89	7.5
Income tax liabilities	(19), (54)	357	238	119	50.0
Other liabilities	(16), (55)	592	484	108	22.3
Subordinate capital	(20), (56)	4,466	4,488	–22	–0.5
Equity	(57)	5,494	5,203	291	5.6
Subscribed capital		2,397	477	1,920	>100.0
Silent participations		–	1,920	–1,920	–100.0
Additional paid-in capital		658	658	–	–
Retained earnings		2,554	2,263	291	12.9
Revaluation reserve		–88	–91	3	3.3
Currency translation reserve		5	–	5	–
Cash flow hedge reserve		–19	–13	–6	–46.2
Non-controlling interests		–13	–11	–2	–18.2
Total liabilities		**163,985**	**166,244**	**–2,259**	**–1.4**

Statement of Changes in Equity

for the period from 1 January to 31 December 2011

in € m

	Equity attributable to the shareholders of the parent company								Non-controlling interests	Total equity
	Subscribed capital	Silent participations	Additional paid-in capital	Retained earnings	Revaluation reserve	Reserve from currency translation	Reserve for valuation results of cash flow hedges	Subtotal		
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
Dividend payment				–14				–14		–14
Servicing of silent participations				–28				–28		–28
Total result of the reporting period				242	105	7	–4	350	–2	348
Equity as of 1 Jan. 2011	**477**	**1,920**	**658**	**2,263**	**–91**	**–**	**–13**	**5,214**	**–11**	**5,203**
Changes in the group of consolidated companies				–1		–		–1	–	–1
Dividend payment				–38				–38	–	–38
Servicing of silent participations				–28				–28		–28
Reclassification [1]	1,920	–1,920						–		–
Total comprehensive income of the reporting period				358	3	5	–6	360	–2	358
Equity as of 31 Dec. 2011	**2,397**	**–**	**658**	**2,554**	**–88**	**5**	**–19**	**5,507**	**–13**	**5,494**

[1] Strengthening of the quality of silent participations, see as well Note (57).

Cash Flow Statement

for the period from 1 January to 31 December 2011

in € m

	2011	2010
Consolidated net income	**397**	**298**
Non-cash items in consolidated net income and reconciliation with cash flow from operating activities:		
Depreciation, impairments and write-ups relating to receivables and fixed assets	269	486
Allocations to/reversal of provisions	221	196
Other non-cash expenses/income	77	–96
Result from the disposal of fixed assets	–75	–15
Other adjustments [1]	–955	–937
Sub-total	**–66**	**–68**
Change in assets and liabilities of current operations after correction by non-cash components:		
Loans and advances to banks	–874	506
Loans and advances to customers	3,728	–11
Trading assets/liabilities	–276	–118
Other assets from operating activities	–33	–203
Liabilities due to banks	–146	–510
Liabilities due to customers	1,044	–903
Securitised liabilities	–3,266	1,343
Other liabilities from operating activities	–78	–171
Interest and dividends received	5,160	5,474
Interest paid	–4,094	–4,413
Income tax payments	–132	–85
Cash flow from operating activities	**967**	**841**
Proceeds from the disposal of:		
Financial investments	4,567	3,885
Property, plant and equipment	–	75
Investment property	42	38
Intangible assets	1	–
Payments for the acquisition of:		
Financial investments	–5,469	–4,703
Property, plant and equipment	–23	–159
Investment property	–90	–87
Intangible assets	–17	–13
Effects from changes in the group of consolidated companies:		
Payments for the acquisition of subsidiaries and associated companies	–1	–2
Proceeds from the disposal of subsidiaries and associated companies	49	3
Cash flow from investing activities	**–941**	**–962**

[1] In the previous year, shown under other non-cash effective expenses/income.

in € m

	2011	2010
Dividend payments	–38	–14
Servicing of silent participations	–28	–28
Changes in funds from other financing activities (subordinate capital)	–46	–66
Cash flow from financing activities	**–112**	**–108**
Cash and cash equivalents as of 1 January	**436**	**659**
Cash flow from operating activities	967	841
Cash flow from investing activities	–941	–962
Cash flow from financing activities	–112	–108
Effects of exchange rate changes, valuation changes and changes in the group of consolidated companies	1	6
Cash and cash equivalents as of 31 December	**351**	**436**
thereof:		
Cash on hand	59	63
Balances with central banks	292	373

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 preceeds and payments from loans and advances, liabilities, trading assets/liabilities and other assets or liabilities. The interest and dividend payments resulting from operating activities are shown separately. The other adjustments relate to net interest income and taxes on income excluding deferred taxes.

The cash flow from investing activities comprises preceeds and payments for financial investments, property, plant and equipment, investment property and intangible assets as well as preceeds and payments for the sale or acquisition of subsidiaries and associates. Further details concerning the consolidated companies which have been purchased or sold are set out in Note (2).

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 silent participations disclosed as equity are also recognised in this item.

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

Notes

Accounting and Valuation Methods

(1) General Information

Basis of consolidated accounting
The consolidated financial statements of Helaba for the period ended 31 December 2011 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 shareholders' 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 2011 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 2011 was the first year in which the following standards and interpretations which have been adopted by the EU were the subject of mandatory adoption:

- IAS 24: Related Party Disclosures (revised 2009)
- Changes to IAS 32: Classification of Subscription Rights
- Amendment to IFRS 1: Limited Exemption of First-time Adopters for Comparison Information in Accordance with IFRS 7
- Changes to IFRIC 14: Advance Payments in Accordance with Minimum Funding Requirements
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- Improvements to the International Financial Reporting Standards 2010.

The application of these standards and interpretations had no or only an insignificant impact on the consolidated financial statements of Helaba. With regard to the application of the revised IAS 24, please refer to Note (76).

The other standards and interpretations which were promulgated by the IASB and International Financial Reporting Committee (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. Early adoption is also not intended. With the exception of IFRS 9 Financial Instruments and IFRS 10 Consolidated Financial Statements, they will probably not have any, or will probably only have a minor impact on the consolidated financial statements.

On 12 November 2009, the 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 2015; 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). In addition, there are plans for limited amendments to the regulations for the classification and measurement of financial instruments (phase 1).

On 12 May 2011, the IASB published IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. IFRS 10 Consolidated Financial Statements is the result of the consolidation project of the IASB, and replaces the consolidation guidelines in the previous IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. As the position stands at the present, the regulations have to be applied starting 1 January 2013. Early adoption of the standard is possible if this is disclosed in the notes and if IFRS 11 and 12 as well as the new regulations regarding IAS 27 and 28 are also the subject of early adoption. The specific impact on the consolidated financial statements is currently still being investigated.

Amendments in accordance with IAS 8
With regard to the valuation of products exposed to foreign currencies, a cross currency basis spread (CCBS) was also recognised for the first time in the financial year 2011. The CCBS is a quoted market parameter and expresses the price which an investor is prepared to pay or receive if liquidity is swapped from one currency to another. At the same time the discounting curve for measuring derivatives has been uniformly changed to a three-month horizon. These adjustments of the valuation model are amendments of an estimate in accordance with IAS 8.32 et seqq., which has not resulted in any adjustments of previous year figures. On the day on which the valuation curves were changed over, the model adjustment resulted in a valuation effect of € 196 m, with an impact of € –5 m on net trading income, € 14 m on the net income on hedge accounting and € 187 m in the result of derivatives not held for trading. In economic terms, the changes in the values of the derivatives are opposed by opposite valuation effects of underlyings which, as a result of measurement at amortised cost of purchase, were not able to be recognised in the income statement. The unilateral positive valuation effect will therefore have a negative impact on the income statement in future periods.

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 2011. The exceptions relating mainly to the investment assets are also normally

recognised in the amounts applicable as of 31 December 2011. The accounting and valuation 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 and valuation policies are detailed in the following.

(2) Group of Consolidated Companies

The group of consolidated companies of the Helaba Group comprises a total of 110 companies in addition to Helaba as the parent company (2010: 106). 85 (2010: 84) companies are fully consolidated in the Group, and 25 (2010: 22) companies are accounted for using the equity method. The fully consolidated companies are subsidiaries and special purpose vehicles, including investment assets.

41 subsidiaries, 14 joint ventures and 23 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 investments.

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 OFB Group.

Changes to the group of fully consolidated companies

Additions

Airport Office One GmbH & Co.KG, Schönefeld	Established in December 2011
Projektentwicklungs-GmbH & Co. Schule an der Wascherde KG, Kassel	Established in April 2011

Disposals

Bankservicegesellschaft Rhein-Main mbH, Kriftel	Merger with Sparkassen Markt Service GmbH which has been measured at equity for the first time

Changes in the group of companies accounted for using the equity method

Additions

Einkaufszentrum Wittenberg GmbH, Leipzig	Acquisition of shares in March 2011
Multi Park Mönchhof Dritte GmbH & Co. KG, Walldorf	Established in May 2011
OFB & Procom Rüdesheim GmbH & Co. KG, Frankfurt am Main	Established in June 2011
Sparkassen Markt Service GmbH, Darmstadt	Addition in course of the merger of the previously fully consolidated Bankservicegesellschaft Rhein-Main mbH, Kriftel

Since 17 August 2011, the shares in Sparkassen Markt Service GmbH, Darmstadt, acquired by way of the merger of Bankservicegesellschaft Rhein-Main mbH, Kriftel, have been included by way of at-equity measurement. The deconsolidation and initial recognition of the equity value at fair value has resulted in other operating income of € – 0.2 m.

Disposals

SKYGARDEN Arnulfpark GmbH & Co. KG, Grünwald	Disposal of shares in December 2011

The disposal profit resulting from the disposal of SKYGARDEN Arnulfpark GmbH & Co. KG, Grünwald, amounted to € 12 m, and is shown in the result of companies measured at equity.

(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 presented under financial investments.

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 2011.

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.

Shares of subsidiaries which are not attributed to the parent company are presented in the consolidated financial statement of position within equity and the income statement/statement of comprehensive income as "non-controlling interests" respectively "thereof attributable to non-controlling interests". Non-controlling interests are determined on the basis of the present values of assets and liabilities attributed to them.

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/statement of comprehensive income, 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 liabilities, 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 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 liabilities 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 item “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 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 trading assets or trading liabilities. The expenses and income attributable to held-for-trading financial instruments are shown completely under net trading income. Derivative financial instruments which are not held for trading purposes are shown as positive or negative fair values of non-trading derivatives.

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 result is shown in the result of non-trading derivatives and financial instruments of the fair value option.

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 investments. 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 net income on hedge accounting.

In the case of impairments attributable to rating considerations, which mean that the fair value will probably be lower than the amortised cost on a permanent basis, the revaluation reserve is adjusted by the amount of the impairment and is recognised in the result of financial investments. 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 net income from financial investments.

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 the 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 % (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 fair values of non-trading derivatives. 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 net income on hedge accounting.

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 fair values of non-trading derivatives
In the Helaba Group, this item is used for showing derivatives which are not held for trading purposes. 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 fair values are shown on the assets side of the balance sheet, and negative fair 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 net income on hedge accounting (hedge accounting) or in the result of non trading derivatives and financial instruments of the 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 an underlying 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 instalments 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 non-trading derivatives and financial instruments of the fair value option.

(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 derecognition 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 valuation category as detailed in IAS 39, and are recognised under assets held for trading or within the holdings of financial investments. 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 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. This is a loan in accordance with Section 607 BGB. Whereas loaned securities are still shown in the security holdings of the lender (assets held for trading, financial investments) and are measured in accordance with the relevant valuation category, borrowed securities are not recognised and measured on the borrower's side.

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.

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.

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 rewards and risks attributable to the lease object. On the other hand, leases for which all rewards and risks are essentially transferred to the lessee are classified as finance leases.

Leases where the Group is the lessor
If operating leases are carried out in the Helaba Group, the Group company retains beneficial ownership in the lease object. The lease objects are shown under property, plant and equipment in the consolidated statement of financial position and, in the case of land and buildings, they are shown under investment property. The lease objects are recognised in accordance with the relevant principles. The proceeds of the lease are recognised in the income statement 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 inception of the lease 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 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 (shares, equity participations) are translated using the exchange rate applicable on the balance sheet date. Non-monetary items measured at amortised cost (e. g. property, plant and equipment) are translated using the exchange rate applicable at the time of acquisition. Currency translation differences, with the exception of differences resulting from equity instruments measured at fair value through other comprehensive income, 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 disposed 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. There is implied recognition of country risks. This method is also used as the basis for creating portfolio allowances. These are created 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. For this purpose, expected losses are multiplied by factors which reflect the period between the point at which an impairment incurs and the point at which it is 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 amount 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 held to generate rental income in the long term or for capital appreciation or both.

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 component approach is applied if there are major differences in the economic useful lives of the main elements.

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 gross rental 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 investment property) as well as lease objects within the framework of operating leases are shown under property, plant and equipment.

Property, plant and equipment is measured initially at its 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 with a definite useful life 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
- Furniture, fixture and office equipment 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 fair value less cost to sellnet disposal price and value in use. If the reasons for an impairment are no longer applicable in subsequent years, a reversal of the impairment losswrite-up is recognised up to an amount not exceeding the amortized costs net of accumulated depreciation.

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) Non-Current Assets Held for Sale and Disposal Groups

Non-current assets held for sale 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 fair value less costs to sell 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 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 manager 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 %

	31.12.2011	31.12.2010
Interest rate	5.00	5.25
Salary trend	2.00	1.00–1.60
Pension trend	1.60–2.00	1.60–2.00
Fluctuation rate	0.00–3.00	0.00–3.00
Expected return on plan assets	3.25–5.95	3.00–6.28

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 19.93A, 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 return on plan assets. The interest expense, as well as the expected return on 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 silent participations 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 measured 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

	2011	2010
Interest income from		
Lending and money market transactions	3,509	3,563
Fixed income securities	394	299
Hedging derivatives of hedge accounting	353	518
Non-trading derivatives	727	838
Financial instruments of FVO	65	69
Building savings and loan business	49	56
Finance leases	–	18
Current income from		
Shares and other variable-income securities	12	2
Shares in affiliated companies	2	1
Equity participations	29	23
Interest income	**5,140**	**5,387**
Interest expenses attributable to		
Liabilities due to banks and customers	–1,870	–1,960
Securitised liabilities	–866	–916
Subordinate capital	–170	–173
Hedging derivatives of hedge accounting	–233	–249
Non-trading derivatives	–577	–740
Financial instruments of FVO	–225	–198
Building savings and loan business	–72	–75
Provisions	–60	–59
Interest expenses	**–4,073**	**–4,370**
Total	**1,067**	**1,017**

Interest income and interest expenses attributable to financial instruments not measured at fair value through profit or loss amounted to € 3,983 m (2010: € 3,932 m) and € 2,977 m (2010: € 3,123 m) respectively.

The interest income from lending and money market transactions includes interest of € 27 m (2010: € 21 m) attributable to financial investments which have been reclassified to the category LaR.

The figure shown for interest income from lending and money market transactions includes so-called unwinding effects of € 40 m (2010: € 42 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). The costs of LBS Hessen-Thüringen for building saving and loan deposits are accordingly shown under interest expenses.

The current income from shares and other variable-income securities includes a figure of € 4 m (2010: € 2 m) for dividends and distributions of financial instruments of the FVO.

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 interest expenses attributable to the compounding of pension obligations (2010: € 55 m). The expected return on plan assets of € 9 m (2010: € 10 m) is accordingly included in interest income.

(22) Provisions for Losses on Loans and Advances

in € m

	2011	2010
Allocations	**– 417**	**– 421**
Impairments on loans and receivables	– 383	– 394
Provisions for loan commitments and guarantees	– 34	– 27
Reversals	**146**	**173**
Impairments on loans and receivables	126	153
Provisions for loan commitments and guaranties	20	20
Direct impairments loans and receivables	**–11**	**– 51**
Inflows received in relation to previously written-off receivables	**9**	**14**
Total	**– 273**	**– 285**

In the current financial year, the risk provisions for losses on loans and advances do not contain any changes of portfolio allowances (2010: € 3 m) or any direct impairments (2010: € 4 m) for financial investments which were reclassified to the category LaR in 2008.

(23) Net Commission Income

in € m

	2011	2010
Credit and guarantee business	29	35
Payments services and foreign trade	66	66
Asset management and fund conception	56	53
Security and custody business	37	38
Placing and underwriting obligations	19	21
Management of public grant and development programs	29	23
Building savings and loan business	– 8	–7
Fiduciary transactions	4	8
Other	22	12
Total	**254**	**249**

The item “Placing and underwriting obligations” mainly includes commissions attributable to the placing of short-term money market paper.

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

(24) Net Trading Income

in € m

	2011	2010
Equity-related business	**1**	**2**
Equities	118	170
Equity-related derivatives	–117	–168
Interest-related business	**–4**	**199**
Non-derivative interest-related business	326	468
Interest derivatives	–330	–269
Currency-related business	**–17**	**–15**
Foreign exchange	–129	–27
FX-related derivatives	112	12
Result from credit derivatives	**–**	**–7**
Commission income	**–24**	**–31**
Total	**–44**	**148**

Net trading income includes realised and unrealised gains or losses of derivative and non-derivative financial instruments of the trading portfolio, 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.

With regard to the change in the net trading income resulting from the initial recognition of the cross currency basis spread (CCBS), please refer to Note (1).

(25) Result of Non-Trading Derivatives and Financial Instruments of the Fair Value Option

in € m

	2011	2010
Result of non-trading derivatives	423	–30
Result of financial instruments of FVO	–143	36
Total	**280**	**6**

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 non-trading derivatives, credit derivatives account for € 16 m (2010: € –43 m). The result attributable to financial instruments of the FVO held by consolidated special and public funds and non-trading derivatives amounts to € –0.4 m (2010: € –16 m). With regard to the result of non-trading derivatives resulting from the initial recognition of the cross currency basis spread (CCBS), please refer to Note (1).

(26) Net Income on Hedge Accounting

The net income on hedge accounting comprises the valuation result of the hedged items and the hedging instruments of hedge accounting.

in € m

	2011	2010
Valuation result of hedging instruments	28	–62
Valuation result of hedged items	–16	61
Total	**12**	**–1**

With regard to the change in the net income on hedge accounting resulting from the initial recognition of the cross currency basis spread (CCBS), please refer to Note (1).

(27) Net Income from Financial Investments

Net income from financial investments includes the gains or losses on disposal and valuation of AfS financial investments.

in € m

	2011	2010
Disposal result of AfS financial investments	**63**	**5**
Equity participations	34	2
Bonds and other fixed-income securities	29	3
Valuation result of AfS financial investments	**–86**	**–39**
Impairments	–86	–46
Reversal of impairments	–	7
Total	**–23**	**–34**

Of the figure shown for impairments, € 59 m (2010: € 1 m) is attributable to bonds and other fixed-income securities, and € 27 m (2010: € 45 m) is attributable to equity participations 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

	2011	2010
Result of joint ventures accounted for using the equity method	–	–1
Result of associated companies accounted for using the equity method	–5	–8
Disposal gains of joint ventures accounted for using the equity method	12	–
Disposal gains of associated companies accounted for using the equity method	–	18
Total	**7**	**9**

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 accumulated other comprehensive income at companies accounted for using the equity method are shown in consolidated accumulated other comprehensive income.

The result of companies accounted for using the equity method does not include any impairments (2010: € 2 m).

(29) Other Operating Result

in € m

	2011	2010
Other operating income	**479**	**659**
Rental and leasing income (operating leases)	349	463
Income from the disposal of non-financial assets	41	24
Income from the reversal of provisions	16	16
Income from non-banking services	28	51
Income from negative goodwill recognised in the income statement	–	2
Income from the deconsolidation of subsidiaries	–	37
Income from technical equipment, plant and machinery	–	2
Sundry other operating income	45	64
Other operating expenses	**–270**	**–302**
Operating costs of property not used for owner occupancy	–149	–152
Costs of disposal of non-financial assets	–	–3
Depreciation on non-financial assets	–41	–45
Impairment of goodwill	–	–11
Expenses from the deconsolidation of subsidiaries	–	–2
Restructuring costs	–	–5
Sundry other operating expenses	–80	–84
Total	**209**	**357**

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

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

in € m

	2011	2010
Income from investment property	**326**	**326**
Rental income	314	316
Income from disposals	12	10
Expenses of investment property	**–188**	**–186**
Direct operating expenses of investment property	–147	–142
thereof: From investment property that generated rental income during the period	–147	–142
Depreciation and impairments	–40	–43
Other expenses	–1	–1
Total	**138**	**140**

Impairment of € 1 m was recognised in relation to property held as inventory (2010: € 2 m).

(30) General Administrative Expenses

in € m

	2011	2010
Personnel expenses	**–513**	**–536**
Wages and salaries	–423	–435
Social security	–60	–63
Retirement pension and benefit costs	–30	–38
Other administrative expenses	**–449**	**–427**
Depreciation and impairments	**–35**	**–105**
On property, plant and equipment	–24	–84
On software and other intangible assets	–11	–21
Total	**–997**	**–1,068**

The other administrative expenses are broken down as follows:

in € m

	2011	2010
Buildings and premises	–75	–74
IT costs	–128	–127
Mandatory contributions, audit and consultancy fees	–144	–117
Costs of advertising, public relations and representation	–37	–39
Costs of business operations	–65	–70
Total	**–449**	**–427**

In 2011, were for the first time the contributions to the restructuring fund for credit institutions of € 31 m included in the mandatory contributions.

(31) Taxes on Income

in € m

	2011	2010
Current taxes	–111	–80
Deferred taxes	16	–20
Total	**–95**	**–100**

The current tax expense incurred in the year under review is mainly attributable to Frankfurter Sparkasse (€ 53 m), the New York branch (€ 30 m), and the Bank in Germany (€ 10 m). It comprises payments of € 5 m for previous years (2010: refunds of € 17 m).

The current tax expense of the year under review was reduced by € 33 m (2010: € 25 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: € 37 m) as well as the utilisation or creation of tax losses carried forward (netted tax income: € 49 m). Changes in tax rates resulted in tax income of € 4 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

	2011	2010
Earnings before taxes	**492**	**398**
Applicable consolidated income tax rate in %	30	30
Anticipated income tax expense in financial year	**–148**	**–119**
Effects of different tax rates	–15	7
Effects of tax rate changes	4	1
Taxes attributable to previous years recognised in the financial year	–5	17
Non-allowable taxes on income	–	–
Tax-free income	36	25
Non-deductible operating expenses	–19	–13
Trade tax additions/reductions	–1	–1
Impairments and amendments to previously recognised amounts	55	–6
Other effects	–2	–11
Income tax expense	**–95**	**–100**

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

in € m

	Before taxes		Taxes		After taxes	
	2011	2010	2011	2010	2011	2010
Gains and losses from available-for-sale financial assets	–9	131	12	–26	3	105
Pro-rata result of companies accounted for using the equity method recognised directly in equity	–2	–	–	–	–2	–
Change from currency translation	7	7	–	–	7	7
Gains and losses from cash flow hedging	–10	–6	2	1	–8	–5
Actuarial gains and losses from pension obligations	–54	–80	15	23	–39	–57
Total	**–68**	**52**	**29**	**–2**	**–39**	**50**

(32) Result after Tax of Discontinued Operations

In the last year, this item included 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

	2011	2010
Earnings before tax	**–**	**–3**
Expenses	–	–3
Result of discontinued operations	**–**	**–3**
Profit from the disposal of discontinued operations	–	3
Result of measurement and disposal of discontinued operations	**–**	**3**
Total	**–**	**–**

(33) Segment Reporting

in € m

	Real Estate		Corporate Finance		Financial Markets		Asset Management	
	2011	2010[1]	2011	2010[1]	2011	2010[1]	2011	2010[1]
Net interest income	329	340	261	249	107	94	37	31
Provisions for losses on loans and advances	–110	–189	–38	–63	2	3	–10	–6
Net interest income after provisions for losses on loans and advances	**219**	**151**	**223**	**186**	**109**	**97**	**27**	**25**
Net commission income	18	17	18	16	30	32	53	53
Net trading income	–	–	–2	2	–59	127	4	1
Result of non-trading derivatives and financial instruments of the FVO	–8	–4	–3	4	93	7	–1	–
Net income on hedge accounting	–	–	–	–	–1	–1	–	–
Net income from financial investments	–4	–2	–	–18	–31	10	29	1
Result of companies accounted for using the equity method	12	–1	–12	13	–	–	–	–
Other operating result	206	194	13	181	3	1	5	4
Total income	**443**	**355**	**237**	**384**	**144**	**273**	**117**	**84**
General administrative expenses	–188	–173	–87	–208	–124	–122	–65	–59
Earnings before taxes	**255**	**182**	**150**	**176**	**20**	**151**	**52**	**25**
Assets (€ bn)	34.0	36.8	25.4	26.5	74.5	70.6	1.5	1.7
Liabilities (€ bn)	2.9	2.8	5.6	6.5	105.7	111.7	1.4	1.4
Risk-weighted assets (€ bn)	21.6	21.0	13.7	13.9	10.4	10.0	0.8	1.1
Allocated capital (€ m)	2,057	1,853	1,275	1,291	909	812	73	86
Profitability of allocated capital (%)	12.4	9.8	11.7	13.6	2.1	18.6	70.6	29.5
Cost/income ratio before risk provisioning (%)	34.0	31.9	31.7	46.6	87.3	45.2	51.6	64.8

1) Previous year figures adjusted

in € m

	S-Group business		Public development and infrastructure business		Frankfurter Sparkasse		Other/ reconciliation		Group	
	2011	2010[1)]	2011	2010[1)]	2011	2010[1)]	2011	2010[1)]	2011	2010
Net interest income	89	85	40	34	297	279	–93	–95	1,067	1,017
Provisions for losses on loans and advances	–8	–1	–	–	12	–10	–121	–19	–273	–285
Net interest income after provisions for losses on loans and advances	**81**	**84**	**40**	**34**	**309**	**269**	**–214**	**–114**	**794**	**732**
Net commission income	18	15	32	29	72	74	13	13	254	249
Net trading income	13	19	–	–	–	–1	–	–	–44	148
Result of non-trading derivatives and financial instruments of the FVO	–1	–6	–	–	–4	13	204	–8	280	6
Net income on hedge accounting	–	–	–	–	–	–	13	–	12	–1
Net income from financial investments	–	–	–	–	–44	–11	27	–14	–23	–34
Result of companies accounted for using the equity method	–	–	–	–	7	–3	–	–	7	9
Other operating result	2	5	–6	–3	15	18	–29	–43	209	357
Total income	**113**	**117**	**66**	**60**	**355**	**359**	**14**	**–166**	**1,489**	**1,466**
General administrative expenses	–118	–120	–57	–51	–244	–244	–114	–91	–997	–1,068
Earnings before taxes	**–5**	**–3**	**9**	**9**	**111**	**115**	**–100**	**–257**	**492**	**398**
Assets (€ bn)	13.3	13.7	9.2	8.8	18.3	17.6	–12.2	–9.4	164.0	166.2
Liabilities (€ bn)	23.6	20.0	9.2	8.8	18.3	17.6	–2.7	–2.6	164.0	166.2
Risk-weighted assets (€ bn)	1.0	1.0	1.0	0.9	4.0	4.2	4.8	4.9	57.3	57.2
Allocated capital (€ m)	87	84	85	77	354	343	518	481	5,358	5,029
Profitability of allocated capital (%)	–	–	11.2	11.4	31.3	33.4	–	–	9.2	7.9
Cost/income ratio beforerisk provisioning (%)	97.6	102.0	85.7	85.6	71.3	66.3	84.5	–	56.6	61.0

1) 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 allocated to this segment on the basis of at-equity accounting.
- The Financial Markets segment brings together the results of the business units Global Markets, Assets Liability Management, Public Sector Sales, Financial Institutions and International 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 comprises Helaba Invest Kapitalanlagegesellschaft mbH as well as Frankfurter Bankgesellschaft (Schweiz) AG. 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 LBS 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 FVO, 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. The distribution of the corporate centre costs has been adjusted. This is also applicable for the previous year.

Recognised assets are included under assets and recognised liabilities including the equity of the relevant units in each case are disclosed 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 equity is distributed on the basis of risk positions and, for the real estate and other non-bank activities, in accordance with the recognised 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.

Reconciliation effects between the segment results and the income statement of the Group relate mainly to net interest income. 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 net interest income 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	
	2011	**2010**
Real estate loans	274	209
Real estate management	22	19
Real estate services	147	127
Corporate financing	237	384
Treasury products	107	63
Trading products	–27	136
Financing for financial institutions	64	74
Fund management/asset management	117	84
Building savings activities	60	58
Sparkassen S-Group activities	53	59
Public development and infrastructure business	66	60
Retail business	355	359
Other products/reconciliation	14	–166
Group	**1,489**	**1,466**

Based on regions, the breakdown is as follows:

in € m

	Income after provisions for losses on loans and advances	
	2011	**2010**
Germany	1,440	1,445
Europe (excluding Germany)	67	116
World (excluding Europe)	141	80
Other	–159	–175
Group	**1,489**	**1,466**

Notes to the Balance Sheet

(34) Cash Reserve

in € m

	31.12.2011	31.12.2010
Cash on hand	59	63
Balances with central banks	292	373
Total	**351**	**436**

Of the balances with central banks, € 273 m (2010: € 326 m), is with Deutsche Bundesbank.

(35) Loans and Advances to Banks

in € m

	31.12.2011	31.12.2010
Affiliated Sparkassen	6,740	6,808
Girozentralen	428	600
Banks	8,127	7,004
Total	**15,295**	**14,412**
thereof:		
Domestic credit institutions	10,669	11,103
International credit institutions	4,626	3,309

in € m

	31.12.2011	31.12.2010
Receivables, due on demand	4,966	3,544
Other receivables	10,329	10,868
Total	**15,295**	**14,412**
thereof:		
Overnight money and time deposits	165	791
Cash collateral provided	4,721	2,636
Forwarding loans	4,565	4,288

(36) Loans and Advances to Customers

in € m

	31.12.2011	31.12.2010
Corporate customers	62,310	66,028
Private customers	6,418	6,643
Public sector	15,313	15,027
Total	**84,041**	**87,698**
thereof:		
Domestic customers	51,921	52,847
International customers	32,120	34,851

in € m

	31.12.2011	31.12.2010
Receivables, due on demand	1,540	1,301
Other receivables	82,501	86,397
Total	**84,041**	**87,698**
thereof:		
Commercial real estate loans	31,966	34,615
Private construction loans	3,497	3,495
Buildings loans of the Bausparkasse	1,053	1,125
Forwarding loans	2,756	2,916
Infrastructure loans	3,656	3,390
Consumer loans	340	353
Promissory note loans	531	658
Financial assets from credit substitute business	1,075	1,470
Receivables from finance leases	8	9
Receivables purchased before maturity	68	411

The other loans and advances to customers of € 39,091 m (2010: € 39,256 m) mainly comprise redemption and roll-over loans in Corporate Finance.

(37) Impairment on Loans and Advances

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

in € m

	31.12.2011	31.12.2010
Impairments on loans and advances to banks	**91**	**4**
Global individual allowances	1	1
Portfolio allowances	90	3
Impairments on loans and advances to customers	**1,165**	**1,249**
Individual allowances	839	900
Global individual allowances	90	104
Portfolio allowances	236	245
Provisions for loan commitments and guarantees	**71**	**66**
Total	**1,327**	**1,319**

The impairments in relation to loans and advances are shown separately on the asset 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	
	2011	2010	2011	2010	2011	2010	2011	2010
As of 1 Jan.	**900**	**844**	**105**	**98**	**248**	**246**	**1,253**	**1,188**
Changes in the group of consolidated companies	–	–8	–	–	–	–1	–	–9
Changes due to currency translation	8	6	–	–	–	3	8	9
Utilisation	–218	–129	–11	–5	–	–	–229	–134
Reversals	–123	–153	–3	–	–	–	–126	–153
Reclassifications	7	–	–	–	–	–	7	–
Unwinding	–40	–42	–	–	–	–	–40	–42
Allocation	305	382	–	12	78	–	383	394
As of 31 Dec.	**839**	**900**	**91**	**105**	**326**	**248**	**1,256**	**1,253**

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

in € m

	31.12.2011	31.12.2010
Public sector	1	–
Financial companies	8	4
Property and housing	631	605
Energy and water supply	30	15
Manufacturing	184	155
Other services	136	273
Natural persons	119	128
Insurance	1	1
Investment companies	12	17
Other	43	51
Total	**1,165**	**1,249**

(38) Trading Assets

in € m

	31.12.2011	31.12.2010
Bonds and other fixed-income securities	**21,844**	**25,399**
Money market instruments	619	926
Of other issuers	619	926
Bonds	21,225	24,473
Of public issuers	3,891	2,873
Of other issuers	17,334	21,600
Shares and other variable-income securities	**115**	**57**
Positive fair values of derivative financial instruments	**9,052**	**6,641**
Equity-related derivatives	61	99
Interest-related derivatives	7,839	5,410
FX-related derivatives	1,034	1,063
Credit derivatives	113	68
Commodity-related derivatives	5	1
Receivables of trading portfolio	**6,949**	**7,079**
Total	**37,960**	**39,176**

The financial instruments in the item "Trading assets" are exclusively allocated to the category aFV (sub-category HfT) and are measured at fair value. Receivables of trading portfolio mainly comprise promissory note loans, repo and money trading transactions.

Of the bonds and other fixed-income securities as well as shares and other variable-income securities, € 20,267 m are listed (2010: € 22,810 m).

(39) Positive Fair Values of Non-Trading Derivatives

in € m

	31.12.2011	31.12.2010
Hedging derivatives of hedge accounting	1,448	1,497
Other non-trading derivatives	2,837	2,205
Total	**4,285**	**3,702**

The hedging derivatives of Hedge Accounting are used within the framework of micro fair value hedges classified under IAS 39. As other non-trading derivatives, 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 Investments

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 are measured directly through other comprehensive income if classified in the category AfS or at fair value through profit or loss if classified in the category FVO. If it is not possible because the fair value is not reliably measureable, these instruments are measured at cost less any impairment losses.

Financial investments are broken down as follows:

in € m

	31.12.2011	31.12.2010
Bonds and other fixed-income securities	**18,182**	**16,840**
Of public issuers	4,462	3,688
Of other issuers	13,720	13,152
Shares and other variable-income securities	**111**	**111**
Shares	34	31
Other variable-income securities	77	80
Shares in non-consolidated affiliated companies	**28**	**33**
Measured at fair value	20	23
Measured at cost	8	10
Equity participations	**434**	**703**
Measured at fair value	408	675
Measured at cost	26	28
Total	**18,755**	**17,687**

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

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

in € m

	31.12.2011	31.12.2010
Bonds and other fixed-income securities	17,322	16,036
Shares and other variable-income securities	43	42
Equity participations	–	53
Total	**17,365**	**16,131**

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

	31.12.2011	31.12.2010
Total		
Total assets	694	751
Total liabilities	547	586
Income	106	105
Net result	17	3
Pro-rata		
Total assets	271	270
Total liabilities	199	193
Income	39	34
Net result	6	1

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

in € m

	Shares in non-consolidated affiliated companies		Equity participations		Total	
	2011	2010	2011	2010	2011	2010
Anschaffungskosten						
As of 1 Jan.	**47**	**53**	**783**	**788**	**830**	**841**
Changes in group of consolidated companies	–	–7	–	–24	–	–31
Changes due to currency translation	–	–	5	9	5	9
Additions	–	3	58	49	58	52
Reclassifications	–	–1	–	1	–	–
Disposals	–5	–1	–375	–40	–380	–41
As of 31 Dec.	**42**	**47**	**471**	**783**	**513**	**830**
Valuation changes shown directly in equity						
As of 1 Jan.	**5**	**3**	**37**	**–20**	**42**	**–17**
Changes in group of consolidated companies	–	–	–	–4	–	–4
Changes due to currency translation	–	–	1	10	1	10
Unrealised gains/losses recognised in other comprehensive income (AfS)	1	2	31	8	32	10
Disposals	–	–	–28	43	–28	43
As of 31 Dec.	**6**	**5**	**41**	**37**	**47**	**42**
Cumulative write-downs and write-ups						
As of 1 Jan.	**–19**	**–23**	**–117**	**–83**	**–136**	**–106**
Changes in group of consolidated companies	–	3	–	9	–	12
Changes due to currency translation	–	–	–1	–	–1	–
Impairments	–1	–	–26	–45	–27	–45
Unrealised gains/losses recognised in the income statement (FVO)	–	–	2	–	2	–
Disposals	–	1	64	2	64	3
As of 31 Dec.	**–20**	**–19**	**–78**	**–117**	**–98**	**–136**
Carrying amounts as of 31 Dec.	**28**	**33**	**434**	**703**	**462**	**736**

The unrealised gains recognised in the income statement and detailed in the cumulative write-downs and write-ups result from the measurement at fair value of the equity participations of the FVO.

The disposals of the equity participations are essentially attributable to the disposal of the indirectly held shares in DekaBank as well as the disposal of a share in a listed company in the financial sector.

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 articles of incorporation.

- 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 reporting period, 21 (2010: 19) joint ventures and four (2010: three) associated companies are accounted for using the equity method.

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

in € m

	31.12.2011	31.12.2010
Shares in joint ventures	12	20
Shares in associated companies	38	43
Total	**50**	**63**

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

	31.12.2011	31.12.2010
Investments in joint ventures – total		
Total assets	146	183
Total liabilities	129	150
Income	30	7
Net result	–2	–1
Investments in joint ventures – pro-rata		
Total assets	78	99
Total liabilities	66	79
Income	15	3
Net result	–1	–1

in € m

	31.12.2011	31.12.2010
Investments in associated companies – total		
Total assets	2,033	2,312
Total liabilities	1,886	2,202
Income	348	225
Net result	–5	–2
Investments in associated companies – pro-rata		
Total assets	718	827
Total liabilities	678	798
Income	129	57
Net result	–4	–1

(42) Investment Property

in € m

	31.12.2011	31.12.2010
Rented property and buildings	2,350	2,356
Undeveloped land	57	55
Vacant buildings	4	3
Property under construction	25	27
Total	**2,436**	**2,441**

Of the figure shown for investment property, € 1,804 m (2010: € 1,776 m) is attributable to residential property of the GWH Group.

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

in € m

	2011	2010
At cost		
As of 1 Jan.	**2,697**	**2,816**
Changes in group of consolidated companies	–	–170
Changes due to currency translation	–	2
Additions	90	87
Transfers to inventories	–1	–9
Transfers to non-current assets held for sale and disposal groups	–44	–
Disposals	–37	–29
As of 31 Dec.	**2,705**	**2,697**
Cumulative write-downs		
As of 1 Jan.	**–256**	**–234**
Changes in group of consolidated companies	–	20
Depreciation	–39	–43
Impairments	–1	–
Transfers to non-current assets held for sale and disposal groups	20	–
Disposals	7	1
As of 31 Dec.	**–269**	**–256**
Carrying amounts as of 31 Dec.	**2,436**	**2,441**

Of the figure shown for additions, € 88 m (2010: € 82 m) is attributable to the GWH Group.

The transfers to non-current assets held for sale and disposal groups which have taken place during the year relate to real estate in Frankfurt and Erfurt which had been partially sold at the end of the year.

The fair values of the properties amounted to a total of € 3,019 m as of the balance sheet date (2010: € 2,986 m).

There is a contractual obligation of € 7 m (2010: € 18 m) for the acquisition, construction or development of investment properties.

(43) Property, Plant and Equipment

in € m

	31.12.2011	31.12.2010
Owner-occupied land and buildings	254	263
Operating and business equipment	61	54
Total	**315**	**317**

Property, plant and equipment has developed as follows:

in € m

	Owner-occupied land and buildings		Operating and business equipment		Leased assets	
	2011	2010	2011	2010	2011	2010
At cost						
As of 1 Jan.	**364**	**385**	**229**	**241**	**–**	**536**
Changes in group of consolidated companies	–	–31	–2	–15	–	–538
Changes due to currency translation	–	1	–	–	–	9
Additions	4	1	19	16	–	131
Reclassifications	–	8	–	–	–	–
Disposals	–	–	–33	–13	–	–138
As of 31 Dec.	**368**	**364**	**213**	**229**	**–**	**–**
Cumulative write-downs						
As of 1 Jan.	**–101**	**–97**	**–175**	**–180**	**–**	**–135**
Changes in group of consolidated companies	–	2	1	8	–	134
Changes due to currency translation	–	–	–	–	–	1
Depreciation	–5	–6	–11	–13	–	–64
Impairments	–8	–	–	–	–	–
Disposals	–	–	33	10	–	64
As of 31 Dec.	**–114**	**–101**	**–152**	**–175**	**–**	**–**
Carrying amounts 31 Dec.	**254**	**263**	**61**	**54**	**–**	**–**

in € m

	Property under construction		Technical equipment, plant and machinery		Total	
	2011	2010	2011	2010	2011	2010
At cost						
As of 1 Jan.	**–**	**5**	**–**	**–**	**593**	**1,167**
Changes in group of consolidated companies	–	–	–	–8	–2	–592
Changes due to currency translation	–	–	–	–	–	10
Additions	–	3	–	8	23	159
Reclassifications	–	–8	–	–	–	–
Disposals	–	–	–	–	–33	–151
As of 31 Dec.	**–**	**–**	**–**	**–**	**581**	**593**
Cumulative write-downs						
As of 1 Jan.	**–**	**–**	**–**	**–**	**–276**	**–412**
Changes in group of consolidated companies	–	–	–	1	1	145
Changes due to currency translation	–	–	–	–	–	1
Depreciation	–	–	–	–1	–16	–84
Impairments	–	–	–	–	–8	–
Disposals	–	–	–	–	33	74
As of 31 Dec.	**–**	**–**	**–**	**–**	**–266**	**–276**
Carrying amounts 31 Dec.	**–**	**–**	**–**	**–**	**315**	**317**

(44) Intangible Assets

in € m

	31.12.2011	31.12.2010
Goodwill	136	138
Purchased software	31	25
Other intangible assets	–	1
Total	**167**	**164**

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	
	2011	2010	2011	2010	2011	2010	2011	2010
At cost								
As of 1 Jan.	**252**	**264**	**121**	**124**	**2**	**50**	**375**	**438**
Changes in group of consolidated companies	–2	–12	–2	–6	–	–49	–4	–67
Changes due to currency translation	–	–	1	1	–	–	1	1
Additions	–	–	17	12	–	1	17	13
Disposals	–	–	–8	–10	–1	–	–9	–10
As of 31 Dec.	**250**	**252**	**129**	**121**	**1**	**2**	**380**	**375**
Cumulative write-downs								
As of 1 Jan.	**–114**	**–113**	**–96**	**–95**	**–1**	**–27**	**–211**	**–235**
Changes in group of consolidated companies	–	10	1	4	–	34	1	48
Changes due to currency translation	–	–	–	–1	–	–	–	–1
Depreciation			–11	–13	–	–8	–11	–21
Impairments	–	–11	–	–	–	–	–	–11
Disposals	–	–	8	9	–	–	8	9
As of 31 Dec.	**–114**	**–114**	**–98**	**–96**	**–1**	**–1**	**–213**	**–211**
Carrying amounts 31 Dec.	**136**	**138**	**31**	**25**	**–**	**1**	**167**	**164**

As was the case in the previous year, there are no contractual obligations for the acquisition of intangible assets.

(45) Income Tax Assets

in € m

	31.12.2011	31.12.2010
Current income tax assets	91	81
Deferred income tax assets	545	371
Total	**636**	**452**

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

in € m

	31.12.2011	31.12.2010
Loans and advances to banks and customers	44	44
Trading assets/liabilities and derivatives	1,210	1,044
Financial investments	143	99
Other assets	61	60
Liabilities due to banks and customers	171	118
Pension provisions	133	126
Other provisions	48	41
Other liabilities	69	53
Tax losses carried forward	65	16
Deferred income tax assets, gross	**1,944**	**1,601**
Netting with deferred income tax liabilities	–1,399	–1,230
Total	**545**	**371**
thereof: Non-current	495	330

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 % for the Bank after 2011 (2010: 31.6 %) with an average trade tax multiplier of 450 % (2010: 450 %) at present.

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 € 65 m (2010: € 16 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 € 63 m (2010: € 254 m) and in relation to trade tax losses carried forward of € 122 m (2010: € 356 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 equity amounted to € 84 m as of the balance sheet date (2010: € 55 m).

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

The non-current assets held for sale amounting € 8 m total (2010: € 0 m) include a residential property in Erfurt, for which a sales agreement has been concluded. The property is included in the segment Real Estate. The criteria for derecognition will probably be met in the first half of 2012.

(47) Other Assets

in € m

	31.12.2011	31.12.2010
Property held in inventories	158	159
Completed properties	121	70
Property under construction	37	89
Advance payments and payments on account	40	44
Trade accounts receivable	55	36
Tax assets attributable to other taxes (excluding taxes on income)	13	5
Other assets	676	705
Total	**942**	**949**

(48) Liabilities Due to Banks

in € m

	31.12.2011	31.12.2010
Affiliated Sparkassen	2,640	2,236
Girozentralen	2,268	2,711
Banks	26,625	26,732
Total	**31,533**	**31,679**
thereof:		
Domestic credit institutions	25,400	25,158
International credit institutions	6,133	6,521

in € m

	31.12.2011	31.12.2010
Liabilities due on demand	1,939	2,448
Liabilities with agreed term or period of notice	29,594	29,231
Total	**31,533**	**31,679**
thereof:		
Promissory note loans raised	9,660	11,241
Forwarding loans	7,543	7,457
Issued registered bonds	2,754	2,837
Overnight money and fixed-term deposits	3,674	2,583

(49) Liabilities Due to Customers

in € m

	31.12.2011	31.12.2010
Corporate customers	22,423	22,681
Private customers	15,258	14,964
Public sector	4,226	3,251
Total	**41,907**	**40,896**
thereof:		
Domestic customers	38,424	36,622
International customers	3,483	4,274

in € m

	31.12.2011	31.12.2010
Liabilities due on demand	13,378	12,934
Liabilities with agreed term or period of notice	28,529	27,962
Total	**41,907**	**40,896**
thereof:		
Current accounts	5,064	4,175
Overnight money and fixed-term deposits	14,660	13,853
Saving deposits	2,588	2,451
Building saving deposits	3,333	3,307
Issued registered bonds	9,092	9,475
Promissory note loans raised	6,607	7,087

(50) Securitised Liabilities

in € m

	31.12.2011	31.12.2010
Issued bonds	**36,406**	**38,618**
Mortgage Pfandbriefe	2,802	2,421
Public Pfandbriefe	7,692	7,418
Other bonds	25,912	28,779
Other securitised liabilities	**837**	**1,771**
Total	**37,243**	**40,389**

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) Trading Liabilities

in € m

	31.12.2011	31.12.2010
Negative fair values of derivative financial instruments	**10,093**	**7,254**
Equity-related derivatives	50	57
Interest-related derivatives	8,886	6,318
FX-related derivatives	1,005	787
Credit derivatives	147	91
Commodity-related derivatives	5	1
Issued money market paper	**2,500**	**8,383**
Deposits of trading portfolio	**24,605**	**22,892**
Total	**37,198**	**38,529**

This item exclusively comprises financial instruments classified as aFV (sub-category HfT). The deposits of the trading portfolio mainly comprise money trading and repo transactions.

(52) Negative Fair Values of Non-Trading Derivatives

in € m

	31.12.2011	31.12.2010
Hedging derivatives of hedge accounting	871	615
Other non-trading derivatives	3,045	2,533
Total	**3,916**	**3,148**

The hedging derivatives of Hedge Accounting are used within the framework of micro fair value hedges classified under IAS 39. As other non-trading derivatives, 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

	31.12.2011	31.12.2010
Provisions for pensions and similar obligations	**937**	**882**
Other provisions	**342**	**308**
Personnel provisions	93	97
Provisions for loan commitments and guarantees	71	66
Restructuring provisions	2	4
Other provisions	176	141
Total	**1,279**	**1,190**

A discount rate of 5.0 % has been used for calculating the pension provisions in Germany (2010: 5.25 %). 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 Helaba and 23 % is attributable to Frankfurter Sparkasse (unchanged to previous year).

Helaba 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

	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Present value of pension obligations (DBO)	1,156	1,077	950	927	972
thereof: Completely funded	226	208	169	161	171
thereof: Unfunded	930	869	781	766	801
Fair value of plan assets	–271	–247	–227	–186	–185
Amount not recognised as assets, due to limits of IAS 19.58 b)	45	44	59	24	10
Net amount of pension obligations	**930**	**874**	**782**	**765**	**797**
Defined benefit assets	7	8	7	7	7
Reported pension provisions	**937**	**882**	**789**	**772**	**804**

Of the pension provisions which are shown, € 69 m (2010: € 68 m) is attributable to a contribution commitment identified as a liability under purchase price allocation within the framework of a business combination.

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

in € m

	2011	2010
Pension obligations as of 1 Jan.	**1,077**	**950**
Current service cost	19	16
Interest expenses	55	55
Employees' contributions	3	3
Benefits paid	–51	–45
Actuarial gains (–) or losses (+)	52	92
Changes due to currency translation	2	6
Past service costs	–1	–
Pension obligations as of 31 Dec.	**1,156**	**1,077**

Developments in plan assets are as follows:

in € m

	2011	2010
Fair value of plan assets as of 1 Jan.	**247**	**227**
Expected return on plan assets	9	10
Employer's contributions	19	9
Employees' contributions	3	3
Benefits paid	–8	–4
Actuarial gains (+) or losses (–)	–1	–3
Changes due to currency translation	2	5
Market value of plan assets as of 31 Dec.	**271**	**247**

The plan assets are broken down as follows:

in € m

	31.12.2011	31.12.2010
Equity instruments	23	20
Debt instruments	187	174
Other assets	61	53
Fair value of plan assets	**271**	**247**

Of the plan assets, € 12 m (2010: € 13 m) is attributable to the Group's own financial instruments; as was the case in the previous year, there were no investments in owner-occupied properties and other assets.

Payments by Helaba of € 9 m into plan assets are expected for the following financial year.

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

in € m

	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Experienced-based gains (+) or losses (–) from pension obligations (DBO)	16	–4	19	–4	45
Gains (+)/losses (–) from pension obligations (DBO) due to changes in assumptions	–68	–88	12	72	94
Experienced-based gains (+) or losses (–) from plan assets	–1	–3	2	–4	4
Change in the amount not recognised as an asset due to limits of IAS 19.58 b)	–1	15	–35	–14	–10
Actuarial gains (+)/losses (–) from pension obligations	**–54**	**–80**	**–2**	**50**	**133**

As of the balance sheet date, the cumulative actuarial gains and losses from pension obligations amounted to € 29 m (2010: € 83 m); after the deduction of deferred tax assets, they amounted to € 19 m (2010: € 58 m).

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

in € m

	31.12.2011	31.12.2010
Current service cost	19	16
Interest expenses	55	55
Expected return on plan assets	–9	–10
Past service costs	–1	–
Total income and expenses	**64**	**61**

The actual return on plan assets amounted to € 8 m (2010: € 7 m).

A total of € 4 m was recognised in the year under review for defined contribution benefit commitments (2010: € 3 m).

Movements in other provisions are shown in the following:

in € m

	Personnel provisions		Provisions for loan commitments and guarantees		Restructuring provisions		Other provisions		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
As of 1 Jan.	**97**	**104**	**66**	**58**	**4**	**3**	**141**	**144**	**308**	**309**
Change in group of consolidated companies	–	−2	–	–	–	–	–	−21	–	−23
Changes due to currency translation	–	1	–	1	–	–	1	–	1	2
Utilisation	−61	−72	−2	–	–	−1	−58	−45	−121	−118
Reversals	−2	−1	−20	−20	–	−1	−14	−14	−36	−36
Reclassifications	2	–	−7	–	−2	−2	–	–	−7	−2
Compounding	1	2	–	–	–	–	4	2	5	4
Allocation	56	65	34	27	–	5	102	75	192	172
As of 31 Dec.	**93**	**97**	**71**	**66**	**2**	**4**	**176**	**141**	**342**	**308**

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.

€ 155 m of other provisions are non-current (2010: € 144 m).

(54) Income Tax Liabilities

in € m

	31.12.2011	31.12.2010
Current tax liabilities	104	115
Deferred income tax liabilities	253	123
Total	**357**	**238**

The deferred income tax liabilities are broken down as follows:

in € m

	31.12.2011	31.12.2010
Loans and advances to banks and customers	181	155
Trading assets/liabilities held for trading and derivatives	1,252	994
Financial investments	136	53
Other assets	55	65
Liabilities due to banks and customers	1	37
Pension provisions	16	30
Other provisions	6	8
Other liabilities	5	11
Deferred income tax liabilities, gross	**1,652**	**1,353**
Netting with deferred tax assets	–1,399	–1,230
Total	**253**	**123**
thereof: Non-current	31	34

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 equity amounted to € 31 m as of the balance sheet date (2010: € 31 m).

(55) Other Liabilities

in € m

	31.12.2011	31.12.2010
Trade accounts payable	131	102
Liabilities due to employees	23	22
Advance payments and payments on account	212	191
Liabilities attributable to other taxes (excluding taxes on income)	103	59
Other liabilities	123	110
Total	**592**	**484**

(56) Subordinate Capital

in € m

	31.12.2011	31.12.2010
Subordinate liabilities	2,524	2,525
thereof: Accrued interest	11	12
Profit-sharing rights	821	845
thereof: Accrued interest	38	40
Silent participations	1,121	1,118
thereof: Accrued interest	50	50
Total	**4,466**	**4,488**
thereof:		
Securitised subordinate capital	3,139	3,158

The silent participations shown under this item do not meet the equity criteria of IAS 32.

(57) Equity

in € m

	31.12.2011	31.12.2010
Subscribed capital	2,397	477
Silent participations	–	1,920
Additional paid-in capital	658	658
Retained earnings	2,554	2,263
Revaluation reserve	–88	–91
Currency translation reserve	5	–
Cash flow hedge reserve	–19	–13
Non-controlling interests in equity	–13	–11
Total	**5,494**	**5,203**

The subscribed capital comprises the share capital paid in by the three owners in accordance with the Charter (€ 477 m) and the capital contributions of € 1,920 m provided by the Federal State of Hesse, which in the previous year were shown under silent participations. The owners of Helaba are the Savings Bank and Giro Association Hesse-Thuringia (85 % of the share capital), the Federal State of Hesse (10 %) and the Free State of Thuringia (5 %).

As a result of the adjustments which have been made to the modified regulatory requirements (so-called hardening), the silent participations have had the character of capital contributions since 30 December 2011 and, in the year under review, have been shown for the first time in subscribed capital. These capital contributions have previously also complied with the condition of IAS 32, which specifies that there is no contractual obligation to deliver cash or other financial assets. Accordingly, the capital contributions 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 cumulated actuarial gains and losses attributable to defined benefit obligations which have to be recognised in the cumulated other comprehensive income with due consideration being given to the related deferred taxes.

The revaluation reserve contains the unrealised gains or losses of AfS financial instruments recognised in equity after deferred taxes. The gains or losses are only reclassified from equity to the income statement when the asset is sold or impaired.

Further Information Concerning Financial Instruments

(58) Provision of Collateral

Assets transferred as security
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

	31.12.2011	31.12.2010
Trading assets	7,821	10,369
Loans and advances to banks	4,743	2,673
Loans and advances to customers	276	91
Financial investments	2,327	1,772
Investment property	164	261
Property, plant and equipment	45	46
Other assets	8	10
Total	**15,384**	**15,222**

Collateral is provided in particular for open market transactions, for settling security transactions via clearing houses and also for repurchase agreements. Cash collateral of € 5,019 m (2010: € 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 and loans.

In addition, the Bank holds receivables backed by property charges and municipal receivables as well as other items of collateral in its cover funds in accordance with Sections 12 and 30 PfandBG. As of 31 December 2011, the cover funds amounted to € 29,086 m (2010: € 29,410 m) with mortgage and public Pfandbriefe of € 20,078 m in circulation (2010: € 20,707 m). These also include registered securities, which are shown under liabilities due to banks and liabilities due to customers.

Assets received as security
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 € 514 m (2010: € 452 m). Such collateral with a fair value of € 193 m (2010: € 50 m) has been sold on, or has been the subject of onward pledging.

Cash collateral of € 692 m (2010: € 582 m) was received as collateral for OTC transactions; these are shown under liabilities due to banks and liabilities due to customers.

With regard to the information regarding collateral received within the framework of traditional lending operations, please refer to Note (69).

(59) Subordinate Assets

The following balance sheet items include subordinate assets:

in € m

	31.12.2011	31.12.2010
Loans and advances to banks	**71**	**83**
thereof:		
To companies in which an interest is held	1	1
Loans and advances to customers	**1,293**	**1,423**
thereof:		
To companies in which an interest is held	23	25
Trading assets	**13**	**19**
Financial investments	**48**	**75**
Total	**1,425**	**1,600**

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	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**
USD	18,707	19,456	9,964	16,098
GBP	6,606	7,109	1,600	3,514
CHF	3,077	3,638	2,071	4,294
JPY	1,482	1,405	1,498	1,761
Other currencies	1,410	2,270	305	331
Total	**31,282**	**33,878**	**15,438**	**25,998**

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 Maturities

in € m

	Due on demand	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Non-derivative financial liabilities	**18,549**	**26,029**	**28,667**	**52,868**	**27,937**
Trading liabilities	3,041	13,215	10,349	500	–
Liabilities due to banks	1,943	2,440	4,689	15,526	10,437
Liabilities due to customers	13,565	5,318	5,759	10,598	12,359
Securitised liabilities	–	5,030	7,339	22,633	3,862
Subordinate capital	–	26	531	3,611	1,279
Derivative financial liabilities	**10,093**	**317**	**615**	**2,262**	**938**
Trading liabilities	10,093	–	–	–	–
Negative fair value of non-trading derivatives	–	317	615	2,262	938
Irrevocable loan commitments	**604**	**814**	**2,321**	**9,456**	**2,321**
Total	**29,246**	**27,160**	**31,603**	**64,586**	**31,196**

The following amounts are applicable as of 31 December 2010:

in € m

	Due on demand	Less than 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Non-derivative financial liabilities	**17,924**	**32,385**	**26,130**	**56,371**	**28,617**
Trading liabilities	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**
Trading liabilities	7,254	–	–	–	–
Negative fair value of non-trading derivatives	–	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**

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 presented under trading liabilities 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. Trading derivatives were 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 fair values of derivative transactions as of the reference dates are shown in the following:

in € m

	Nominal values		Positive fair values		Negative fair values	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Equity-/index-related transactions	**962**	**882**	**62**	**99**	**52**	**57**
OTC products	**228**	**234**	**30**	**20**	**11**	**12**
Equity options	228	234	30	20	11	12
Purchased	150	137	30	18	–	1
Sold	78	97	–	2	11	11
Listed products	**734**	**648**	**32**	**79**	**41**	**45**
Equity/index futures	144	58	–	1	2	–
Equity/index options	590	590	32	78	39	45
Interest-related transactions	**511,223**	**499,736**	**12,000**	**8,799**	**12,154**	**8,875**
OTC products	**406,990**	**438,127**	**11,976**	**8,789**	**12,122**	**8,866**
Forward rate agreements	19,493	43,168	3	6	5	8
Interest swaps	333,357	343,758	10,745	8,061	10,316	7,899
Interest options	54,031	50,907	1,228	722	1,801	959
Purchased	24,447	22,906	1,222	714	–	–
Sold	29,584	28,001	6	8	1,801	959
Other interest contracts	109	294	–	–	–	–
Listed products	**104,233**	**61,609**	**24**	**10**	**32**	**9**
Interest futures	36,346	21,609	13	8	21	6
Interest options	67,887	40,000	11	2	11	3
Currency-related transactions	**59,289**	**53,455**	**1,145**	**1,373**	**1,569**	**1,281**
OTC products	**59,289**	**53,455**	**1,145**	**1,373**	**1,569**	**1,281**
Currency spot and future transactions	37,638	33,203	627	680	747	448
Cross currency swaps	19,409	19,313	499	678	799	813
Currency options	2,242	939	19	15	23	20
Purchased	1,131	474	19	15	–	–
Sold	1,111	465	–	–	23	20
Credit derivatives	**9,030**	**10,541**	**125**	**71**	**229**	**188**
OTC products	**9,030**	**10,541**	**125**	**71**	**229**	**188**
Commodity-related transactions	**88**	**19**	**5**	**1**	**5**	**1**
OTC products	**88**	**19**	**5**	**1**	**5**	**1**
Commodity swaps	85	19	5	1	5	1
Commodity options	3	–	–	–	–	–
Total	**580,592**	**564,633**	**13,337**	**10,343**	**14,009**	**10,402**

Nominal values broken down according to remaining terms:

in € m

	Equity-/index-related transactions		Interest-related transactions		Currency-related transactions	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Up to three months	199	200	129,535	153,572	27,417	23,919
More than three months, up to one year	145	121	114,951	80,595	10,464	10,525
More than one year, up to five years	618	561	156,173	165,042	17,948	15,193
More than five years	–	–	110,564	100,527	3,460	3,818
Total	**962**	**882**	**511,223**	**499,736**	**59,289**	**53,455**

in € m

	Credit derivatives		Commodity-related transactions		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Up to three months	276	510	12	5	157,439	178,206
More than three months, up to one year	2,275	1,294	30	11	127,865	92,546
More than one year, up to five years	5,297	7,274	46	3	180,082	188,073
More than five years	1,182	1,463	–	–	115,206	105,808
Total	**9,030**	**10,541**	**88**	**19**	**580,592**	**564,633**

Derivatives have been taken out with the following counterparties.

in € m

	Nominal values		Positive fair values		Negative fair values	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
OECD banks	387,598	420,374	8,746	7,445	12,083	8,789
Banks outside the OECD	–	115	–	–	–	–
Other counterparties (including stock exchanges)	169,615	126,531	3,020	2,237	1,404	1,066
Public authorities in the OECD	23,379	17,613	1,571	661	522	547
Total	**580,592**	**564,633**	**13,337**	**10,343**	**14,009**	**10,402**

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

The following table sets out the carrying amounts of assets and liabilities as of 31 December 2011 in accordance with the measurement categories of IAS 39. Further the relevant items of the balance sheet are obvious.

in € m

	LaR/OL	AfS	HfT	FVO	Total
Assets					
Cash reserve	351				351
Loans and advances to banks	15,265			30	15,295
Loans and advances to customers	83,899			142	84,041
Trading assets			37,960		37,960
Positive fair values of non-trading derivatives			4,285		4,285
Financial investments		16,497		2,258	18,755
Total	**99,515**	**16,497**	**42,245**	**2,430**	**160,687**
Liabilities					
Liabilities due to banks	31,076			457	31,533
Liabilities due to customers	39,748			2,159	41,907
Securitised liabilities	33,143			4,100	37,243
Trading liabilities			37,198		37,198
Negative fair values of non-trading derivatives			3,916		3,916
Subordinate capital	3,951			515	4,466
Total	**107,918**		**41,114**	**7,231**	**156,263**

As was the case in the previous year, the financial assets shown under the other assets and the financial liabilities shown under other liabilities have been allocated to the category LaR and OL respectively.

The following amounts are applicable as of 31 December 2010:

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
Trading assets			39,176		39,176
Positive fair values of non-trading derivatives			3,702		3,702
Financial investments		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
Trading liabilities			38,529		38,529
Negative fair values of non-trading derivatives			3,148		3,148
Subordinate capital	3,974			514	4,488
Total	**111,322**		**41,677**	**6,130**	**159,129**

The following table sets out the contributions to earnings from financial instruments for financial year 2011 for each measurement category:

in € m

	LaR	OL	AfS	HfT	FVO	Derivatives not held for trading	Total
Net interest income	3,550	–2,977	433		–157	269	1,118
Provisions for loans and advances	–273						–273
Net trading income				–44			–44
Net income from financial investments			–23				–23
Result of non-trading derivatives and financial instruments of FVO					–143	423	280
Net income on hedge accounting	–4	–12				28	12
Result shown in other comprehensive income			–9				–9
Total	**3,273**	**–2,989**	**401**	**–44**	**–300**	**720**	**1,061**

The following amounts were applicable in financial year 2010:

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 loans and advances	–285						–285
Net trading income				148			148
Net income from financial investments			–34				–34
Result of non-trading derivatives and financial instruments of FVO					36	–30	6
Net income on hedge accounting	15	46				–62	–1
Result shown in other comprehensive income			131				131
Total	**3,337**	**–3,077**	**421**	**148**	**–91**	**275**	**1,013**

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 return on plan assets and net interest income from finance leases.

(64) Fair Values of Financial Instruments

The following overview sets out a comparison of the fair values of financial assets and liabilities with their corresponding carrying amounts. In addition, the other assets and other liabilities also show other financial assets and liabilities whose fair value corresponds to their carrying amount.

in € m

	Fair value		Carrying amount		Difference	
	31.12.2011	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**
Assets						
Cash reserve	351	436	351	436	–	–
Loans and advances to banks [1]	15,627	14,692	15,204	14,408	423	284
Loans and advances to customers [1]	86,546	89,445	82,876	86,449	3,670	2,996
Trading assets	37,960	39,176	37,960	39,176	–	–
Positive fair values of non-trading derivatives	4,285	3,702	4,285	3,702	–	–
Financial investments	18,755	17,687	18,755	17,687	–	–
Total	**163,524**	**165,138**	**159,431**	**161,858**	**4,093**	**3,280**
Liabilities						
Liabilities due to banks	32,303	32,318	31,533	31,679	770	639
Liabilities due to customers	43,565	42,196	41,907	40,896	1,658	1,300
Securitised liabilities	37,213	40,322	37,243	40,389	–30	–67
Trading liabilities	37,198	38,529	37,198	38,529	–	–
Negative fair values of non-trading derivatives	3,916	3,148	3,916	3,148	–	–
Subordinate capital	4,317	4,395	4,466	4,488	–149	–93
Total	**158,512**	**160,908**	**156,263**	**159,129**	**2,249**	**1,779**

[1] Net carrying amount after risk provisioning in lending business

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).

The financial instruments on the assets side of the measured at fair value are broken down according to the hierarchy of the input data which are used is as follows:

in € m

	Level 1		Level 2		Level 3		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Non-derivative financial instruments	**40,486**	**41,125**	**6,660**	**8,225**	**655**	**1,042**	**47,801**	**50,392**
Loans and advances to banks	–	–	30	60	–	–	30	60
Loans and advances to customers	–	–	142	148	–	–	142	148
Trading assets	22,494	24,739	6,383	7,722	31	74	28,908	32,535
Financial investments	17,992	16,386	105	295	624	968	18,721	17,649
Derivatives	**56**	**89**	**13,278**	**10,252**	**3**	**2**	**13,337**	**10,343**
Positive fair values of trading derivatives	54	86	8,995	6,553	3	2	9,052	6,641
Positive fair values of non-trading derivatives	2	3	4,283	3,699	–	–	4,285	3,702
Total	**40,542**	**41,214**	**19,938**	**18,477**	**658**	**1,044**	**61,138**	**60,735**

The liabilities side of the balance sheet is broken down as follows:

in € m

	Level 1		Level 2		Level 3		Total	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Non-derivative financial instruments	**2,181**	**2,381**	**32,091**	**34,976**	**64**	**48**	**34,336**	**37,405**
Liabilities due to banks	–	–	457	467	–	–	457	467
Liabilities due to customers	–	–	2,141	1,813	18	–	2,159	1,813
Securitised liabilities	–	–	4,054	3,288	46	48	4,100	3,336
Trading liabilities	2,181	2,381	24,924	28,894	–	–	27,105	31,275
Subordinate capital	–	–	515	514	–	–	515	514
Derivatives	**73**	**54**	**13,927**	**10,340**	**9**	**8**	**14,009**	**10,402**
Negative fair values of trading derivatives	66	52	10,024	7,200	3	2	10,093	7,254
Negative fair values of non-trading derivatives	7	2	3,903	3,140	6	6	3,916	3,148
Total	**2,254**	**2,435**	**46,018**	**45,316**	**73**	**56**	**48,345**	**47,807**

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

in € m

	31.12.2011	31.12.2010
Bonds and other fixed-income securities	**182**	**359**
Bonds	53	74
Promissory notes	27	69
Asset-backed security	102	208
Certificates of deposit	–	8
Unlisted equity participations	**429**	**645**
Investment funds	**44**	**38**
Total	**655**	**1,042**

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

in € m

	31.12.2011	31.12.2010
AAA	14	66
AA	13	89
A	91	59
BBB and below	19	102
No external rating	45	43
Bonds and other fixed-income securities	**182**	**359**

The model valuation of the holdings which are attributed to level 3 has used parameters for determining a price which would be used by rational investors. Alternatively, more positive or more negative factors could be used for individual input factors. This is applicable mainly for the assessment and definition of credit spreads. For bonds and other fixed-income securities, this has established prices which can be up to € 2 m higher or lower.

Simulations of the capitalised earnings value calculations have been carried out for unlisted shares. The enterprise values determined in this way have been used to identify alternative values which were up to € 35 m lower or up to € 32 m higher.

The other holdings attributed to level 3 do not indicate any major sensitivities.

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

	Trading assets		Financial investments		Positive fair values of the trading portfolio		Positive fair values of non-trading derivatives	
Assets	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Carrying amounts as of 1 Jan.	**74**	**921**	**968**	**1,203**	**2**	**2**	**–**	**–**
Profits or losses recognised in the income statement								
Net interest income			–	–			–	–
Net trading income	2	–60			1	1		
Result of non-trading derivatives and financial instruments of the FVO			6	8			2	–
Net income from financial investments			–19	–				
Profits or losses recognised in other comprehensive income			8	36				
Additions	–	88	65	156	–	–1	–2	–
Disposals/liquidations	–45	–34	–389	–202	–	–	–	–
Changes due to currency translation	–	3	5	–25	–	–	–	–
Transfers from level 1 or 2	–	–	1	22	–	–	–	–
Transfers to level 1 or 2	–	–844	–21	–230	–	–	–	–
Carrying amounts as of 31 Dec.	**31**	**74**	**624**	**968**	**3**	**2**	**–**	**–**
Gains or losses of financial assets in the portfolio recognised in the income statement	2	–2	–11	11	1	–	2	–

in € m

Liabilities	Liabilities due to customers		Securitised liabilities		Negative fair values of the trading portfolio		Negative fair values of non-trading derivatives	
	2011	2010	2011	2010	2011	2010	2011	2010
Carrying amounts as of 1 Jan.	**–**	**–**	**48**	**46**	**2**	**2**	**6**	**4**
Profits or losses recognised in the income statement								
Net trading income					1	–		
Result of non-trading derivatives and financial instruments of the FVO	3	–	−2	2			2	2
Disposals/liquidations	–	–	–	–	–	–	−2	–
Transfers to level 1 or 2	15	–	–	–	–	–	–	–
Carrying amounts as of 31 Dec.	**18**	**–**	**46**	**48**	**3**	**2**	**6**	**6**
Gains or losses of financial assets in the portfolio recognised in the income statement	–	–	–	–	−1	–	−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 trading assets and financial assets available-for-sale 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 line item in which the assets are shown in the balance sheet. The following table shows the carrying amounts and the fair values of the reclassified assets.

in € m

	31.12.2011 Carrying amount	31.12.2011 Fair value	31.12.2010 Carrying amount	1.7.2008 Carrying amount
Trading assets, reclassified as loans and advances to customers	256	221	314	437
Financial investments, reclassified as loans and advances to customers	819	730	1,156	1,722
Total	**1,075**	**951**	**1,470**	**2,159**

At the time of reclassification, the effective interest rates of the reclassified trading assets were between 4.5 % and 6.5 %, with expected attainable cash flows of € 452 m. The effective interest rates of the reclassified financial assets available-for-sale 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 in 2011 in additional unrealised measurement losses of € –10 m (2010: € 0 m) for trading assets and additional unrealised measurement gains of € 11 m (2010: € 57 m) for financial assets in other comprehensive income.

Following reclassification, the assets made the following contributions to the income statement of the Group (before taxes) in 2011:

in € m

	2011	2010
Net interest income	21	18
Amortisation and realised result of repayment and disposal	6	3
Provisions for losses on loans and advances	–	–1
Pre-tax profit of reclassified assets	**27**	**20**

(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 € 9 m in the reporting period (2010: € 12 m). The cumulative rating-related change in the fair values for the liabilities recognised as of the balance sheet date is € 1 m (2010: € –24 m).

(67) Disclosures in Relation to Issuing Activities

The following table provides an overview of the development of the Helaba Group's securitised funding during the reporting period:

in € m

	Issued money market securities of trading portfolio		Securitised liabilities		Securitised subordinate capital		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
As of 1 Jan.	**8,383**	**9,938**	**40,389**	**38,505**	**3,158**	**3,188**	**51,930**	**51,631**
Changes due to currency translation	261	558	112	638	6	12	379	1,208
Additions from issues	23,421	41,899	15,139	24,621	–	–	38,560	66,520
Disposals due to repayment	–28,598	–43,452	–17,043	–22,180	–40	–60	–45,681	–65,692
Disposals due to repurchasing	–955	–567	–1,363	–1,097	–	–	–2,318	–1,664
Changes in accrued interest	–2	1	–37	–28	–2	–1	–41	–28
Changes in value recognised in the income statement	–10	6	46	–70	17	19	53	–45
As of 31 Dec.	**2,500**	**8,383**	**37,243**	**40,389**	**3,139**	**3,158**	**42,882**	**51,930**

The Helaba Group places short-term money market papers as well as long-term bonds and subordinated funds on the money and capital market as part of its issuing activities.

Additions from issues and disposals from repayment also comprise the placement volume of short-term money market papers that could be repaid as early as by the end of the financial year. The changes in value recognised in the income statement result from measurement effects from financial liabilities held as at the balance sheet date which were subjected to hedge accounting as hedged items or allocated to 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 € 504 m (2010: € 808 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 based on the period by which the payment is overdue:

in € m

	Overdue by ≤1 month	Overdue >1 month ≤3 months	Overdue >3 months ≤1 year	Overdue >1 year	Total
Loans and advances to customers (LaR)	85	170	78	166	499
Trade accounts receivable (LaR)	1	2	1	1	5
Total	**86**	**172**	**79**	**167**	**504**

The following amounts are applicable as of 31 December 2010:

in € m

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

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

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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Loans and advances to banks (LaR)	1	9	1	1	–	8
Loans and advances to customers (LaR)	2,021	2,305	929	1,004	1,092	1,301
Financial assets (AfS)	306	538	166	149	140	389
Total	**2,328**	**2,852**	**1,096**	**1,154**	**1,232**	**1,698**

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 the deduction of securities or other agreements which reduce risk.

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 estimated fair values for the collateral held in relation to traditional lending operations as of the balance sheet date:

in € m

	Carrying amount	Fair value of securities
Loans and advances to banks	15,295	124
Loans and advances to customers	84,041	34,921
Contingent liabilities	3,582	267
Irrevocable loan commitments	15,516	1,013
Total	**118,434**	**36,325**

As part of the process of selling collateral in connection with real estate financing in the USA, one property with a carrying amount of € 11 m was contributed to a property company in the year under review. Work has started on selling-on the property. In the year under review, the real estate contributed to property companies in the previous year (€ 21 m) was sold on.

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

Off-Balance-Sheet Transactions 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

	31.12.2011	31.12.2010
Contingent liabilities	**3,582**	**5,581**
Liabilities arising from guarantees and warranty agreements	3,582	5,581
Other obligations	**18,019**	**20,418**
Placing and acceptance obligations	2,319	2,729
Irrevocable loan commitments	15,516	17,439
Obligations to provide further capital	41	56
Contribution obligations	98	157
Contractual obligations for acquisition of property, plant and equipment, intangible assets and other assets	33	15
Contractual obligations in connection with investment properties	7	17
Other obligations	5	5
Total	**21,601**	**25,999**

On the balance sheet date, € 78 m of the contribution obligations was attributable to 29 commercial partnerships and € 20 m was attributable to four 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 core 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.

Contingent liabilities of € 205 m may arise if capital contributions are repaid.

(71) Letters of Comfort

Company	Registered offices
Gateway Gardens GmbH Projektentwicklungs-GmbH	Frankfurt am Main
Grundstücksgesellschaft Gateway Gardens GmbH	Frankfurt am Main
Grundstücksgesellschaft Westhafen GmbH	Frankfurt am Main

(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

	31.12.2011	31.12.2010
Public funds 74 (2010: 58)	3,587	3,699
Special fund 220 (2010: 227)	69,265	64,267
Total	**72,852**	**67,966**

(73) Fiduciary Transactions

in € m

	31.12.2011	31.12.2010[1]
Trust assets	**1,222**	**1,226**
Loans and advances to banks	317	293
Loans and advances to customers	623	653
Equity participations	269	269
Other assets	13	11
Trust liabilities	**1,222**	**1,226**
Liabilities due to banks	6	9
Liabilities due to customers	901	906
Other liabilities	315	311

[1] Previous year figures adjusted

The fiduciary transactions mainly comprise 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.

Other Disclosures

(74) Information Concerning Leasing

Leases where the Helaba Group is the lessor
The following table shows details regarding finance leases.

in € m

	31.12.2011	31.12.2010
Gross investment value	**10**	**11**
Less than one year	1	1
More than one year to five years	4	4
More than five years	5	6
Unrealised financial income	**–2**	**–2**
Net investment value	**8**	**9**
Less than one year	1	1
More than one year to five years	3	3
More than five years	4	5

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.

As was the case in the previous year, there are no cumulative impairments for finance leases. In the year under review, no contingent rental payments from finance leases (2010: € 4 m) were recognised as income.

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

in € m

	31.12.2011	31.12.2010
Less than one year	94	92
More than one year to five years	147	151
More than five years	93	115
Total	**334**	**358**

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 (2010: € 1 m).

Leases where the Helaba Group is the lessee
In the figure shown for general administrative expenses, € 38 m (2010: € 43 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

	31.12.2011	31.12.2010
Less than one year	49	44
More than one year to five years	167	153
More than five years	171	187
Total	**387**	**384**

As of the balance sheet date, future minimum rental payments of € 51 m are expected from subtenancy arrangements which cannot be terminated (2010: € 49 m). In the year under review, a figure of € 13 m was received from subtenancy arrangements (2010: € 17 m); this figure is shown under other operating income.

In financial year 2011, 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 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 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 2011:

in € m

	31.12.2011	31.12.2010
Ordinary capital	477	477
Sundry capital	1,920	–
Other capital	1,053	2,973
Open reserves and consolidation effects	1,996	1,901
Special item for general banking risks according to Section 340g HGB	448	428
Deductions according to Section 10 (2a) KWG	–36	–31
Core capital	**5,858**	**5,748**
Capital according to Section 10 (5) KWG	724	729
Longer-term subordinate liabilities	2,314	2,319
Other components and consolidation effects	4	–12
Supplementary capital	**3,042**	**3,036**
Deduction according to Section 10 (6) and (6a) KWG	–121	–550
Liable equity	**8,779**	**8,234**
Utilised available tier III capital	–	–
Own funds, total	**8,779**	**8,234**

With the adoption of the financial statements for 2011, 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

	31.12.2011	31.12.2010
Counterparty default risks	3,908	3,941
Market risks	407	388
Operational risks	268	245
Capital requirements	**4,583**	**4,574**
Core capital ratio	10.1 %	9.6 %
Total ratio	15.3 %	14.4 %

Core and equity ratios meet the target ratios formulated by Helaba as part of equity planning. The regulatory capital backing requirements are 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 associates and equity participations in joint ventures of the Helaba Group as well as the subordinate subsidiaries.

The revised IAS 24 which was applicable for the first time in the financial year 2011 has introduced an exemption regulation for companies which are subject to the control, joint management or significant influence of the public sector (government-related entities). With regard to the Savings Bank and Giro Association Hesse-Thuringia, the Federal State of Hesse and the Free State of Thuringia in their capacity as shareholders and owners, the criteria for exemption from reporting on related companies as public sector entities are satisfied; this ruling is always utilised if the business volumes which are involved are not significant. There are business relations with our shareholders and their subordinate subsidiaries in accordance with IAS 24 arising from normal banking services. The extent of business relations with the shareholders and main subordinate companies in the year under review is detailed in the balances at the end of the year shown in the following. With regard to the strengthening of the quality of the silent participations of the Federal State of Hessen, please refer to Note (57). The information relating to the persons in key positions of the Helaba Group 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 table.

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 2011:

in € m

	31.12.2011	31.12.2010
Loans and advances to banks	**45**	**5**
Participations in joint ventures and associates	5	5
Shareholders of Helaba	40	–
Loans and advances to customers	**2,709**	**1,591**
Non-consolidated subsidiaries	8	16
Participations in joint ventures and associates	758	453
Shareholders of Helaba	1,865	1,051
Other related parties	78	71
Trading assets	**420**	**424**
Participations in joint ventures and associates	11	15
Shareholders of Helaba	409	409
Other assets	**1**	**–**
Non-consolidated subsidiaries	1	–
Liabilities due to banks	**193**	**6**
Non-consolidated subsidiaries	3	–
Participations in joint ventures and associates	–	6
Shareholders of Helaba	190	–
Liabilities due to customers	**854**	**92**
Non-consolidated subsidiaries	59	10
Participations in joint ventures and associates	69	21
Shareholders of Helaba	708	47
Other related parties	18	14
Trading liabilities	**417**	**75**
Non-consolidated subsidiaries	12	8
Participations in joint ventures and associates	12	1
Shareholders of Helaba	393	66
Other liabilities	**38**	**1**
Non-consolidated subsidiaries	–	1
Participations in joint ventures and associates	38	–
Contingent liabilities	**261**	**345**
Non-consolidated subsidiaries	–	1
Participations in joint ventures and associates	65	161
Shareholders of Helaba	21	114
Other related parties	175	69

There are no impairments for capitalised receivables due from related parties. As was the case in 2010, no loans were derecognised, nor were there any waivers of loans, in 2011.

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 € 1 m extended to members of the Board of Managing Directors (2010: € 0.2 m) and loans of € 2 m extended to members of the Supervisory Board (2010: € 2 m).

The emoluments of the Board of Managing Directors of Helaba in 2011 are broken down as follows:

in € m

	31.12.2011	31.12.2010
Short-term benefits	5	5
Other long-term benefits	1	–
Benefits due to termination of employment	–	–

In addition, a figure of € 0.4 m (2010: € 0.4 m) has been paid into the pension provisions for members of the Board of Managing Directors (service cost).

As was the case in the previous year, € 0.6 m was paid to the Supervisory Board, and € 0.1 m was again paid to the members of the Advisory Board. In addition, a total of € 1 m was paid to the members of the Supervisory Board as employees. A figure of € 3 m was paid to former members of the Board of Managing Directors and their surviving dependants (2010: € 3 m). Provisions of € 39 m were set aside for pension obligations due to this group of persons (2010: € 40 m).

(77) Auditor's Fees

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

in € m

	31.12.2011	31.12.2010 [1]
Audit fees	3	4
Other services	4	1
Total	**7**	**5**

[1] Previous-year figures adjusted.

(78) Information Concerning Employees

Average number of staff during the year

	Female		Male		Total	
	2011	2010	2011	2010	2011	2010
Bank	965	980	1,430	1,425	2,395	2,405
WIBank	236	214	175	176	411	390
LBS	175	181	134	140	309	321
Overall bank	**1,376**	**1,375**	**1,739**	**1,741**	**3,115**	**3,116**
Group subsidiaries	1,432	1,564	1,341	1,500	2,773	3,064
Group	**2,808**	**2,939**	**3,080**	**3,241**	**5,888**	**6,180**

(79) Members of the Supervisory Board

Appointed by the Savings Bank and Giro Association Hesse-Thuringia:

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 –

Dr. Thomas Schäfer
Minister of State
Ministry of Finance of the
State of Hesse
Wiesbaden
– from 29 June 2011 –
– Second Vice-Chairman –
– from 9 September 2011 –

Karlheinz Weimar
Member of the State
Parliament of Hesse
Wiesbaden
– Second Vice-Chairman –
– up to 29 June 2011 –

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

Ingo Buchholz
Chairman of the Board
of Managing Directors
Kasseler Sparkasse
Kassel
– from 1 January 2011 –

Dirk Diedrichs
Secretary of State
Thuringian Ministry of Finance
Erfurt
– from 21 October 2011 –

Bernd Fickler
Chairman of the Board
of Managing Directors
Kreissparkasse Groß-Gerau
Groß-Gerau
– up to 31 December 2011 –

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
– up to 31 December 2011 –

Stefan Lauer
Member of the Board
of Managing Directors
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

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 Board
of Managing Directors
HeidelbergCement
Heidelberg
– up to 31 August 2011 –

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

Dr. Rainer Spaeth
Secretary of State
Thuringian Ministry of Finance
Erfurt
– up to 20 October 2011 –

Dr. Eric Tjarks
Chairman of the Board
of Managing Directors
Sparkasse Bensheim
Bensheim
– from 1 January 2012 –

Egon Vaupel
Lord Mayor
City of Marburg
Marburg
– from 1 January 2012 –

Dr. Norbert Vornehm
Lord Mayor
City of Gera
Gera

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

Arnd Zinnhardt
Member of the Board
of Managing Directors
Software AG
Darmstadt
– from 7 September 2011 –

Staff representatives:

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

Frank Beck
Senior Bank Executive
Frankfurt am Main
– from 1 July 2011 –

Dr. Robert Becker
Senior Vice President
New York
– up to 30 June 2011 –

Ursula Bergermann
Deputy Bank Director
Erfurt
– from 1 July 2011 –

Nicole Brandt
Bank Officer
Kassel
– up to 30 June 2011 –

Isolde Burhenne
Senior Bank Executive
Frankfurt am Main
– from 1 July 2011 –

Wilfried Carl
Deputy
Department Director
Kassel
– up to 30 June 2011 –

Thorsten Derlitzki
Bank Officer
Frankfurt am Main

Gabriele Fuchs
Bank Officer
Frankfurt am Main

Anke Glombik
Senior Bank Executive
Erfurt
– up to 30 June 2011 –

Thorsten Kiwitz
Deputy
Department Director
Frankfurt am Main
– from 1 July 2011 –

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

Bernd Fickler
Chairman of the Board
of Managing Directors
Kreissparkasse Groß-Gerau
Groß-Gerau
– from 1 January 2011 to 31
December 2011 –

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

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

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 –

Frank Beck
Senior Bank Executive
Landesbank Hessen-Thüringen
Girozentrale
Frankfurt am Main
– from 9 September 2011 –

Dr. Robert Becker
Senior Vice President
Landesbank Hessen-Thüringen
Girozentrale
New York
– up to 8 September 2011 –

Ursula Bergermann
Deputy Bank Director
Landesbank Hessen-Thüringen
Girozentrale
Erfurt
– from 9 September 2011 –

Wilfried Carl
Deputy
Department Director
Landesbank Hessen-Thüringen
Girozentrale
Kassel
– up to 8 September 2011 –

Dirk Diedrichs
Secretary of State
Thuringian Ministry of Finance
Erfurt
– from 24 November 2011 –

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

Frank Nickel
Chairman of the Board
of Managing Directors
Sparkasse Werra-Meissner
Eschwege

Dr. Thomas Schäfer
Minister of State
Ministry of Finance of the
State of Hesse
Wiesbaden
– from 9 September 2011 –

Dr. Rainer Spaeth
Secretary of State
Thuringian Ministry of Finance
Erfurt
– up to 20 October 2011 –

Karlheinz Weimar
Member of the State
Parliament of Hesse
Wiesbaden
– up to 29 June 2011 –

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
Vice 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	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	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 Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Deputy Chairman
Gerrit Raupach	Deutsche WertpapierService Bank AG, Frankfurt am Main	Member
	Frankfurter Sparkasse, Frankfurt am Main	Member

Mandates of other employees

Holder of mandate	Corporation	Function
Bruno Döbeli	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Deputy Chairman
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
Dirk Mewesen	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin, Ireland	Member
	Helaba International Finance plc, Dublin, Ireland	Chairman
Dr. Ulrich Pähler	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin, Ireland	Chairman
	Helaba International Finance plc, Dublin, Ireland	Member
Dr. Jörg Raaymann	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member
Klaus Georg Schmidbauer	Bürgschaftsbank Thüringen GmbH, Erfurt	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	Capital share in % as per Section 16 (4) AktG: Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € 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			0.0	218	2)
3	Airport Office One GmbH & Co. KG, Schönefeld	100.00			0.0	–1	2)
4	Arosa Finance Limited, Dublin, Ireland	0.00			0.0	–34	3)
5	BGT Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH & Co. KG für Citybauten, Frankfurt am Main	100.00	100.00		98.3	19,988	2)
6	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)
7	BHT Baugrund Hessen-Thüringen GmbH, Kassel	100.00	100.00		0.0	0	4)
8	CAMPANULA Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	0.00			–3.1	–506	3)
9	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89			36.7	1,864	
10	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	100.00			2.9	1,571	2)
11	Erste Veritas Frankfurt GmbH & Co. KG, Kriftel	100.00			70.4	13	
12	Fachmarktzentrum Fulda GmbH & Co. KG, Fulda	100.00			–0.6	325	2)
13	Fellnerstraße 5 GmbH & Co. KG, Frankfurt am Main	100.00			0.1	768	2)
14	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00			10.1	32	
15	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00			101.1	5,299	
16	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		745.7	60,000	
17	FRAWO Frankfurter Wohnungs- und Siedlungs-Gesellschaft mbH, Frankfurt am Main	99.75		100.00	0.2	0	1)
18	GGM Gesellschaft für Gebäude-Management mbH, Erfurt	100.00			0.3	0	1), 4)
19	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00			0.3	0	1), 4)
20	Grundstücksgesellschaft Limes-Haus Schwalbach II GbR, Frankfurt am Main	99.69		100.00	0.0	–513	
21	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH & Co. Projektentwicklung Epinayplatz KG, Frankfurt am Main	100.00			0.0	–90	2)
22	Grundstücksverwaltungsgesellschaft Kaiserlei mbH, Frankfurt am Main	100.00			0.1	–11	
23	G+S Bauen und Wohnen GmbH, Frankfurt am Main	99.74		100.00	2.6	67	
24	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	99.74		100.00	23.4	887	
25	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00			56.1	4,232	
26	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		949.9	0	1)
27	GWH Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	99.74		100.00	353.5	47,180	
28	Hafenbogen GmbH & Co. KG, Frankfurt am Main	100.00	100.00		4.4	–483	2)

Fully consolidated subsidiaries

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG – Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand	
29	HANNOVER LEASING Private Invest Beteiligungs GmbH, Pullach	0.00		100.00	50.2	263	[3]
30	HANNOVER LEASING Private Invest II GmbH & Co. KG, Pullach	0.00		91.25	51.6	–73	[3]
31	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	0.00		54.56	32.7	–1,339	[3]
32	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00			0.0	–355	[2]
33	Haus am Zentralen Platz GmbH & Co. KG, Frankfurt am Main	100.00	100.00		5.5	451	[2]
34	Helaba Dublin Landesbank Hessen-Thüringen International, Dublin, Ireland	100.00	100.00		153.3	13,984	
35	Helaba International Finance plc, Dublin, Ireland	100.00	100.00		5.4	171	
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	5	[2]
38	Horrido-Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs OHG, Mainz	95.00	95.00	24.00	–14.3	1,667	
39	IHB Investitions- und Handels-Aktiengesellschaft, Frankfurt am Main	100.00	100.00		3.5	519	
40	IKT Westhafen GmbH & Co. KG, Frankfurt am Main	100.00			0.4	12	[2]
41	LB(Swiss) Investment AG, Zurich, Switzerland	100.00			8.9	1,327	
42	LHT MSIP, LLC, Wilmington, USA	100.00			5.3	407	
43	LHT Power Three LLC, Wilmington, USA	100.00	100.00		42.3	–448	
44	LHT TCW, LLC, Wilmington, USA	100.00			22.4	1,136	
45	LHT TPF II, LLC, Wilmington, USA	100.00			17.0	478	
46	Magnolia GmbH & Co. KG, Frankfurt am Main	100.00			0.7	–96	[2]
47	Main Capital Funding II Limited Partnership, St. Helier, Jersey	0.00			17.0	478	[3]
48	Main Capital Funding Limited Partnership, St. Helier, Jersey	0.00			0.1	87	[3]
49	MAVEST Vertriebsgesellschaft mbH, Frankfurt am Main	94.92		100.00	0.0	0	[1]
50	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	74.60			3.7	611	
51	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	90.70			17.4	1,106	
52	NVZ Teltow GmbH, Berlin	100.00			0.3	11	
53	OFB Beteiligungen GmbH, Frankfurt am Main	100.00			5.2	206	
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		83.00	–74.1	6,187	[3]
58	Palladium SC GmbH & Co. Beteiligungs KG, Pullach	0.00			–21.2	–3,583	[3]
59	Projektentwicklungs-GmbH & Co. Schule an der Wascherde KG, Kassel	100.00			0.0	–46	[2]
60	Projektgesellschaft formerly JVA Erfurt mbH & Co. KG, Erfurt	100.00			0.1	–15	[2]
61	Projektgesellschaft Gesundheitszentrum Frauengasse – Jena mbH & Co. KG, Frankfurt am Main	100.00			0.0	–2	[2]
62	PVG GmbH, Frankfurt am Main	100.00	100.00		0.0	–516	
63	Schlossgalerie Eschwege GmbH & Co. KG, Frankfurt am Main	100.00			0.1	190	[2]

Fully consolidated subsidiaries

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand	
64	STRATUS Verwaltungsgesellschaft mbH, Pullach	0.00		94.80	−6.1	−927	3)
65	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.3	233	
66	VANESSA Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	0.00			−6.9	−6,095	3)
67	Vermögensverwaltung „Emaillierwerk“ GmbH, Fulda	100.00			0.5	−4	
68	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00			0.3	0	1)
69	Westhafenkontor GmbH & Co. KG, Frankfurt am Main	100.00			0.4	1,568	2)
70	Westhafen Tower GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	100.00			−0.5	6	2)

No.	Special security fund in accordance with InvG	Capital share in % Total	thereof: Direct	%	Fund volume € m		
71	HI A-FSP Fonds	100.00	100.00		139.0		3)
72	HI C-FSP Fonds	100.00	100.00		124.2		3)
73	HI FBI Fonds	100.00	100.00		129.7		3)
74	HI FBP Fonds	100.00	100.00		92.8		3)
75	HI FSP Fonds	100.00	100.00		157.0		3)
76	HI H-FSP Fonds	100.00	100.00		135.2		3)
77	HI-Balanced 40	100.00	100.00		5.0		3), 5), 6)
78	HI-HT-KOMP-Fonds	100.00			8.7		3), 7)
79	HI-LBS 2-FONDS	100.00			49.0		3), 7)
80	HI-LBS 4-FONDS	100.00			49.5		3), 7)
81	HI-LBS 5-FONDS	100.00			42.3		3), 7)
82	HI-LBS 6-FONDS	100.00			48.5		3), 7)
83	HI-LBS-FONDS I	100.00			47.9		3), 7)
84	HI-RENTPLUS-FONDS	100.00			371.9		3), 7)
85	HI-TURBO-FONDS	100.00			756.8		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

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG – Total	thereof: Direct	Voting rights if different from capital share – %	Capital – € m	Result – € thousand
86	BS Projektverwaltung GmbH, Frankfurt am Main	50.00			0.0	0
87	CP Campus Projekte GmbH, Frankfurt am Main	49.87		50.00	0.7	–291
88	Einkaufszentrum Wittenberg GmbH, Leipzig	50.00			–0.7	–631
89	G & O Alpha Hotelentwicklung GmbH, Eschborn	50.00			0.1	–2
90	G & O Alpha Projektentwicklungs-GmbH & Co. KG, Eschborn	50.00			0.0	–53
91	G & O Alpha Verwaltungsgesellschaft mbH, Eschborn	50.00			0.1	12
92	G & O Baufeld Alpha 2. BA GmbH & Co. KG, Eschborn	50.00			0.4	–4
93	G & O Gateway Gardens Dritte GmbH & Co. KG, Eschborn	50.00			0.0	–2
94	G & O Gateway Gardens Erste GmbH & Co. KG, Eschborn	50.00			–0.4	–96
95	G & O Gateway Gardens Zweite GmbH & Co. KG, Eschborn	50.00			–0.1	–59
96	gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	75.00			–1.4	–395
97	gatelands Verwaltungs GmbH, Schönefeld	75.00			0.0	2
98	GOB Dritte E & A Grundbesitz GmbH, Eschborn	47.00			–2.0	–448
99	GOB Projektentwicklung E & A GmbH & Co. Vierte Rhein-Main KG, Eschborn	50.00			–1.5	–576
100	GOB Werfthaus GmbH & Co. KG, Eschborn	50.00			0.1	20
101	Multi Park Mönchhof Dritte GmbH & Co. KG, Walldorf/Baden	50.00			–0.1	–140
102	Multi Park Mönchhof GmbH & Co. KG, Walldorf/Baden	50.00			0.2	1,909
103	OFB & Procom Rüdesheim GmbH & Co. KG, Frankfurt am Main	50.00			0.0	–15
104	Projektentwicklung BS GmbH & Co. KG, Frankfurt am Main	50.00			–2.1	–1,667
105	Westhafen-Gelände Frankfurt am Main GbR, Frankfurt am Main	0.00		33.33	0.1	–1
106	Westhafen Haus GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	50.00			–0.2	–11

Associated companies accounted for using the equity method

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand	
107	CORPUS SIREO Holding GmbH & Co. KG, Cologne	25.00			111.2	36,167	
108	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33			1.3	22	
109	HANNOVER LEASING GmbH & Co. KG, Pullach	44.79	44.79		23.3	556	
110	Sparkassen Markt Service GmbH, Darmstadt	50.00			1.5	201	

Non-consolidated subsidiaries

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand	
111	AGENORAS Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00			0.0	1	
112	BGT-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	0	1)
113	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	0.5	60	
114	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt GZH Gemeindezentrum Hünstetten KG, Frankfurt am Main	100.00	100.00		0.5	82	
115	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	35	
116	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Sparkassenfiliale Seeheim-Jugenheim KG, Frankfurt am Main	100.00	100.00		0.9	118	
117	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	0.8	150	
118	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Frankfurt am Main	100.00	100.00		0.7	458	
119	Bürogebäude Darmstädter Landstraße GmbH & Co. KG, Frankfurt am Main	100.00	100.00		0.2	22	
120	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		5.4	31	
121	Div Deutsche Immobilienfonds Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00			0.1	0	1)
122	DNL Verwaltungs GmbH, Munich	100.00	100.00		0.0	0	
123	Dritte Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	100.00			0.0	3	
124	FAM-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.1	13	
125	Franziskanerhof Bonn GmbH & Co. KG, Frankfurt am Main	94.90		100.00	2.2	160	

Non-consolidated subsidiaries

		Capital share in % as per Section 16 (4) AktG		Voting rights if different from capital share	Capital	Result	
No.	Name and location of the company	Total	thereof: Direct	%	€ m	€ thousand	
126	Franziskanerhof Bonn Verwaltungsgesellschaft mbH, Frankfurt am Main	94.90		100.00	0.0	0	
127	GIB Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.6	0	[1]
128	GIMPRO Beteiligungs- und Geschäftsführungs-gesellschaft mbH, Frankfurt am Main	100.00			0.2	4	
129	Helaba Beteiligungs-Management-Gesellschaft mbH i. L., Frankfurt am Main	100.00	100.00		0.5	0	[1]
130	Helaba Projektbeteiligungsgesellschaft für Immobilien mbH, Frankfurt am Main	100.00	100.00		0.9	–7	
131	HTB Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	8	
132	Innovationsfonds Hessen Beteiligungsgesellschaft mbH & Co. KG i. L., Frankfurt am Main	86.66	86.66		–0.2	–14	
133	Innovationsfonds Hessen-Verwaltungsgesellschaft mbH i. L., Frankfurt am Main	100.00	100.00		0.1	–1	
134	KHR Hessengrund-Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Kulturhalle Rödermark KG, Frankfurt am Main	50.00	50.00	66.67	1.2	243	
135	LBS Immobilien GmbH, Frankfurt am Main	100.00	100.00		1.9	44	
136	MAINLOGO GmbH, Frankfurt am Main	70.00			n. a.	n. a.	
137	NIBU Grundstücksverwaltungsgesellschaft mbH & Co. KG, Frankfurt am Main	100.00	100.00		5.5	457	
138	Norman Berry Drive, LLC, Norcross, Georgia, USA	100.00	100.00		n. a.	n. a.	
139	Nötzli, Mai & Partner AG, Zurich, Switzerland	70.00			0.5	97	
140	Office One Verwaltung GmbH i. Gr., Schönefeld	100.00			n. a.	n. a.	
141	Projektentwicklung Taunusstein GmbH & Co. KG, Frankfurt am Main	100.00			0.0	–2	
142	Projektgesellschaft Darmstadt Goethestraße 36 mbH, Frankfurt am Main	50.87		51.00	0.0	1	
143	Projektgesellschaft Darmstadt Goethestraße 36 mbH & Co. Bauträger KG, Frankfurt am Main	50.87		51.00	0.1	–11	
144	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		6.0	0	
145	Second Millennium GmbH i. L., Frankfurt am Main	100.00	100.00		0.0	2	
146	S-Landesimmobilien GmbH, Erfurt	100.00	100.00		0.0	0	
147	TE Atlas GmbH i. L., Frankfurt am Main	100.00	100.00		0.0	2	
148	TE Beta GmbH, Frankfurt am Main	100.00	100.00		0.3	53	
149	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH), Frankfurt am Main	66.67	66.67	66.66	3.8	266	
150	TFK Hessengrund-Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Tiefgarage Friedrichsplatz Kassel KG, Kassel	33.33	33.33	66.67	1.1	138	
151	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	Capital share in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand
152	AARON Grundstücksverwaltungsgesellschaft mbH, Oberursel	50.00	50.00		–0.7	–15
153	G & O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00			0.0	0
154	GOB Projektentwicklungsgesellschaft E & A mbH, Eschborn	50.00			0.0	2
155	HELY Immobilien GmbH, Frankfurt am Main	50.00	50.00		0.0	0
156	HELY Immobilien GmbH & Co. Grundstücksgesellschaft KG, Frankfurt am Main	50.00	50.00		–15.7	–11,450
157	Hessen Kapital I GmbH, Frankfurt am Main	100.00	100.00		33.7	–1,339
158	Hessen Kapital II GmbH, Frankfurt am Main	100.00	100.00		3.5	108
159	Marienbader Platz Projektentwicklungsgesellschaft mbH, Frankfurt am Main	50.00			0.1	5
160	Marienbader Platz Projektentwicklungsgesellschaft mbH & Co. Bad Homburg v. d. H. KG, Frankfurt am Main	50.00			0.3	37
161	Mittelhessenfonds GmbH, Frankfurt am Main	100.00			–1.1	–706
162	Multi Park Verwaltungs GmbH, Walldorf/Baden	50.00	50.00		0.0	12
163	OFB & Procom Einzelhandelsentwicklung GmbH, Frankfurt am Main	50.00			n. a.	n. a.
164	Rotunde – Besitz- und Betriebsgesellschaft der S-Finanzgruppe bR, Erfurt	60.00	60.00	33.00	0.2	27
165	SKYGARDEN Arnulfpark Verwaltungs GmbH, Grünwald	50.00			0.0	–1

Associated companies, not accounted for using the equity method

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand
166	Bürgschaftsbank Hessen GmbH, Wiesbaden	21.25	21.25		12.5	490
167	Bürgschaftsbank Thüringen GmbH, Erfurt	31.50	31.50		17.9	1,334
168	Cargo Immobilien GmbH & Co. Projekt 2 KG, Wiesbaden	25.00			0.0	197
169	Cargo Immobilien GmbH & Co. Projekt 3 KG, Wiesbaden	25.00			0.1	115
170	CEREUS Verwaltungsgesellschaft mbH & Co Vermietungs KG, Pullach	33.33	33.33		2.8	–477
171	Comtesse BTH Limited, London, United Kingdom	6.11	6.11	25.10	28.2	3,439
172	CORPUS SIREO Holding GmbH, Cologne	25.00			0.1	6
173	CPC Cellular Process Chemistry GmbH, Frankfurt am Main	28.88		33.33	0.0	–782
174	Francilienne Investments I S.à.r.l., Luxembourg, Luxembourg	23.41			0.2	–10
175	HaemoSys GmbH, Jena	38.33			–4.8	–524
176	HANNOVER LEASING Verwaltungsgesellschaft mbH, Pullach	44.79	44.79		0.0	3
177	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Wiesbaden	50.00	50.00		0.5	277
178	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	37.11	37.11		44.7	1,325
179	Liparit Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Benary Vermietungs KG, Mainz	21.62			–0.7	1,204

Associated companies, not accounted for using the equity method

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG: Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand
180	Logistikzentrum Rodgau GmbH, Schönefeld	25.00			–0.7	83
181	MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Frankfurt am Main	32.52	32.52		6.7	412
182	MIG Immobiliengesellschaft mbH i. L., Mainz	22.73	22.73		–6.7	–7
183	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.60	38.60		17.5	594
184	Riedemannweg 59–60 GbR, Berlin	32.00			–4.5	120
185	sys-T-matic Automations AG in Insolvenz, Schaafheim	20.00		30.00	n. a.	n. a.
186	Uknow GmbH, Heidenrod	21.74		25.09	–0.4	13
187	Vierte Airport Bureau-Center KG Airport Bureau Verwaltungs GmbH & Co., Berlin	31.98	31.98		–1.9	–71
188	Vision Verpackungstechnik GmbH, Grünberg	21.79		25.14	–0.8	–483

Capital holdings of more than 20 %

No.	Name and location of the company	Capital share in % as per Section 16 (4) AktG: Total	thereof: Direct	Voting rights if different from capital share %	Capital € m	Result € thousand
189	BIL Leasing GmbH & Co. Objekt Verwaltungsgebäude Halle KG, Munich	100.00		0.21	–0.2	3

[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. Adopted financial statements not available.

Declaration of the Statutory Representatives

“We declare 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 presents the development of business including the business result and the position of the Group in such a way that a true and fair view is provided, and that the major opportunities and risks of the probable development of the Group are described.”

Frankfurt am Main/Erfurt, 30 March 2012

Landesbank Hessen-Thüringen Girozentrale

The Board of Managing Directors

Brenner	Berger	Gröb	Dr. Hosemann
Krick	Raupach	Dr. Schraad	

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 2011. 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, 30 March 2012
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Burghardt Wirtschaftsprüfer (German Public Auditor)	Wolfgang Weigel Wirtschaftsprüfer (German Public Auditor)