Helaba

Annual Financial Report 2021

Annual Financial Statements of Helaba

Values with impact.

Contents

Management Report and Annual Financial Statements of Landesbank Hessen-Thüringen Girozentrale

Management Report and Annual Financial Statements of Landesbausparkasse Hessen-Thüringen

Management Report of Landesbank Hessen-Thüringen Girozentrale

Management Report

Basic Information About Helaba

The Helaba business model

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a credit institution organised under public law; its long-term strategic business model is that of a full-service bank with a regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkassen-Finanzgruppe. One key aspect of Helaba's business model is its legal form as a public-law institution. Helaba operates as a for-profit entity in line with the applicable provisions of the Charter and the Treaty of the Formation of a Joint Savings Banks Association Hesse-Thuringia. The Treaty and the Charter establish the legal framework for Helaba's business model. Other factors central to this business model are Helaba's status as part of the Sparkassen-Finanzgruppe with its institutional protection scheme, the distribution of tasks between Sparkassen, Landesbanken and other S-Group companies, the large stake in Helaba owned by the Sparkassen organisation, and Helaba's retention and expansion of its activities in the S-Group and public development and infrastructure business.

Helaba serves its clients in three functions: as a commercial bank, as a Sparkasse central bank and as a development bank.

As a commercial bank, Helaba operates in Germany and abroad. Helaba's hallmarks include stable, long-term customer relationships. It works with companies, institutional clients and the public sector.

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

Helaba and the S-Group Sparkassen in Hesse and Thuringia together constitute the Sparkassen-Finanzgruppe Hessen-Thüringen, which follows a business model based on economic unity and a joint S-Group rating. Comprehensive co-operation and business agreements have been entered into with the Sparkassen and their associations in North Rhine-Westphalia. In addition, there are sales co-operation agreements with the Sparkassen in Brandenburg. The agreements with the Sparkassen in North Rhine-Westphalia and Brandenburg complement the S-Group Concept of the Sparkassen-Finanzgruppe Hessen-Thüringen, which continues in its current form.

In its capacity as the central development institution for Hesse, Helaba administers public-sector development programmes through Wirtschafts- und Infrastrukturbank Hessen (WIBank). As a dependent institution within Helaba, WIBank enjoys a direct statutory guarantee from the State of Hesse, which is in compliance with applicable European Union (EU) law. WIBank's business activities are guided by the development objectives of the State of Hesse. Helaba also has stakes in a number of other development institutions in Hesse and Thuringia.

In addition to Helaba, the business model includes further strong, well-known brands (in some cases, legally independent subsidiaries) that complement the Group's product portfolio.

Helaba has a leading position in the home loans and savings market in both Hesse and Thuringia in conjunction with the independent Landesbausparkasse Hessen-Thüringen (LBS) and also helps the Sparkassen with the marketing of real estate through Sparkassen-Immobilien-Vermittlungs-GmbH.

Frankfurter Sparkasse, a wholly owned subsidiary of Helaba organised under German public law, is the leading retail bank in the Frankfurt am Main region. It also has a presence in the nationwide direct banking market through 1822direkt.

Frankfurter Bankgesellschaft (Schweiz) AG (FBG) and its wholly owned subsidiary Frankfurter Bankgesellschaft (Deutschland) AG provide Helaba's products and services for Sparkassen in private banking and in the wealth and asset management businesses. FBG, which operates as the private bank of the Sparkassen-Finanzgruppe, acquires high-net-worth customers in Germany through Sparkassen in the S-Group with which it has a collaboration agreement. In its role as a central partner for the Sparkassen, Frankfurter Bankgesellschaft offers the Family Office service, enhancing its range of professional advisory services in connection with all asset-related matters. Frankfurter Bankgesellschaft offers consulting services for family-owned businesses in connection with mergers and acquisitions (M&A) through the investment in IMAP M&A Consultants AG (Deutschland).

The wholly owned subsidiary Helaba Invest is one of Germany's leading institutional asset management companies. Helaba Invest offers professional management of the assets of institutional investors using special funds for institutional investors and retail funds, and as part of advisory and management portfolios. Its range of products includes management and advisory services in connection with both liquid and illiquid asset classes, together with the administration of master investment company portfolios (including optional and statutory reporting as well as risk management). Within the Sparkassen-Finanzgruppe, Helaba Invest is the largest provider of special funds for institutional investors.

The GWH Group manages around 52,000 residential units and is therefore one of the largest housing organisations in Hesse. The group focuses on developing housing projects, managing and optimising residential property portfolios, and initiating and supporting residential real estate funds.

The OFB Group is a full-service group of companies in the fields of real estate project development, land development and the construction and project management of high-value commercial real estate. It operates throughout Germany with a particular focus on the Rhine-Main region.

Helaba's registered offices are situated in Frankfurt am Main and Erfurt, and it also has branches in Düsseldorf, Kassel, Paris, London, New York and Stockholm. The branches allow Helaba to strengthen its local presence close to customers and Sparkassen. The foreign branches also provide Helaba with access to the funding markets based on the US dollar and pound sterling. The organisation also includes representative and sales offices, subsidiaries and affiliates.

Management instruments and non-financial performance indicators

As part of managing the Bank as a whole, Helaba has integrated systems in place for business and profitability management. This is based on a multi-level margin accounting system. Controlling comprises both the management of absolute income and costs and the integrated management of contribution margins. The annual planning process, from which a budgeted balance sheet and income statement are derived, also follows this system. Regular plan/actual comparisons are generated and variances analysed based on a management income statement produced in the margin accounting system at regular intervals in the course of the financial year. Profitability analyses and cross-selling results are also presented. In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

The target is to achieve a cost-income ratio below 70 % at the level of the Helaba Group. This figure is the ratio of general and administrative expenses including depreciation and amortisation to total profit/loss before taxes net of general and administrative expenses including depreciation and amortisation and of loss allowances for loans and advances.

Profitability targets are managed on the basis of, for example, the economic return on equity (ratio of profit before taxes to average capital employed in the financial year determined in accordance with IFRS). Helaba set a target range of 5 % to 7 % at Group level in 2021 for economic return on equity before tax. A target range of 6 % to 8 % has been specified for 2022.

One key indicator used to manage portfolios is the volume of new medium- and long-term business (defined as new business with a funding term of more than one year). Systematic preliminary costings are carried out for loan agreements, in particular to ensure that new business is managed with a focus on risk and profitability.

Equity is managed through the allocation of regulatory and economic limits and through the capital ratio. When the target capital ratios are set, the targets take into account the additional own funds requirements specified by the European Central Bank (ECB). Taking into account the capital buffer requirements applicable at 31 December 2021, the minimum Common Equity Tier 1 (CET1) capital ratio (including capital buffer requirements) required to be maintained by the Helaba Regulatory Group (as defined by the German Banking Act (Kreditwesengesetz, KWG) and the Capital Requirements Regulation (CRR)) under the Supervisory Review and Evaluation Process (SREP) decision taken by the ECB was 8.51 %.

The German Federal Financial Supervisory Authority (BaFin) has planned an increase in the domestic countercyclical capital buffer for Germany to 0.75 % (section 10d KWG) from 1 February 2022. It is also planned to introduce a new capital buffer from 1 April 2022 of 2 % for systemic risk in respect of loans secured by residential real estate. The buffers are required to be accumulated by 1 February 2023 and will be included in the planning from 2023 in the process for setting the threshold values for the capital ratios.

The leverage ratio measures the ratio between regulatory capital and the unweighted total of all on-balance sheet and off-balance sheet asset items including derivatives. This ratio became a mandatory capital requirement from 28 June 2021. Under the CRR, banks generally have to comply with a leverage ratio of 3.0 %. However, the ECB has extended the temporary relief measure in connection with the calculation of this ratio, which was due to expire at the end of June 2021, until 31 March 2022 because of the continued prevalence of the COVID-19 pandemic. The relief measure provides for a recalibration of the required minimum leverage ratio. As at 31 December 2021, banks were required to comply with a leverage ratio of 3.2 %.

The CRR specifies that banks must comply with a (short-term) liquidity coverage ratio (LCR) and, since 30 June 2021, a net stable funding ratio (NSFR). The regulatory minimum for both ratios is 100 %. At Group level, Helaba has set itself a target of achieving an LCR of more than 125 % and an NSFR of more than 105 %. Both liquidity ratios are leading to increased liquidity management costs and therefore have a negative impact on profitability.

As part of the implementation of the Single Resolution Mechanism (SRM) in Europe, the competent resolution authority has specified an institution-specific minimum requirement for own funds and eligible liabilities (MREL). The mandatory MREL for the Helaba Regulatory Group, based on figures as at 31 December 2019, is 21.60 % of risk-weighted assets (RWAs) and 7.82 % of the leverage ratio exposure (LRE). The portion of the MREL that needs to be covered by subordinated (i.e. non-preferred) instruments is 20.91 % based on RWAs and 7.11 % based on the LRE. The Helaba Regulatory Group was notified of this MREL by the competent resolution authority at the end of January 2021 and had to comply with the requirement from 1 January 2022.

To fund itself, Helaba draws on different sources and products, focusing in particular on the sources of funding available through the Sparkassen (proprietary and customer transactions) as a result of belonging to a strong association of financial institutions. Development funds raised through WIBank and Pfandbrief issues are also a cost-efficient component of its stable funding base.

As the central S-Group bank in the Sparkassen-Finanzgruppe, Helaba is continuously expanding its business relationships with Sparkassen throughout Germany. The Helaba Group has many divisions and subsidiaries that work in partnership with the Sparkassen with the objective of generating the greatest possible benefit for the Sparkassen from this collaboration (S-Group benefit).

Helaba's over-riding commitment to sustainability is set out in the Treaty of the Formation of a Joint Savings Banks Association Hesse-Thuringia, which requires it to operate in the public interest.

The detail of its mission to serve the public interest is filled in by the Helaba sustainability principles. These principles acknowledge the Helaba Regulatory Group's environmental and social responsibilities and establish standards of conduct regarding business activities, business operations, staff and corporate social responsibility. Sustainability in the sense of environmental and social responsibility is therefore an integral part of the binding Group-wide business strategy, as is sustainability in the sense of fair corporate management, which means that business activities are systematically oriented around these requirements.

Acting sustainably is a core component of Helaba's strategic agenda. Attention is focused on ensuring that business activities are oriented around sustainability and, in particular, that customers are supported in the necessary transformation to a climate-neutral circular economy.

The Helaba Regulatory Group's understanding of sustainability encompasses all ESG (environmental, social and corporate governance) criteria. The Helaba Regulatory Group has set itself five specific objectives across the environmental, social and corporate governance dimensions:

- Environment
  - Reduce emissions in own operations as far as possible
  - Ensure own activities contribute to achieving the objectives of the Paris Agreement
- Social
  - Promote diversity
  - Invest in employees and society
- Corporate governance
  - Strive for a good, stable ESG rating position

A key performance indicator (KPI) management system is being developed on the basis of these ESG objectives and implemented throughout the Group. The system sets out the ambition and enables progress to be measured transparently.

1. In its business strategy, Helaba commits to the objectives of the Paris Agreement and supports the climate objectives of the German federal government and the European Union. The exclusion criteria integrated into the risk strategy provide Helaba with an effective tool for preventing ESG risks in new business. The filter for ESG risks at Helaba is therefore already tightly meshed on a qualitative basis and implemented as a mandatory part of the standard risk management process.

2. The social aspects of the sustainability criteria are addressed in the mission statement, corporate values, through Helaba's membership of the UN Global Compact and through its commitment to the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO). With this step, the Bank recognises international standards for environmental protection, human and labour rights, and anti-corruption measures.
3. The governance framework and the Code of Conduct document Helaba's rules on proper corporate management. Together with more than 170 Sparkassen and three other Landesbanken, Helaba was also one of the first signatories to the "Commitment by German Savings Banks to climate-friendly and sustainable business practices".

In lending operations, Helaba has established mandatory Group-wide sustainability criteria that have been incorporated into the risk strategies and are reviewed each year. Its aim is to use the risk management system to minimise sustainability risks, including the transitional and physical risks caused by climate change, that may arise from its financing activities. For critical sectors of the economy, it has developed specific lending criteria that rule out controversial business practices in particular, and take into account sector-specific risk issues.

The Helaba Group's sustainability performance is regularly rated by sustainability rating agencies. The ratings are a core component in the process of analysing and refining Helaba's sustainability profile. Helaba is constantly upgrading its range of sustainability management tools with the aim of achieving continuous improvement in these third-party ratings.

The Helaba Group has a stable rating in the upper average range for the global industry and the upper midrange among the comparison group of German banks and Landesbanken from all relevant sustainability rating agencies.

Employees

- HR strategy
  The basic principles of Helaba's HR activities are derived from its business strategy. These principles incorporate social, economic and regulatory changes. The core tasks include, for example, strategy-oriented and needs-based recruitment of suitable employees, the provision of professional services, attractive gender-neutral remuneration and ancillary benefits (such as occupational pensions), and continuing professional development that focuses on sustainability aspects (including the management of young talent and employees with high potential). Helaba focuses particularly on health management, the development of its corporate culture and diversity management. Various indicators, such as a low staff turnover rate, average length of service and low absenteeism, confirm that employees are satisfied and highly committed.

- Remuneration principles
  The business strategy and risk strategy specify the degree of flexibility available to employees. Helaba's remuneration strategy and remuneration principles set out the relationship between business strategy, risk strategy and remuneration strategy, taking account of the corporate culture. The remuneration system reflects this approach and aims to ensure that employees are properly rewarded for their efforts and achievements without gender discrimination and without being encouraged to take inappropriate risks in any way. The remuneration strategy takes into account the attainment of targets specified in operational planning when determining an overall budget for the Bank and allocating the budget for variable remuneration at unit level, thereby ensuring that there is a link between the remuneration strategy and divisional strategic objectives. For the corporate centre units, budgets are allocated based on the results generated by Helaba and the attainment of qualitative targets. The remuneration policy and practices (including the use of retentions and performance criteria) help to support a long-term approach to the management of climate-related and environmental risks. Helaba also ensures that the control functions involved in the management of climate-related and environmental risks are appropriately staffed and funded.

- Sustainable human resources development
  Helaba invests in the professional development of its employees both to satisfy its current skills needs and to meet future business requirements. Processes are therefore set up on a sustainable basis. A regular structured dialogue between managers and employees creates transparency in working relationships, ensures that targets are clear and allows development opportunities to be discussed. To support the implementation of suitable action plans, all employees can access a needs-based range of internal seminars covering professional, personal, social and methodological development. This is supplemented by third-party training and, if suitable, opportunities in the form of work and study programmes or courses leading to professional qualifications. Based on the Bank's internal life-stage model, employees at different stages in their professional careers are offered suitable development activities so that they can remain productive in the business over the long term and develop their capabilities according to their potential.

- Management of young talent and high-potential employees
  Demographic change and ongoing digitalisation will have an impact on Helaba's competitiveness in the long term. The recruitment, development and retention of young talent and high-potential employees is therefore correspondingly important. Based on vocational training and general trainee programmes, plus internships for students, Helaba offers those at the start of their careers the opportunity to become familiar with banking practice and acquire basic skills. To reach the young target group, recruitment is making greater use of digital media channels. In addition, Helaba is focusing internally on the development of existing employees with high potential, to provide the individuals concerned with the foundations for a career as a technical specialist or executive manager. A systematic, structured process for identifying high-potential employees helps managers to identify such employees within Helaba and provide them in good time with the specific grounding they need to take on new positions with greater responsibility. This is achieved through customised development plans or as part of a programme for high-potential employees.

- Health management
  Helaba operates an occupational health management system and a company sports programme, helping employees to maintain their physical and mental well-being and nurturing an awareness of the need for a healthy lifestyle. It also provides an employee assistance programme, an advisory service for employees and managers, which staff can use to obtain help in connection with professional, family, health or other personal issues. During periods of high COVID-19 incidence over the course of the pandemic, Helaba has taken action to protect the health of its employees and arranged for most jobs to be carried out remotely from home; it has then provided support for home working by offering online sessions on issues such as nutrition, mental well-being and physical activity to promote employee health. Helaba has also been able to offer its employees vaccination appointments within the Bank using a vaccination centre in the Kaiserlei district of Offenbach and the simultaneous deployment of mobile vaccination teams at its other major sites.

- Transformation support
  The objective of the "Scope – Growth through Efficiency" transformation project, which has been implemented throughout the Group, is to safeguard Helaba's long-term future and create scope for innovation. This project brings together various growth initiatives, the efforts to advance the digitalisation of the business and the transformation of the corporate culture. The latter aims to move the corporate culture towards new approaches in terms of ways of working, processes and forms of collaboration. In all these transformation projects, the Human Resources and Legal Services unit plays a key role as adviser and partner for employees and managers in the implementation of the various activities and also ensures that the transformation is supported by appropriate change management. For example, a comprehensive change management toolbox was developed and introduced in 2021 to help management deal with specific day-to-day challenges.

- Diversity management
  Helaba believes that integrating diversity across its activities will help it to strengthen its innovative capabilities and improve the risk culture. It seeks to provide an inclusive environment and fair access to opportunities so that every employee at every stage of life can contribute to its long-term success irrespective of age, gender, ethnicity, educational and professional background, geographical origin, sexual identity, disability and the like. The Bank's internal life-stage model, which offers possibilities based on equality of opportunity and takes full account of different career stages, is intentionally designed to capitalise on the diversity of Helaba's workforce. The aim is to purposefully incorporate diversity

into the working environment from a number of perspectives and make greater use of internal potential. Particular attention is being paid to the advancement of women. In a voluntary commitment, Helaba aims to ensure that more than 30 % of all management positions are occupied by women in the future and that the proportion of women in Helaba's young talent and professional development programmes is increased to 50 %. These efforts are supported by dedicated seminars for women and appropriate mentoring. Helaba has also created conditions in which it is possible for employees to achieve a work/life balance. This includes the offer of childcare places and the use of flexible types of working and working-time models.

COVID-19 Crisis

The COVID-19 pandemic – widely considered to be the most serious economic crisis of recent decades – has fundamentally changed the operating environment for banks. Uncertainty about the evolution of the pandemic and volatility in capital markets continued into the beginning of 2022. Nevertheless, there has been a sustained recovery in the global economy despite the negative impact of the pandemic.

- Operational stability in the pandemic
  Since the very beginning of the COVID-19 pandemic in 2020, Helaba has adapted its operations to the new requirements. In 2021, following an initial return to the office, albeit on a limited basis, most employees reverted to working from home again at the end of the year. Official requirements were implemented in full. The measures were supported by the provision of testing and vaccination services (including booster jabs) for the employees of the Helaba Regulatory Group. Additional measures were introduced, as required. The operational stability of processes continued to be monitored and maintained at all times, both in Germany and abroad. In 2022, we expect to maintain normal, stable operations, initially with employees working remotely in the conditions dictated by the COVID-19 pandemic; there will then be further adjustments as the situation evolves.

  Suitable precautionary measures have also been introduced at subsidiaries. Processes at subsidiaries are stable too. The performance of critical outsourcing service providers and their operational stability are also regularly monitored; no significant restraints have been identified.

- Economic impact of the pandemic
  The Helaba Regulatory Group's overall liquidity situation remains excellent and sound. Throughout the period of the pandemic, the liquidity coverage ratio (LCR) for the Helaba Regulatory Group has remained well above the risk tolerance threshold of 120 % and the minimum required ratio of 100 %. The liquidity coverage ratio (LCR) for the Helaba Regulatory Group was 183.8 % as at 31 December 2021 (31 December 2020: 201.6 %). The Helaba Regulatory Group's net stable funding ratio (NSFR) as at 31 December 2021 was also well in excess of the target value at 118 % (31 December 2020: 117 %).

  The liquidity situation on money and capital markets has completely returned to normal again following the turmoil in the first half of 2020 caused by the COVID-19 pandemic. Key factors have been the measures implemented by the ECB, notably the targeted longer-term refinancing operations (TLTRO) III and the pandemic emergency purchase programme (PEPP), which have substantially improved market liquidity.

  The Helaba Regulatory Group's overall liquidity situation remains excellent and sound.

  The economic impact of the COVID-19 crisis has varied from sector to sector. Currently, the financing of commercial real estate and air transport/aircraft are among the portfolios that are particularly affected. Helaba has responded by taking action in respect of both new and existing business to reduce the risk. The credit risk strategy has also been adjusted accordingly.

  The Executive Board is closely monitoring the changes in all relevant parameters. For further details, please refer to the risk report.

  More information on the economic impact is presented in the "Financial Position and Financial Performance" section of the management report and in Note (36) of the consolidated financial statements.

- Development and support loan business
  WIBank, in its capacity as a development institution, provides various types of assistance for businesses in Hesse on behalf of the State of Hesse. (Trust) loans, credit, subsidies, equity investments and guarantees are available to small and medium-sized businesses, start-ups, freelancers and the self-employed.

Thanks to a flexible structure and the considerable dedication of its employees, WIBank was able to respond very quickly to the requirements caused by the COVID-19 pandemic, making a key contribution to helping businesses to survive that were adversely affected by the crisis. The assistance programmes, some of which had already been set up in 2020, continued to be in high demand throughout the whole of 2021.

Attention was focused on COVID-19 assistance for the economy in Hesse and on pandemic-related support for hospitals. The latter consisted of compensation payments and supplementary federal funding payments offered to medical centres in Hesse because of the additional charges caused by the COVID-19 pandemic.

At the very start of the pandemic, WIBank developed the “Hessen-Mikroliquidität” (Hesse Microliquidity) and “Liquiditätshilfe für hessische KMU” (Liquidity Assistance for SMEs in Hesse) programmes with the objective of cushioning the impact of the COVID-19 pandemic on the economy in Hesse. Both programmes were extended initially until 31 December 2021 and then again until 31 March 2022.

The “Corona Sofort-Kleinbeihilfe für Gastronomiebetriebe” (Immediate Corona Financial Assistance for Small Restaurants) programme was designed for restaurant businesses. In terms of support for the arts, assistance could also be provided to help organisations absorb the shock from the cancellation of film projects caused by COVID-19. In addition, WIBank was engaged to develop new programmes in the first half of 2021, e.g. a programme for air purification equipment. In 2022, the development business will continue to be shaped by the effects of the pandemic. In addition to the efforts to offset the negative impact of the COVID-19 pandemic, more attention will be focused on development programmes for entities looking to adapt their business models, preferably from the perspectives of sustainability and digitalisation.

In its role as a forwarding institution, Helaba has been providing assistance since March 2020 for the Sparkassen-Finanzgruppe Hessen-Thüringen with the implementation of the COVID-19 support programmes operated by funding institutions (including KfW development bank), among other things by advising on the selection of the assistance programmes and by providing information on the requirements of the funding institutions and on the processing of both support loan applications and the existing procedures that follow. By the end of 2021, Helaba had forwarded a total of 4,372 applications for COVID-19 assistance programmes with a total value of around € 1,142 m. The German federal government has extended the application deadline for the KfW special programmes and the KfW Quick Loan Programme again, this time until 30 April 2022, because of the ongoing pandemic and the associated impacts on the German economy.

- Relaxation of regulatory requirements
  Standard setters and supervisory authorities responded to the COVID-19 pandemic and, from March 2020, granted banks some relaxation of regulatory requirements. Some of these supervisory and statutory relaxation measures introduced in response to the COVID-19 pandemic expired in the second half of 2021 and were not renewed. At the same time, other extensions and measures were approved, mainly in connection with European law on state aid and employment law. However, a significant degree of uncertainty remains, to the extent that the future activities of the regulatory authorities depend, among other things, on how the COVID-19 pandemic continues to evolve. For example on 17 January 2022, the European Banking Authority (EBA) retained its COVID-19-specific notices expiring at the end of 2021 and justified this on the basis of the continuing uncertainty regarding the COVID-19 situation.

  Every two years, the EBA carries out EU-wide stress tests in co-operation with the European Systemic Risk Board (ESRB) and the ECB. Because of the COVID-19 pandemic, the EBA stress test planned for 2020 was carried out in 2021. This stress test was initiated in January 2021 and ended with the notification of the findings by the EBA on 30 July 2021. In the stressed scenario forming part of the test, Helaba satisfied the ECB’s minimum requirement of a CET1 capital ratio of 8.75 % (phased in), even after three years.

- Customers
  Helaba focuses on long-term customer relationships built on trust, never more so than when times are tough. As part of its range of services and advisory activities, Helaba also helps its customers to raise funds through the capital markets.

  The number of requests that Helaba has received from customers for payment deferrals or the suspension of repayments as a consequence of the crisis, together with the number of rating deteriorations and defaults, has remained manageable, reflecting the high quality of the lending portfolio and a very low ratio of non-performing loans (NPL ratio) in the Helaba Regulatory Group of just 0.8 % at 31 December 2021. The ratio of forbearance measures rose slightly during the reporting year but was still low. The loss allowances were well below budget. Helaba is continuing its policy established in 2020, whereby customers and transactions particularly affected by the COVID-19 crisis are actively managed and closely monitored, as are any critical sub-portfolios that have been identified. Nevertheless, Helaba cannot be certain that the crisis will not cause rating deteriorations or loan defaults during 2022, depending on how the pandemic evolves. Helaba's corporate clients are also applying for assistance from government support programmes. In this case, Helaba is accordingly integrating support programmes into its range of services for customers. Further details on credit risk are presented in the risk report and in Note (36) of the consolidated financial statements.

Economic Report

Macroeconomic and sector-specific conditions in Germany

Economic output in Germany grew by 2.9 % in 2021 despite the ongoing effects of the COVID-19 pandemic. Household consumption remained cautious, primarily in relation to services. Consumer spending stagnated following the COVID-19-related slump of 5.9 % in the previous year. Public-sector consumption stabilised, rising by approximately 3 % in 2021. Construction spending only went up marginally, held back by restricted capacity and the shortage of materials and other intermediate products. Supply chain disruption had a particular impact on industry, which was only able to deal with some of the boost in orders. Capital spending on equipment grew by more than 3 %. Foreign trade contributed 0.8 percentage points to the growth. In view of the renewed restrictions imposed in response to the wave of infections caused by the Omicron variant, the first quarter of 2022 is likely to be weak. A recovery is anticipated from the spring onwards, as a result of which economic growth in Germany for the whole of 2022 is projected to reach 3.6 % (with seasonal adjustments).

Inflation increased to 3.1 % in 2021. This was as a result of higher crude oil prices, supply chain problems, the newly introduced carbon tax and changes to VAT rates. Even though some of the non-recurring items will no longer apply, the rate of inflation in 2022 will probably rise to around 4 %. For the time being, the supply chain difficulties are likely to continue to have an adverse impact and wage settlements are expected to be higher. Crude oil prices are projected to be higher in 2022 than in the previous year.

More and more areas of economic activity are becoming digitalised, driven by continuous advances in information technology. Expertise and, as a result, customer demand are rising steadily. By general consensus, digitalisation is already a significant integral component of the product and service range in many areas of economic interaction rather than simply an ancillary item and, if not already recognised as such, is increasingly becoming a key distinguishing feature. It can therefore be assumed that a digital customer offering no longer brings a competitive edge but, on the other hand, the absence of any such offering puts the entity concerned at a serious competitive disadvantage. This is a lasting trend, which has been reinforced by the COVID-19 pandemic, and some aspects of it will doubtless gain even more momentum, at least for a while.

For some time, derivative platforms have enabled currency hedges to be effected using standardised processes, lending portals arrange funding for small and medium-sized corporate customers through banks or directly through institutional investors and banks analyse their customer data in search of more effective ways of offering products. Around the globe, blockchain technology is being refined to find new, faster and more cost-effective methods of exchanging data. These developments are enabling transactions to be initiated and executed in automated processes in accordance with terms and conditions agreed in advance, thus generating associated efficiency gains.

Digitalisation offers advantages for all parties, especially where complex financing structures are involved. Such transactions frequently encompass multiple participants and the interaction between these participants can be simplified and made more efficient by digital solutions. For example, Helaba now processes promissory notes over their whole life cycles entirely by using the vc-trade digital platform. The products supported by this platform in the debt capital markets business are also expanding at pace. Alongside the option to arrange foreign trade finance on a digital basis via solutions such as SmaTiX (Small Ticket Express), there has recently been a greater focus on digital payments based on distributed ledger technology. This presents a huge range of opportunities and challenges, especially for Helaba in its role as one of the most significant payment transaction service providers in Germany and Europe. The latest available technology already enables providers to offer innovative and significantly more efficient payments solutions in B2B transactions by integrating these solutions directly into customer business processes (embedded finance). In addition to the use of distributed ledger technology for programmable payments, it can also be applied in a huge number of ways in connection with the tokenisation of assets. It provides an easier and quicker way to transfer rights and obligations in relation to virtual and physical assets, for example, and can simplify the automated implementation of the associated contractual obligations. In this way, entities can enhance efficiency, tap into new investor and customer groups, and reduce potential settlement risk. Helaba is currently investigating opportunities across the group for new or extended business approaches. In general, it is fair to say that further sustainability-related opportunities could arise as a consequence of the possibilities afforded by digitalisation. One example is the use of digital sales channels to link investment products with sustainability scores.

The ECB and BaFin notified the German Savings Banks Association (DSGV) in January 2020 of certain supervisory expectations regarding the subsequent evolution of the protection scheme. At the end of August 2021, the general meeting of the members of the DSGV approved a resolution to upgrade the joint protection scheme. This implemented the requests of the ECB and BaFin, therefore making the protection scheme more efficient. The changes included decision-making structures designed to be more effective. In addition, the members declared their willingness in principle to set up an additional fund, the payments into which would be accumulated between 2025 and 2032. It is planned to implement the approved measures in succession over a period of time.

Key developments in the regulatory framework were as follows:

- Prudential supervision by the ECB (Single Supervisory Mechanism, SSM)
  The Helaba Regulatory Group (within the meaning of the KWG and the CRR), together with its affiliated subsidiaries Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Deutschland) AG, is among the banks classified as "significant" and therefore subject to direct supervision by the ECB.

  The ECB sent the Helaba Regulatory Group a letter dated 2 February 2022 notifying it of the findings of the Supervisory Review and Evaluation Process (SREP). Landesbank Hessen-Thüringen Girozentrale must, on a consolidated basis, satisfy an SREP total capital requirement of 9.75 % at all times (including an additional capital requirement (Pillar 2) of 1.75 %, which must consist of at least 56.25 % CET1 capital and 75 % Tier 1 capital).

- EU implementation of Basel IV
  On 27 October 2021, the European Commission published its legislative proposals for the amendment of the EU capital requirements regulation (CRR III) and capital requirements directive (CRD VI), whereby the requirements of Basel IV (also known as the finalisation of Basel III) are to be implemented in the EU. The new provisions are to be applied from 1 January 2025, two years later than proposed by the Basel Committee. The European Commission plans to begin trilogue negotiations with the European Parliament and Council in 2022.

  As expected, the Commission would like to implement the output floor in the form of a single-stack approach. The five-year transitional phase proposed by the Basel Committee for the introduction of the output floor is to be retained and will thus end on 31 December 2029. For banks that use internal approaches such as the IRB approach, the plan is to set an RWA floor of 72.5 % of the total eligible amount determined in accordance with the regulatory standardised approaches. The output floor will need to be applied only at the highest level of consolidation. The special EU features relating to the support factors for SMEs and infrastructure as well as the exemptions for non-financial counterparties from the CVA charge are retained. The drafts for CRR III and CRD VI now also include provisions relating to ESG risk, covering aspects such as definitions, reporting system, stress testing etc.

  Helaba regularly takes part in impact studies and factors the results from these studies into its medium-term planning on an ongoing basis. Improvements to the EU banking resolution regime have been published in a separate CRR draft.

- German Risk Reduction Act
  The German Risk Reduction Act (RiG) is an omnibus act in which a total of 13 German acts are revised. The main additions and amendments are being applied to the German Banking Act (Kreditwesengesetz, KWG) and the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG). Most of the RiG provisions came into force in December 2020 and on 28 June 2021; the effective date of the remaining requirements is 1 January 2023. Any measures that are necessary at Helaba are being implemented by the relevant deadlines.

- EU "Action Plan: Financing Sustainable Growth"
  June 2021 saw the publication of the final delegated act relating to the economic activities forming the subject matter of the Taxonomy Regulation. This delegated act establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation (the first two environmental objectives). The delegated act intended to cover environmental objectives three to six is scheduled to appear in the first half of 2022. The final delegated act relating to the disclosure of indicators pursuant to Article 8 of the Taxonomy Regulation came into force in December 2021.

- ECB Guide on climate-related and environmental risks
  In the first half of 2021, the ECB called on banks to carry out a self-assessment based on its recommendations for handling climate -related and environmental risks. Physical and transitory effects of climate-related and environmental risks are also a key area of focus in the supervisory stress tests to be carried out in 2022. Helaba has analysed the need for action arising from the ECB guide and the EU action plan and addressed the requirements as part of its HelabaSustained programme. In 2022, the ECB will also continue to closely supervise the implementation of its expectations with regard to the handling of climate-related and environmental risks and has already announced a thematic review of the procedures and methods used to monitor and control these risks

  The climate risk stress test planned by the ECB for 2022 was started on 27 January 2022 and the macro-financial scenarios have been published. Institutions are expected to supply their data to the ECB for the first time on 7 March 2022. The provisional date for the publication of the aggregated results is 8 July 2022.

- Minimum Requirements for Risk Management (MaRisk)
  On 16 August 2021, the supervisor published the final sixth revision to MaRisk, which primarily implements three sets of EBA guidelines: Guidelines on management of non-performing and forborne exposures of 31 October 2018, Guidelines on outsourcing arrangements of 25 February 2019 and Guidelines on ICT and security risk management of 28 November 2019. Clarifications and further details relating to requirements already in existence had to be implemented immediately upon publication. In the case of new provisions, there was generally an implementation deadline of 31 December 2021 (but 31 December 2022 for outsourcing agreements already in existence or under negotiation).

Business performance

The market environment for banking business continued to be dominated by the COVID-19 pandemic in 2021. The volume of new medium- and long-term business (excluding the WIBank development business, which does not form part of the competitive market) was down noticeably year on year at € 14.7 bn (2020: € 16.2 bn). Loans and advances to customers (financial assets measured at amortised cost) were almost unchanged at € 103.8 bn (31 December 2020: € 102.9 bn). Added to these were loans and advances to Sparkassen (financial assets measured at amortised cost) in the amount of € 7.1 bn (31 December 2020: € 6.4 bn). The focus on lending in core business areas and to the Sparkassen as S-Group partners is in line with the customer-centric orientation of Helaba's business model.

The market environment for funding business for financial institutions proved to be stable over the whole of 2021, the COVID-19 pandemic having no impact at all. Driven by the macroeconomic uptrend, financial institutions' credit spreads returned to pre-pandemic levels, although interest rates generally remained very low. Helaba was therefore in a position to obtain inexpensive medium- and long-term funding from institutional and private investors without difficulty throughout 2021. As in previous years, Helaba was aided in these efforts by its strategic and well-diversified business model as well as by its sound income and business performance.

In 2021, Helaba raised medium- and long-term funding of approximately € 11 bn (2020: € 14.5 bn, excluding TLTRO III). This consisted entirely of unsecured funding. Helaba made its debut in the market as an issuer of green bonds with the successful launch of a senior non-preferred green bond in an amount of € 500 m with a term of eight years.

Sales of retail issues placed through the Sparkasse network amounted to € 2.6 bn (2020: € 2.0 bn) and were therefore much higher than in the previous year. The issue of green bonds in the retail segment was also successfully taken up, broadening the range of products offered by Helaba. As in previous years, the customer deposits in the retail business within the Group, in particular through the subsidiary Frankfurter Sparkasse, brought further diversification to the funding base. In addition, new medium- and long-term funding at WIBank amounted to € 1.5 bn (2020: € 2.4 bn).

A further TLTRO III drawdown of € 6.5 bn in March was not taken into account in the medium- and long-term funding plan.

Helaba's cost-income ratio was 66.4 % as at 31 December 2021. This represents a very significant year-on-year reduction (31 December 2020: 70.8 %). Return on equity rose to 3.5 % (31 December 2020: 1.2 %).

As at 31 December 2021 Helaba's CET1 capital ratio was 11.6 % (31 December 2020: 12.3 %) and its total capital ratio was 16.4 % (31 December 2020: 17.8 %). This means that Helaba's capital position is significantly stronger than necessary according to the regulatory requirements announced to date.

CRD IV provided for a transitional phase until the end of 2021 for capital instruments that were currently recognised as regulatory Tier 1 capital, but would not meet the future requirements for such capital. At Helaba, this affects silent participations with a nominal amount of € 518 m, a situation that remains unchanged compared with the prior year. Based on supervisory requirements that are currently known, any new provisions are included in the multi-year planning and appropriately taken into account when assessing capital adequacy.

Helaba's leverage ratio as at 31 December 2021 was 4.7 % (31 December 2020: 4.1 %), which is above the required minimum ratio. In a letter dated 3 November 2021, the ECB authorised Helaba, for the purposes of calculating the leverage ratio, to treat WIBank as a public-sector development bank within the meaning of Article 429a (2) (3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council and therefore to remove development loans from the calculation of leverage ratio.

The liquidity coverage ratio (LCR) for Helaba was 181.8 % as at 31 December 2021 (31 December 2020: 193.7 %). Helaba's net stable funding ratio (NSFR) as at 31 December 2021 was comfortably in excess of the target value at 114 %.

The NPL ratio for the Helaba Regulatory Group (in accordance with EBA risk indicator code AQT_3.2) was 0.8 % as at 31 December 2021 (31 December 2020: 0.5 %). As in the previous year, therefore, Helaba fell below the German average published in the EBA Risk Dashboard, which at 1.1 % (as at 30 September 2021) was already very low by European standards.

As at 31 December 2021, the MREL ratio for the Helaba Regulatory Group stood at 62.6 % based on RWAs and 23.6 % based on LRE.

The Helaba Regulatory Group's MREL portfolio comprised regulatory own funds (accounting for 18.1 %), subordinated – non-preferred – liabilities (accounting for 25.2 %) and unsubordinated – preferred – liabilities (accounting for 19.3 %) based on RWAs.

Based on LRE, the composition of the portfolio was as follows: 6.8 % regulatory own funds, 9.5 % subordinated debt and 7.3 % non-subordinated debt. The quota of subordinated instruments therefore amounted to 43.3 % based on RWAs and 16.3 % based on LRE.

The MREL portfolio is therefore well in excess of the current and future MREL requirements specified for the Helaba Regulatory Group by the competent resolution authority.

The specified MREL requirement applicable from 1 January 2022 is 21.60 % of RWAs and 7.11 % of LRE, and the requirement for subordinated instruments is 20.91 % of RWAs and 7.11 % of LRE. The specified requirements from 1 January 2024, both for the regular MREL requirement and the subordinated instruments requirement, are 21.69 % of RWAs (and 24.96 % of RWAs including the combined capital buffer requirements of 3.27 %) and 7.82 % of LRE.

One of Helaba's core strategic areas of activity is to act as a partner, providing targeted support, especially new sustainable products, to help its customers with the transformation to a sustainable future in the form of a climate-neutral and circular economy.

In the Asset Finance business, Helaba structures projects in the renewable energy and social & digital infrastructure segments. It is also successfully implementing its sustainable finance advisory service, in which it offers a broadly based range of information across sectors and products around the theme of sustainable finance covering all financial instruments (loans, promissory notes, bonds, leases, guarantees, etc.). Helaba continues to be involved in the syndication of green, social and ESG-linked finance and promissory notes.

In the sustainable promissory note segment of the market, Helaba is one of the leading arrangers and supported or arranged further ESG-linked transactions in 2021. These transactions included the issue of ESG-linked promissory notes in which the interest cost attaching to the promissory note is linked to the entity's sustainability performance.

The issue proceeds from the green bond issued in the first half of the year are being used to fund sustainability-related projects aimed at expanding the use of solar and wind energy. The selected green financing options are based on the EU's draft green bond standard and satisfy the criteria in the forthcoming EU taxonomy for sustainable economic activities. The issue for institutional investors was also accompanied by a tranche specially aimed at retail customers and launched through the Sparkassen sales network. Helaba is pursuing a portfolio-based approach and is planning to issue more green bonds. In addition, Helaba supported the State of Hesse in its first green bond issue and specifically placed a European Investment Bank (EIB) climate awareness bond in the Sparkassen sector.

Helaba reviews its business model on a regular basis and continues to refine it.

Helaba has updated its strategic agenda and long-term quantitative targets, and is systematically introducing measures to focus on the core areas of activity. In particular, the business model for Helaba and the group as a whole is to be diversified across a broader base in order to strengthen non-interest-related business with little capital tie-up and to achieve a better balance across all the sources of income. The strategic agenda now includes investments in the updating of IT infrastructure, the aim of which is also to give further impetus to digital transformation. Another strategic area of activity is the promotion of diversity, which is closely associated with the efforts to tighten and strengthen the sustainability profile of the business. This is one of the foundation stones for greater creativity and innovative capability, especially in connection with the development of new product approaches. The implementation of the strategic agenda continues to progress well and on schedule.

Helaba is a Sparkasse central bank and S-Group bank. It is firmly embedded in the German Sparkassen-Finanzgruppe and has many divisions and subsidiaries that work in partnership with the Sparkassen. As part of the broader diversification of the business model, Helaba also plans to take its collaboration with Sparkassen in the S-Group to an even higher level and quantify this collaboration in the form of the S-Group benefit.

In addition, the Helaba Regulatory Group intends to expand its ESG expertise across its entire range of products and services so that it can make the most of future growth opportunities and have the necessary capability to support its customers with sustainable finance products. The structured promotion and reinforcement of diversity is a component aimed at, among other things, enhancing both equal opportunities and Helaba's innovative and creative capabilities and securing them over the long term. In mid-2021, Helaba signed up to the "ECORE – ESG Circle of Real Estate" initiative because of the ever-increasing importance of ESG compliance in real estate portfolios.

The transformation project "Scope – Growth through Efficiency" adds a new dimension to the strategic agenda. The objective of the project is to counter the anticipated increase in costs and downward pressure on income. The efficiency measures have so far been successfully implemented. The flexibility thus created is facilitating investment in future growth. Whereas beneficial effects from the project continued to materialise in 2021, there was nevertheless a significant rise in costs caused by external factors, primarily the costs of the bank levy.

Net Assets, Financial Position and Results of Operations

Key performance data for 2021

	2021	2020	Changes	
	in € m	in € m	in € m	in %
Business volume	218,213	212,743	5,469	2.6
Total assets	184,054	180,778	3,276	1.8
Operating result before loss allowances	489	387	102	26.3
Net additions to loss allowances and net remeasurement gains/losses	–201	–280	79	28.3
Net income for the year	221	41	180	>100,0

The reporting currency of the management report is the euro (€). Euro amounts are generally rounded to the nearest million. Minor discrepancies may arise in totals or in the calculation of percentages in this report due to rounding.

Helaba does not include the cost of servicing the additional Tier 1 capital instruments in its presentation of the results of operations. For this reason, net interest income and therefore also the operating result and net income for the year reported under the results of operations are € 14 m (2020: € 14 m) higher than in the income statement prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB). In addition, income from equity investments and dividends is not shown separately under results of operations, but instead included in net interest income.

Results of operations

	2021	2020	Changes	
	in € m	in € m	in € m	in %
Net interest income	1,298	1,226	72	5.9
Net fee and commission income	219	199	21	10.4
Net income of the trading portfolio	82	–13	95	>100,0
Other net operating income	–144	–85	–60	–70.5
Net operating income	**1,455**	**1,327**	**128**	**9.6**
General and administrative expenses	–966	–940	–26	–2.8
Operating result before loss allowances	**489**	**387**	**102**	**26.3**
Net additions to loss allowances and net remeasurement gains/losses	–201	–280	79	28.3
Additions to/reversals of contingency reserves (section 340f HGB)	–50	–15	–35	>-100,0
Operating result before taxes	**239**	**93**	**146**	**>100,0**
Tax expense	–18	–52	34	65.7
Net income for the year	**221**	**41**	**180**	**>100,0**

Helaba's operating income increased again in 2021, exceeding the prior-year figure by € 128 m. The significant increase in net interest income, the sharp increase in net fee and commission income and a marked improvement in net income of the trading portfolio resulted in an operating result before loss allowances of € 489 m (2020: € 387 m) despite slightly higher general and administrative expenses.

The expense under net additions to loss allowances/net remeasurement gains/losses was down significantly year on year, enabling Helaba to increase its operating result before taxes by € 146 m to € 239 m. After taking into account a tax expense of € 18 m (2020: € 52 m), net income for the year amounted to € 221 m (2020: € 41 m).

Net interest income, a key component of Helaba's income, was € 1,298 m compared with € 1,226 m in the previous year. Favourable long-term funding terms from the ECB were also a significant factor in helping to reduce the effect from negative interest rates. Net interest income from the operating lending business remained stable. Set against the decrease in retail business due to persistently low interest rates was a slight increase in interest margins in lending business with key accounts. Higher income was generated from early termination fees compared with the prior year. In the reporting year, net interest income was lower because of the transfer of own funds investments from Group Asset/Liability Management to a pension contractual trust arrangement (CTA).

Net fee and commission income rose by € 21 m year on year to € 219 m and was derived largely from fee and commission income on payment transactions (€ 76 m) and in lending and guarantee business (€ 81 m). The increase was attributable largely to higher fees and commissions for the management of public-sector subsidy and development programmes and an improved contribution from lending and guarantee business.

All realised and unrealised contributions to income from trading transactions are reported under net income of the trading portfolio. Once again, the income of € 82 m (2020: € – 13 m) resulted mainly from interest rate-related business, which is the focus of the customer-driven capital market activities. The positive result here is primarily attributable to measurement gains on securities due to lower risk premiums across all asset classes plus measurement gains on derivatives that resulted from factors including the development of rising interest rates and helped to improve the xVA result and reduce measurement markdowns. The emerging economic recovery also continued to boost customer demand for capital market products, resulting in higher trading turnover compared with the previous year in the primary and secondary markets for securities and in the money market products, currencies and derivatives businesses despite persistent noticeable uncertainty arising from the COVID-19 pandemic. Accordingly, the customer business performed satisfactorily and within expectations.

Other net operating income amounted to a net expense of € 144 m (2020: net expense of € 85 m). This increase in net expense stems in part from the absence of the profit from the disposal of non-financial assets that boosted income in the prior year.

General and administrative expenses increased by € 26 m to € 966 m. These expenses comprised personnel expenses of € 378 m (2020: € 370 m), non-personnel operating expenses of € 564 m (2020: € 545 m) and depreciation charges on property and equipment plus amortisation charges on intangible assets totalling € 24 m (2020: € 24 m). Pay-scale increases in November 2020 and higher post-employment expenses led to a rise in personnel expenses. Helaba employed an average of 3,381 people in the year under review (2020: 3,395). Thanks to rigorous cost management, other administrative expenses rose only moderately despite the significant impact of the steep increase in the European banking levy to € 71 m (2020: € 49 m). Expenses for the Association overhead allocation and the reserve funds, on the other hand, fell by € 2 m year on year to € 46 m.

The net operating income of € 1,455 m (2020: € 1,327 m) and general and administrative expenses of € 966 m (2020: € 940 m) combined to give an operating result before loss allowances of € 489 m (2020: € 387 m), which equates to a year-on-year increase of € 102 m. The cost-income ratio (CIR), which is the ratio of general and administrative expenses to net operating income, was 66.4 % as at 31 December 2021 (31 December 2020: 70.8 %).

Net additions to loss allowances/net remeasurement gains/losses and additions to/reversals of contingency reserves (section 340f HGB) break down as follows:

	2021	2020	Changes	
	in € m	in € m	in € m	in %
Net additions to loss allowances and net remeasurement gains / losses	**–201**	**–280**	**79**	**28.3**
Result of lending operations	–207	–273	65	24.0
Result of investment operations	4	2	2	80.3
Result of securities allocated to the liquidity reserve, fixed assets and banking book derivatives	3	–9	12	>100,0
Additions to / reversals of contingency reserves (section 340f HGB)	**–50**	**–15**	**–35**	**>-100,0**

Balance sheet

Assets

	31.12.2021	31.12.2020	Changes	
	in € m	in € m	in € m	in %
Loans and advances to banks including cash reserve	44,087	36,540	7,547	20.7
Loans and advances to customers	103,755	102,868	887	0.9
Bonds and equities	12,478	16,466	–3,989	–24.2
Trading portfolio (assets)	18,110	19,160	–1,050	–5.5
Equity investments and shares in affiliated companies	1,795	2,032	–237	–11.7
Other assets	3,829	3,711	118	3.2
Total assets	**184,054**	**180,778**	**3,276**	**1.8**

Equity and liabilities

	31.12.2021	31.12.2020	Changes	
	in € m	in € m	in € m	in %
Liabilities due to banks	61,075	55,972	5,103	9.1
Liabilities due to customers	43,695	43,423	272	0.6
Securitised liabilities	56,782	57,110	–327	–0.6
Trading portfolio (liabilities)	7,156	8,947	–1,791	–20.0
Own funds	10,289	10,244	45	0.4
Other liabilities	5,056	5,082	–26	–0.5
Total equity and liabilities	**184,054**	**180,778**	**3,276**	**1.8**
Business volume	218,213	212,743	5,469	2.6

Helaba's total assets rose from € 180.8 bn to € 184.1 bn in financial year 2021 as a result of its renewed participation in the ECB's targeted longer-term refinancing operations (TLTRO III) at attractive conditions. Helaba drew down € 6.5 bn as part of TLTRO III in March 2021, which increased the total volume to € 22.5 bn.

On the assets side of the balance sheet, loans and advances to customers continued to dominate, accounting for a large proportion of total assets (56.4 %). This item increased by € 0.9 bn to € 103.8 bn in 2021.

The most significant change in assets resulted from the rise of € 7.5 bn in loans and advances to banks including cash reserve to € 44.1 bn. Helaba's participation once again in TLTRO III resulted in a rise in the volume of demand deposits held with Deutsche Bundesbank.

The volume of bonds and equities allocated to the investment and liquidity portfolio declined by € 4.0 bn to € 12.5 bn. The main investments were bonds and other fixed-income securities totalling € 12.4 bn (31 December 2020: € 15.4 bn). Equity shares and other variable-income securities amounted to € 0.1 bn (31 December 2020: € 1.0 bn).

Trading assets fell by € 1.1 bn year on year to € 18.1 bn due in large part to the positive fair values of derivatives declining by € 3.0 bn to € 6.2 bn as a result of rate-related measurement effects. The portfolio of bonds and other fixed-income securities also contracted by € 2.2 bn to € 2.3 bn. Moving in the opposite direction were own bonds and notes, the return on which resulted in an increase of € 3.4 bn to € 7.8 bn.

The most significant change in liabilities resulted from the rise of € 5.1 bn in liabilities due to banks to € 61.1 bn. This increase is due to Helaba's participation in the ECB's TLTROs. Of the liabilities due to banks, € 14.1 bn (31 December 2020: € 15.5 bn) was accounted for by liabilities to Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg.

Liabilities due to customers rose by € 0.3 bn to € 43.7 bn. This figure includes home savings deposits of € 5.2 bn just as in the prior year.

Securitised liabilities fell by € 0.3 bn to € 56.8 bn. The portfolio of bonds issued amounted to € 53.4 bn (31 December 2020: € 53.8 bn). Within securitised liabilities, the issuance programmes comprising short-term money market instruments amounted to € 3.4 bn (31 December 2020: € 3.3 bn).

The trading portfolio (liabilities) declined by € 1.8 bn to € 7.2 bn due in large part to the negative fair values of derivatives declining by € 1.2 bn to € 2.4 bn. As on the assets side of the balance sheet, carrying amounts were reduced by interest-rate-related measurement effects. Trading liabilities amounted to € 4.2 bn (31 December 2020: € 4.7 bn).

The business volume, which includes off-balance sheet business in addition to total assets, rose by € 5.5 bn to € 218.2 bn.

Own funds

Helaba's own funds reported on the balance sheet (equity excluding net retained profits, including the fund for general banking risks, profit participation rights, subordinated liabilities, and additional Tier 1 instruments) totalled € 10.3 bn as at 31 December 2021 (31 December 2020: € 10.2 bn).

Helaba's regulatory own funds as at 31 December 2021 – i.e. before the annual financial statements were adopted and thus before appropriations to revenue reserves were taken into consideration and including an allowance surplus of € 253 m resulting from the comparison of expected losses against loss allowances at the end of 2020 – amounted to € 9.2 bn. This included Tier 1 capital of € 7.0 bn. The capital contributions classified as CET1 capital amounted to € 1.9 bn; contributions of € 459 m were classified as additional Tier 1 capital.

Helaba's own funds requirements under the CRR amounted to € 4.5 bn as at 31 December 2021. This resulted in a total capital ratio of 16.4 % for Helaba; the Tier 1 capital ratio was 12.4 % and the CET1 capital ratio 11.6 %.

The own funds requirements specified by the CRR for the exposures for which capital charges are required were met at all times in 2021.

As in previous years, Helaba further strengthened its equity by making appropriations to revenue reserves.

Results of operations by business area

The volume of new medium- and long-term business at Real Estate Finance shrank significantly year on year to € 6.1 bn in 2021. However, margins in new business rose sharply again compared with the previous year. The average volume of business remained stable in 2021, with income significantly improved from the prior year due to the larger portfolio on the balance sheet and improved interest margins.

The volume of medium- and long-term new business in the Asset Finance division fell sharply to € 2.1 bn, although margins on new business did improve very significantly. The average business volume remained unchanged year on year and income, adjusted to remove the effect of a one-off item in the prior year (dividend paid by Helaba Asset Services), remained stable.

The volume of medium- and long-term new business at the Corporate Banking division fell significantly to € 3.3 bn but margins on new business were increased very substantially. The average volume of business remained virtually unchanged. Income increased sharply year on year on account of the significantly improved average margin and the large increase in net fee and commission income.

Net trading income generated in capital markets business was up very significantly year on year as a result of spread-induced reversals of write-downs, although the volume of customer business declined.

Income at the Treasury division was up significantly year on year. A fall in income from certificates business was offset by a sharp increase in income in interest rate management. The main driver was Helaba's participation in the ECB's targeted longer-term refinancing operations (TLTRO III). New business in the municipal lending business area was up significantly year on year at € 0.95 bn. Income from this business declined slightly in 2021 due to the net reduction in the size of the portfolio.

The Savings Banks & SME division comprises Sparkasse lending business including intermediated loans business for the Sparkassen, all cash management products, documentary business and lending business for SME customers. The volume of intermediated loans business grew to € 5.6 bn in 2021. Income from payment transaction products increased year on year and the number of transactions climbed to 8.3 bn in 2021 (2020: 7.9 bn).

Gross new business at LBS fell in the year under review as a result of factors including ongoing restrictions associated with the COVID-19 pandemic. LBS did however outperform the market as a whole on this measure. LBS significantly exceeded its positive earnings target announced for the year under review despite the ongoing negative effect on earnings of the current sustained period of low interest rates. This was due in part to positive one-off items.

Helaba performs public development functions for the State of Hesse through Wirtschafts- und Infrastrukturbank Hessen (WIBank). New business grew strongly in 2021, primarily due to subsidies to support hospitals and loans provided for the construction of housing for rental.

Comparison with prior-year forecasts

The following table shows a comparison between the actual values achieved in the year under review for the key performance indicators used by Helaba and the original forecasts:

	2020 forecast for 2021	2021 actual
Net interest income	Significant decline	Marked increase
Net fee and commission income	Moderate increase	Large increase
Net income of the trading portfolio	Very significant increase	Very significant increase
Other net operating income	Significant improvement	Very significant decline
General and administrative expenses	Marked increase	Slight increase
Loss allowances	Significant increase	Sharp decline
Profit or loss before tax	Significant year-on-year decrease	Very significant year-on-year increase
Cost-income ratio	74 %	71 %
Volume of new medium- and long-term business	€ 11.8 bn	€ 16.0 bn

The main variances from Helaba's forecast business performance are described below.

The increase in net interest income was noticeably higher than forecast as a result of Helaba's participation in the ECB's targeted longer-term refinancing operations (TLTRO III), bigger margins and improved funding conditions.

The rise in net fee and commission income in customer business was even larger than the moderate increase forecast.

Although it did increase very significantly year on year, in large part as a result of spread-induced reversals of write-downs, net trading income still fell short of the forecast figure due to recoveries in values that began in 2020.

The level of interest rates in 2021 was lower than anticipated and led to a higher interest cost from the unwinding of the discount on pension provisions, which depressed other net operating income.

Personnel expenses were reduced by another year of higher than average pension changes, which were offset by the planned increase in the employee benefit expense for pensions and thus decreased personnel expenses overall. Non-personnel operating expenses changed less than forecast as a result of delays to project activities and spending on buildings. Some cost types remained well below budget as a result of the COVID-19 pandemic, for example because of the travel and contact restrictions.

Additions to loss allowances were lower than forecast primarily because of the reassessment of the loss allowance requirement occasioned by the COVID-19 pandemic.

The operating result before taxes reflects the changed COVID-19-induced loss allowance requirement adopted following the reassessment and was therefore up very substantially year on year. The cost-income ratio (CIR) consequently improved to 66.4 %.

Risk Report

The Executive Board is responsible for all of the risks to which the Helaba Regulatory Group is exposed and for defining a risk strategy consistent with the business strategy. Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities and with the Rules of Procedure for the Executive Board, the risk strategy lays down the principal elements of the approach adopted to dealing with risk, the objectives of risk containment and the measures employed to achieve these objectives within the Helaba Regulatory Group. The risk strategy covers all of the main business units in the Helaba Regulatory Group as defined by the KWG and the CRR.

Once adopted by the Executive Board, the risk strategy is presented to and discussed with the Supervisory Board and the Board of Public Owners.

The business strategy and risk strategy of the Helaba Regulatory Group are integrally linked to the business strategy and risk strategy of Sparkassen-Finanzgruppe Hessen-Thüringen.

The principal objectives of the Helaba Regulatory Group's risk strategy are to uphold the organisation's conservative overall risk profile and maintain risk-bearing capacity at all times while ensuring that all regulatory requirements are satisfied. The risk management system accordingly plays a central role in the management of the company.

The risk management process has been refined over the years to create a range of sophisticated tools for and an environment conducive to risk containment. The methods employed to identify, quantify, contain and monitor risks and the systems required to implement them have undergone continuous development, as have organisational provisions such as process and system documentation and guidelines detailing responsibilities.

Principles

Responsibility of executive management

The Executive Board is responsible – regardless of the distribution of business responsibilities – for all of the risks to which the Helaba Regulatory Group is exposed and for implementing the risk strategy policy throughout the regulatory consolidation group. It defines the risk strategy with reference to the risk-bearing capacity of the Helaba Group (economic perspective) and the Helaba Regulatory Group (regulatory perspective) as determined in an analysis of the initial business policy position and an assessment of the associated primary risks defined in the risk inventory process, and is responsible for ensuring compliance with the risk strategy defined by means of the establishment of an efficient risk management process. All Regulatory Group companies are included, alongside Helaba (with LBS and WIBank), in the procedures and processes for identifying, assessing, containing, monitoring and communicating risks. Effective risk management throughout the Group is thus assured.

Protection of assets

Risks may be assumed only as permitted under the general risk strategy and the specific risk strategies and only in pursuit of the strategic objectives of the Helaba Regulatory Group on the basis of the risk appetite framework (RAF), in particular in order to maintain the Helaba Regulatory Group's long-term earnings power while protecting its assets as effectively as possible and accomplishing its mission.

Protection of the Bank's reputation

Effective risk management and the avoidance of legal or regulatory breaches 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. A corresponding control process to assess reputation risks in new business has been implemented.

Segregation of functions

The independence of risk controlling and risk containment must be assured in order to maintain objectivity and transparency. Independent control processes are implemented wherever the type and degree of risk so require. The responsibilities of the organisational units for risk identification and containment, risk quantification, risk monitoring and risk reporting follow a "three lines of defence" (3-LoD) policy. Please refer to the "Principal risk monitoring areas" section for details of this concept.

Transparency

The comprehensive and objective reporting and disclosure of risks is another important component of the Helaba Regulatory Group's risk strategy and is indispensable for the proper notification, by the Executive Board, of the corporate bodies, the banking regulator and the public at large.

Cost efficiency

The cost efficiency of the individual lines of defence (3-LoD) and, in particular, of the systems they use also has to be considered. The expenditure incurred in connection with risk monitoring (and also risk containment) is reasonable given the pertinent regulatory requirements and the risks under consideration in each case.

Risk appetite framework

The Helaba Regulatory Group defines the RAF as a holistic approach to risk containment. Factors known as RAF indicators are identified and then used to produce a complete description of the overall risk profile in material terms. The RAF indicators comprise indicators that apply across all risk types and others that are specific to particular risk types; they focus on regulatory and economic capital adequacy, the appropriateness of liquidity coverage and on the sustainability of earnings power. The Executive Board specifies threshold values for risk appetite, risk tolerance and – where relevant – risk capacity for each RAF indicator. These values are used to convert the main risk strategy objectives into operational details in the course of planning. Risk appetite refers to the level of risk that the Helaba Regulatory Group is prepared to assume to attain its strategic objectives. Risk tolerance indicates the level of variance from the risk appetite that Helaba is still prepared to tolerate in an unfavourable environment to reach its strategic objectives. On the basis of regulatory limits (where available), risk capacity specifies the maximum level of risk that the Helaba Regulatory Group can take on.

Risk-bearing capacity / ICAAP

The procedures for quantifying and containing risks ensure that the primary risks always fall within the risk-taking potential and that risk-bearing capacity is thus assured. Risk-bearing capacity is one of the factors considered in defining the risk strategy.

Compliance with regulatory standards

The implementation of regulatory requirements, which proceeds in close consultation with the banking regulator, also has a decisive influence on the risk strategy. The Helaba Regulatory Group's regulatory capital backing and the determination of the regulatory capital are based on the provisions of the current CRR and take account of the stipulations of the Supervisory Review and Evaluation Process (SREP).

Risk culture

The risk culture at the Helaba Regulatory Group consists of the attitudes and conduct of Helaba's employees in relation to risk awareness, risk appetite and risk management. The risk culture at the Helaba Regulatory Group fosters an environment in which risks are identified and consciously handled to ensure that decision-making processes lead to results that comply with the approved risk strategy requirements and reflect Helaba's risk appetite. The Helaba Regulatory Group's risk culture therefore extends beyond the governance framework and the established controls. The refinement of the risk culture is an ongoing task for all employees and managers at the Helaba Regulatory Group. The Helaba Regulatory Group's risk culture has the following components:

- A set of corporate values adopted by the Executive Board that set out the Helaba Regulatory Group's basic values and guiding principles.
- Responsibilities: every employee knows, understands and complies with Helaba's corporate values, with the risk appetite and risk tolerance relevant to their organisational unit and with the system set down in writing.
- Communication and critical dialogue: Helaba's working environment is characterised by respect, tolerance and trust. Everyone has the right to mutual respect, free from any kind of discrimination. The Helaba Regulatory Group seeks to promote an open working climate.
- Incentives: the remuneration system reflects the Helaba Regulatory Group's business priorities and aims to ensure that employees are properly rewarded for their efforts and achievements without being encouraged to take inappropriate risks in any way.

Auditing

The Internal Audit function audits all of Helaba's activities and processes in line with their risk content. This helps to safeguard transactions and financial assets. Assessments of the efficacy and adequacy of the internal control system facilitate the ongoing development and improvement of the risk management processes.

Risk Classification

Risk types

The primary risk types for the purposes of containment in the Helaba Regulatory Group result directly from its business activities. The structured risk inventory process, which is implemented annually and, where necessary, in response to relevant developments, examines which risks have the potential to damage the Helaba Regulatory Group's financial position (including capital resources), financial performance or liquidity position to a material degree. The following primary risk types have been identified.

- The default risk or credit risk is defined as the potential economic loss that can arise as a result of non-payment by or a deterioration in the creditworthiness of borrowers, issuers, counterparties or equity investments and as a result of restrictions on cross-border payment transactions or performance (country risk).
  - The potential economic loss is determined using internal or external credit assessments and risk parameters assessed by Helaba itself or set out in regulatory specifications.
  - The default risk does not include credit standing risks, which are mapped in the market risk under the residual risk and the incremental risk.
  - The equity risk – the potential economic loss as a result of non-payment by or a deterioration in the creditworthiness of an equity investment – that is not managed at the level of the individual risk types also forms part of the default risk. Such developments can lead to a decline in the value of the holding, to the reduction or cancellation of dividend payments, to loss transfers and to contribution, margin call and liability obligations.

- The market risk is the potential economic loss as a result of disadvantageous movements in the market value of exposures due to changes in interest rates, exchange rates, share prices and commodity prices and their volatility. In this context changes in interest rate levels in one market segment lead to general interest rate risks, specific interest rate changes (for example on the part of an issuer) lead to residual risks and changes in the price of securities subject to a credit rating as a result of rating changes (including default) lead to incremental risks. Changes in market values such as discount rates also play a significant role when measuring pension obligations at Group level (IFRS).

- The liquidity and funding risk is broken down into three categories. The short-term liquidity risk is the risk of not being able to meet payment obligations as they fall due. Structural liquidity risks result from imbalances in the medium- and long-term liquidity structure and a negative change in the organisation's own funding 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. The liquidity risks associated with transactions not included in the statement of financial position lead to short-term and / or structural liquidity risks depending on their precise nature.

- Non-financial risk (NFR) at the Helaba Regulatory Group includes reputation risk as well as operational risk. Operational risk comprises the non-NFR sub-risk categories of operational risk in the narrow sense (includes aspects of reputation risk and matters relating to compliance, business continuity management, human resources and taxes), legal risk, conduct risk, model risk, information risk, third-party risk and project risk.

  Operational risk, which is a component of non-financial risk, is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

  Operational risk also includes the following NFR sub-risk categories:
  - Legal risk is defined as the risk of loss for the Helaba Regulatory Group resulting from infringements of legal provisions that have the potential to result in (i) legal proceedings or (ii) internal actions to avert such losses. Breaches of contract relating to matters of creditworthiness (for example in the case of loan contracts) do not fall within this definition.
  - Conduct risk is defined as the current or potential risk of loss for an institution as a result of an inappropriate offer of financial (banking) services, including cases of intentional or negligent misconduct.

- There are two distinct aspects to model risk:
  I. One involves the risk of underestimating the regulatory or economic capital requirement as a result of using models to quantify risks. This is in part a reflection of the fact that a model can never entirely capture reality. This aspect of model risk is taken into account at the Helaba Regulatory Group
     a) as part of determining the own capital requirement for internal Pillar I models using the model premiums / safety margins demanded by regulatory requirements and
     b) in economic risk management via a risk potential premium for the primary risk types.
  II. The other aspect of model risk involves the risk of losses associated with the development, implementation or inappropriate use of models by the Helaba Regulatory Group for the purposes of decision-making. This aspect is factored into operational risk. The analysis of operational risk does not include the models covered under I. a) and model risks already covered by the risk potential premiums in accordance with I. b).

- Information risk comprises the risk of losses resulting from a failure to provide the specified protection, in terms of availability, integrity, confidentiality and (as part of integrity) authenticity, for the Helaba Regulatory Group's information assets (digital, physical or verbal) at a technical, procedural, organisational or human resources level.
  I. IT risks are information risks, originally resulting from the use of the IT systems and associated processes (own processes and those operated by third parties) for which Helaba is responsible, that threaten the protection of the Helaba Regulatory Group's information.
  II. Cyber risks are information risks that arise when using resources for which Helaba is not responsible, threatening the protection of Helaba's information.
  III. Non-IT risks are information risks other than IT or cyber risks. These arise in connection with paper-based documents or the spoken word and threaten the protection of information.

- Third-party risk entails matters related to non-financial risk in outsourcing and other external procurement activities. Outsourcing risk and the risk from other outsourcing transactions are defined as the risk of loss / damage to the Helaba Regulatory Group due to defective performance or loss of performance by the service provider. Risks in relation to the service provider may in principle arise from
  I. underlying conditions at the service provider (creditworthiness, foreign legal risk, political stability),
  II. performance (personnel, equipment and IT resources, reputation) and
  III. dependence and concentration (concentration risk, market position).

  Risks in relation to the service provider may in principle arise from
  a) unsatisfactory quality / incomplete performance
  b) untimely fulfilment
  c) other contractual obligations not being satisfactorily performed or performed at all (e.g. violation of legal or contractual regulations that may limit in particular the usefulness of the service provided or increase the complexity of management and control).

- Project risk involves the risk of an event occurring that could give rise to negative consequences for project objectives or imposes scheduling, financial, human resources and / other constraints.

- Business risk is the potential economic loss attributable to possible changes in customer behaviour, in competitive conditions in the market, in general economic conditions or in the regulatory environment. Damage to the Helaba Regulatory Group's reputation could also trigger a change in customer behaviour.

- Reputation risk involves the possibility of a deterioration in the Helaba Regulatory Group's public image (its reputation for competence, integrity and trustworthiness) in the form of the perceptions of the individuals having a business or other relationship with the Helaba Regulatory Group. Most of the material impact of reputation risk finds expression in the business and liquidity risk. Reputation risk, which is a non-financial risk, is therefore assigned to these risk types in the risk type breakdown based on its impact. Reputation risks include original reputation losses as well as those that arise as a result of an operational loss event.

- Regulatory risk is the potential economic loss resulting from business constraints caused by new, unexpected (bank-specific) regulations, amendments to existing regulations or the unclear interpretation of regulations. The material consequences of regulatory risk impact on business risk and regulatory risk is consequently assigned to business risk in the breakdown of risk types.

- Real estate risk comprises the real estate portfolio risk – the potential economic loss from fluctuations in the value of an entity's own real estate – and the real estate project management risk associated with project development business. Risks associated with the provision of equity and loan capital for a project are excluded from this risk type, as are risks associated with real estate finance.

Risk Concentrations

Risk concentrations can occur both within a single risk type and across different risk types. The areas responsible for risk monitoring are charged with managing – that is to say identifying, quantifying, containing and monitoring – risk concentrations and reporting on identified risk concentrations in line with their respective accountability for major risk types, risk-bearing capacity and stress tests.

Both concentrations within a risk type (intraconcentrations) and concentrations across risk types (interconcentrations) are analysed and integrated into the risk management reporting and decision-making processes. No risk-mitigating diversification effects between the risk types are applied in the risk-bearing capacity calculation. The design of the extreme market dislocation stress scenarios across all risk types, moreover, implicitly takes account of the main risk concentrations between risk types of significance.

Risk Management Process

Risk management at the Helaba Regulatory Group comprises four elements that are best understood as consecutive phases in a single continuous process.

1. Risk identification

Risks affecting the Helaba Regulatory Group are identified continuously as an integral part of daily operations. Once identified, each risk is assigned to the relevant risk type. Comprehensive identification and incorporation into existing risk measurement systems and the associated risk monitoring processes are particularly important in connection with the introduction of new products and complex transactions. The central monitoring units are involved in the authorisation of new products as part of the New Product Process for lending business and trading business. The risk inventory process to be completed for the Helaba Regulatory Group annually and on an ad-hoc basis also helps to identify previously unknown risks and ensure that any of material significance are incorporated into the risk management process.

ESG (environment, social, governance) factors may occur in all risk types and are taken into account within the risk management processes of the identified risk types (based on risk drivers). All physical and transitory risk elements are considered in the qualitative analysis.

2. Risk assessment

Effective mapping of individual transactions and risk parameters in the risk measuring systems enables qualitatively and quantitatively robust risk measurement and assessment for the various risk types. A variety of models, methods and processes are used for this purpose. The Helaba Regulatory Group applies corresponding premiums and discounts to cover the model risk that results from the use of models and is confirmed in the course of independent validations.

3. Risk containment

The information obtained in the risk identification and quantification phases provides the basis for risk containment by the local management units of the LoD 1 units (lending and trading units). Risk containment encompasses all of the measures aimed at incurring, reducing, limiting, avoiding or transferring risks within the Executive Board's defined limits and RAF thresholds plus additional management variables for default risk.

4. Risk monitoring and reporting

The Risk Controlling unit provides independent central risk monitoring of the following risk types: default risk (including equity risk), market risk, liquidity and funding risk, non-financial risk, real estate risk and business risk. The responsibilities of the Risk Controlling unit in this regard include the specification of appropriate methods, their implementation and the operation of the associated models. An integral component of these monitoring activities is the submission of reports to the relevant authority holders and committees covering the main risk types, risk-bearing capacity, the status of the RAF indicators and the status of the relevant indicators from the recovery plan (MaSan). The internal models used in Risk Controlling to assess risk in accordance with Pillars I and II are in addition recorded in a model inventory and validated regularly. The Risk Controlling unit (Independent Model Validation Group) is responsible for model governance, including maintaining the model inventory and ensuring that independent validation is carried out.

Risk Management Structure

Entities involved

The Executive Board has established a Risk Committee in accordance with the applicable banking regulatory requirements to implement and monitor the Helaba Regulatory Group's risk strategy, including the risk appetite statement (RAS), first and foremost, and to aggregate all the risks – that is to say the default risks, market risks, liquidity and funding risks, non-financial risks, business risks and real estate risks – assumed across the Helaba Regulatory Group and evaluate their combined implications. The objective is to identify risks in the Helaba Regulatory Group at the earliest possible stage, design and monitor the calculation of risk-bearing capacity, and derive measures aimed at avoiding risk and generating containment mechanisms for risk management. It also approves the containment and quantification methods employed by the various units and assesses the appropriateness of the tools applied in light of the extent of the risk.

The Executive Board has set up the Asset/Liability Management Committee and the Credit Committee of the Executive Board (VS-KA) to complement the Risk Committee. The main task of the Asset/Liability Management Committee is to manage the strategic market risk portfolio with independent responsibility and in support of the Executive Board. The Credit Committee of the Executive Board is responsible for individual lending decisions in accordance with the authority framework established by the Rules of Procedure for the Executive Board. The Risk Committee, on the other hand, is charged with containing the default risk of the entire portfolio and coordinating syndication business.

The composition of the committees and their duties, powers and responsibilities are set out in separate rules of procedure approved by the Executive Board.

The organisational guidelines specify that the approval of the entire Executive Board or of the Supervisory Board or one of its committees must be obtained for decisions on matters of particular significance such as acquiring, changing or disposing of equity investments, granting loans above a certain threshold and defining the cumulative limit for market risks. Helaba's Charter, moreover, requires that any decision to take on or make changes to strategic equity investments involving a stake in excess of 25 % also be approved by the Board of Public Owners.

Risk management at Regulatory Group companies

Companies belonging to the Regulatory Group are incorporated into risk management activities at Regulatory Group level by taking account of the risks established in the course of the annual or, where applicable, an ad-hoc risk inventory. The process to determine inclusion begins by considering all direct equity investments of Helaba under commercial law plus special purpose entities, special funds and all of Helaba's front office units. The regular risk inventory covers the companies belonging to the Regulatory Group for which there exists a financial or legal imperative for inclusion. The list of companies to be included is drawn up with reference to a catalogue of criteria. Companies belonging to the Regulatory Group that are not included in the risk inventory are considered through the mechanism of the equity risk.

One outcome of the risk inventory process is to determine which Regulatory Group companies are included in risk management at Group level with which risk types and which Regulatory Group companies are considered only through the mechanism of the equity risk. Companies belonging to the Regulatory Group are included in risk management at the level of individual risks in line with their primary risk types.

These companies must in addition establish an appropriate risk management process for any of their own risks that are assigned to the risk type at Regulatory Group level. The officers responsible for the relevant risk types and methods stipulate precisely how risks are to be included. The mode of inclusion in the methods used in the risk management process varies from risk type to risk type.

Principal risk monitoring areas ("three lines of defence", 3-LoD)

The responsibilities of the organisational units follow a "three lines of defence" (3-LoD) policy. This governance policy sets out roles and responsibilities to ensure there is independent monitoring and internal auditing of the effectiveness of the risk containment and monitoring functions that have been implemented. At Helaba (including LBS and WIBank) and in the major Regulatory Group companies, the containment of risks in the first line of defence is separated in terms of disciplinary and organisational reporting lines from the independent monitoring of risks in the second line of defence. The three lines of defence policy is implemented at Helaba (including LBS and WIBank) as follows:

First line of defence (LoD 1)

The first line of defence assumes risks in the course of its (business) activities, bears these risks and has responsibility for the results. In particular, it is responsible for controlling its risks and designing controls, with due regard for the methods specified by LoD 2.

Second line of defence (LoD 2)

A second line of defence (specifically including the Risk Controlling, Credit Risk Management, Restructuring / Workout, Compliance, Organisation and Group Steering units) to provide independent monitoring of LoD 1 has been established for all primary risk types. The main task is a holistic global assessment of all risks on an individual basis and at portfolio level – both at Helaba (including LBS and WIBank) and in the major Regulatory Group companies.

Third line of defence (LoD 3)

Internal Audit conducts risk-based audits, in particular of the appropriateness and effectiveness of the activities of the first two lines of defence.

The other organisational units must provide the necessary information and assistance to enable the aforementioned Helaba organisational units (including LBS and WIBank) to comply with their assigned responsibilities.

Risk types	Risk containing units (LoD 1)	Risk monitoring units (LoD 2)	Reviewing unit (LoD 3)
Default risk including equity risk	Product units (Lending units, Capital Markets, Treasury: Municipal Loans)	Risk Controlling (Helaba portfolio level) Group Steering (equity risk) Credit Risk Management, Restructuring / Workout (individual exposure level and individual portfolio level)	Internal Audit
Market risk	Capital Markets, Treasury	Risk Controlling	
Liquidity and funding risk	Capital Markets (OTC / Money Market Trading), Treasury	Risk Controlling	
Non-financial risk	All units	Risk Controlling, together with specialist functions[1] in the following units: Group Steering, Compliance including Information Security Management, Human Resources and Legal Services, Accounting and Taxes and Organisation	
Business risk	Product units	Risk Controlling	
Real estate risk	Portfolio and Real Estate Management	Risk Controlling	
Tasks across all risk types	–	Risk Controlling	

[1] The specialist functions in the case of non-financial risk are responsible alongside the Risk Controlling unit for relevant NFR / NFR sub-risk categories (as set out in the risk type breakdown) that are described in detail in the sub-risk strategy for non-financial risk.

The independent management of risk (risk containment, risk monitoring) within the major Regulatory Group companies is generally structured in the same way as at Helaba (including LBS and WIBank) in terms of the three lines of defence principle. There may, however, be specific arrangements in place as well.

LBS and WIBank are integrated into the Helaba Regulatory Group's risk management and have supplementary requirements for their own risk management where necessary.

Internal Audit

The Internal Audit function, which reports to and is directly subordinate to the Executive Board, performs its tasks independently and without external direction. It examines and assesses all of Helaba's activities and processes, including activities and processes that have been outsourced, on the basis of risk considerations. It conducts audits at subsidiaries both in its role as the internal auditor and when specifically asked to do so. The annual audit plan drawn up in accordance with the risk-oriented multi-year plan and approved by the Executive Board forms the basis of all auditing activities.

Internal Audit focuses in particular on assessing the efficacy and adequacy of the Internal Control System and of risk management, thereby helping to safeguard financial assets. Internal Audit also supports major projects.

The scope and findings of audits are documented in accordance with uniform standards. Written audit reports are supplied promptly to the Executive Board and the people responsible for the units audited. The timely resolution of deficiencies identified is monitored and matters are escalated if necessary. Internal Audit reports significant audit findings, the actions adopted and the implementation status of these actions to the Executive Board and Supervisory Board every quarter. The Executive Board, Supervisory Board and Audit Committee are also presented with a summary annual report on auditing activities.

Compliance

The Compliance function reports to and is directly subordinate to the Executive Board (in accordance with the German Minimum Requirements for Risk Management (AT 4.4.2 MaRisk)). The institution has appointed a Head of Compliance, who is registered with the supervisory authorities as performing the functions of the Group Anti-Money Laundering Officer, the MaRisk Compliance Officer and the WpHG Compliance Officer.

There are three departments within the Compliance division: Corporate Compliance, Information Security Management (ISM), which includes data protection, and Compliance Money Laundering and Fraud Prevention/TF. The Chief Information Security Officer (CISO) representative function and the Data Protection Officer are based in the ISM department.

The MaRisk Compliance function, which forms part of the Corporate Compliance department, promotes the adoption of effective procedures to implement and ensure compliance with the principal legal rules and stipulations identified in the context of risk and conducts related checks. It also conducts regular analyses in this connection of the adequacy and efficacy of the business processes and practices associated with the implementation of and compliance with the principal legal rules and stipulations in Helaba.

The tasks of the capital market compliance function at Helaba are the responsibility of the Corporate Compliance I unit. Corporate Compliance I advises the operational divisions, and monitors and assesses principles, processes and procedures in terms of the relevant legal provisions and any inherent capital market compliance risk (advisory/review/controlling). The unit also performs regular risk-oriented monitoring activities based on a prior risk analysis, paying particular attention in this regard to the rules prohibiting insider dealing and market manipulation, and identifies and regulates potential conflicts of interest.

The Compliance Money Laundering and Fraud Prevention/TF department, acting in its capacity as the central authority for the purposes of Section 25h KWG, develops internal principles and adequate transaction- and customer-related safeguards and checks to prevent money laundering, the funding of terrorism and criminal acts. The precautionary organisational measures to be implemented are based in part on the Helaba Regulatory Group's risk analysis (money laundering, terrorism financing and fraud prevention) and also in part on the Group Policy. This Group Policy sets out the Helaba Regulatory Group's general ground rules, which reflect the relevant legal and regulatory requirements. Monitoring software keeps business relationships under constant surveillance. The Compliance Money Laundering and Fraud Prevention/TF department is also responsible for the implementation of the legal requirements created by the Agreement between the United States of America and the Federal Republic of Germany to Improve International Tax Compliance (FATCA) and the international Automatic Exchange of Information (AEOI) process.

Information Security Management

The Information Security Management function is responsible for ensuring the proper control, coordination and development of information security management in line with the business strategy, risk strategy, information security strategy and IT strategy.

It also determines and defines necessary security requirements arising in connection with relevant best practices, laws and regulations, supports the regular analysis of information protection classifications and coordinates appropriate technical and organisational measures to ensure that an adequate level of security is maintained.

Implementation of existing requirements is monitored and deviations which could have repercussions for the Helaba Regulatory Group are fed into the information risk process. Measures and checks for sustainable risk reduction and risk monitoring are continuously refined.

The Data Protection Officer reports to and advises the Executive Board and all organisational units and employees with regard to data protection requirements. The function involves responsibility for monitoring the implementation of and compliance with the requirements of data protection law and for relevant employee training and measures to raise awareness of data protection issues among employees. Helaba maintains a record of processing activities (Article 30 GDPR) covering procedures that involve the processing of personal data. This record provides the basis for ensuring that the processing of personal data complies with the data protection regulations. Helaba has developed an information security management system (ISMS) aligned with the ISO 27000 family of standards to ensure the availability, confidentiality and integrity of data (Article 5 and Article 32 GDPR) and to assess the resilience (maintenance of operability) of data-processing systems.

These functions report directly to the Executive Board.

Risk-Bearing Capacity / ICAAP

Established procedures for quantifying and containing risks ensure that the primary risks within the Helaba Group and Helaba Regulatory Group are always covered by risk cover pools and that its risk-bearing capacity is thus assured.

In terms of concept, the lead risk-bearing capacity approach reflects the supervisory requirements for an ICAAP at institutions from an economic internal perspective. In other words, the calculation of risk-bearing capacity takes into account all risks that could jeopardise the continued existence of the Helaba Group as a going concern from an economic internal perspective. The economic limitation and containment of risks is also based on ensuring risk-bearing capacity in accordance with this economic internal perspective. The risk tolerance and risk appetite related to the risk exposures in this perspective are specified in the RAF.

Risk-bearing capacity is determined on the basis of a time frame of one year in the economic internal perspective and both risk exposures and risk cover pools are designed and quantified for this period.

The economic risk cover pools are calculated on the basis of own funds determined in accordance with IFRS financial reporting requirements, adjusted for economic correction factors. These factors ensure a loss absorption capacity comparable with regulatory CET1 capital.

In terms of risk, risk exposures for default risk (including equity risk), market risk, operational risk, business and real estate risk are included in the analysis for the economic internal perspective with a confidence level of 99.9 %. This approach is used to demonstrate that the economic risk cover pool is adequate enough – even if rare and serious loss scenarios should materialise – to ensure that the Group can continue as a going concern on the basis of its own resources, i.e. without recourse to third-party funds.

The risk-bearing capacity assessment for the Helaba Group covering all risk types reveals that the existing risk cover pools at the end of 2021 once again exceeded the quantified risk exposures by a substantial margin, underlining the conservative risk profile. Helaba had a capital buffer of € 4.8 bn in respect of its economic risk exposures as at the reporting date (31 December 2020: € 4.0 bn).

Helaba regularly examines the effects of historical and hypothetical stress scenarios on risk-bearing capacity as well as analysing risk-bearing capacity for given reference dates. The scenarios considered include macroeconomic stress scenarios and a scenario involving exceptional market dislocation based on the most extreme changes in parameters observed over the historical time frame (usually observed market dislocation occurring in a global financial crisis).

To complement the economic internal perspective as the lead approach for ensuring risk-bearing capacity in Pillar II, an analysis using the regulatory internal perspective is conducted quarterly. The regulatory internal perspective examines how the primary Pillar II risks affect the regulatory ratios in accounting terms and the Helaba Regulatory Group's internal objectives for capital ratios in the context of the RAF over a multi-year period. This analysis is conducted using various macroeconomic scenarios. Pillar II risks affect regulatory capital, both through profit and loss and through other comprehensive income, whereas Pillar I risk quantification is reflected in a change in risk-weighted assets (RWAs).

The objective of this analysis is to ensure ongoing compliance with regulatory requirements and with the internal targets derived from the risk strategy and RAF. The capital ratios achieved under the simulated scenarios exceed the regulatory minimum CET1 capital ratio by a significant margin.

A number of reverse stress tests are also conducted to investigate what kind of idiosyncratic or market-wide events could jeopardise the continued existence of the Helaba Group or Helaba Regulatory Group as a going concern. The analyses focus on the regulatory minimum capital requirements, the available liquidity reserves and economic risk-bearing capacity in the economic internal perspective. There is currently no indication of any of these scenarios becoming a reality.

Other protection mechanisms

There are other protection mechanisms in addition to the risk cover pool. Helaba is a member of the Reserve Fund of the Landesbanken and Girozentralen and is thus included in the Sparkassen-Finanzgruppe's protection scheme, which comprises the eleven regional Sparkasse support funds, the aforementioned reserve fund and the deposit security reserve fund of the Landesbausparkassen.

The most notable features of this protection scheme are the way that it safeguards the viability of the affiliated institutions, especially their liquidity and solvency, its risk monitoring system for the early detection of specific risk profiles and its use of a method based on risk parameters defined by the supervisory authorities to calculate the amounts to be paid into the protection scheme by the various institutions.

The legally dependent Landesbausparkasse Hessen-Thüringen, the subsidiary Frankfurter Sparkasse, and Frankfurter Bankgesellschaft (Deutschland) AG, which is a subsidiary of Frankfurter Bankgesellschaft (Schweiz) AG (which in turn is a subsidiary of Helaba), are also directly integrated into this protection scheme.

The general meeting of members of the German Savings Banks Association (DSGV) adopted a resolution concerning the refinement of the Sparkassen-Finanzgruppe's protection scheme on 27 August 2021. The resulting changes implemented ECB and BaFin requirements and made the protection scheme more efficient. A more effective set of decision-making structures was introduced, for example, and it was affirmed in principle that the organisation was prepared to expand its resources with an additional fund to be built up from 2025.

The Sparkassen-Finanzgruppe scheme includes a deposit guarantee scheme to protect qualifying deposits up to a value of € 100,000 per customer as well as safeguarding the viability of the affiliated institutions themselves. The deposits thus protected in the Helaba Group amount to € 17.7 bn in total (31 December 2020: € 17.2 bn). The German Federal Financial Supervisory Authority (BaFin) has recognised the Sparkassen-Finanzgruppe's institutional protection scheme as a deposit guarantee scheme for the purposes of the German Deposit Guarantee Act (EinSiG).

Helaba and Frankfurter Sparkasse are also affiliated to the Reserve Fund of the Sparkassen- und Giroverband Hessen-Thüringen under the terms of their Charters. The reserve fund provides further protection in the event of a default in addition to the nationwide Joint Liability Scheme. It covers the liabilities of Helaba and Frankfurter Sparkasse to customers, including banks, insurance companies and other institutional investors, and their securitised liabilities. Liabilities that serve or have served at the institutions as components of own funds pursuant to Section 10 KWG, such as asset contributions of dormant shareholders, liabilities under profit participation rights and subordinated liabilities, are not covered irrespective of their remaining term. The total volume of the fund is equal to 0.5 % of the affiliated institutions' total risk exposure amount as defined by article 92(3) CRR and stood at € 673 m at the end of 2021 (31 December 2020: € 622 m).

The Sparkassen- und Giroverband Hessen-Thüringen has undertaken to make up the shortfall between the amount actually paid in and the full amount should the fund be required before such time as the full amount has been contributed.

Rheinischer Sparkassen- und Giroverband (RSGV) and Sparkassenverband Westfalen-Lippe (SVWL) have each also unilaterally set up an additional regional reserve fund for Helaba.

Development institution WIBank, which is organised as a dependent institution within Helaba, enjoys the direct statutory guarantee of the State of Hesse as regulated by law and as permitted under EU law on state aid.

Default risk

Lending business is one of Helaba's core activities and the acceptance, control and containment of default risks accordingly constitutes one of its core competencies. Events in the market and developments in the regulatory environment for banks are together generating a continuous stream of new challenges for internal default risk management, making rigorous examination of the existing procedures absolutely essential.

Guiding these steps is a comprehensive and universal risk strategy derived from the business strategy. The specific risk strategy for default risks defines the risk propensity, differentiated by product, customer segment and risk type, for every business segment. It is reviewed annually.

Regulatory own funds requirements

Helaba applies the IRBA. The corresponding regulatory requirements as set out in the current CCR are implemented in Helaba's procedures and systems with the internal rating methods (default rating) for the lending portfolio, the Collateral Management System, the credit loss database, which is used to record and analyse the default portfolio and the specific loan loss allowances, and a regulatory calculation module.

Risk monitoring using the global limit system

Helaba employs a global limit system that records counterparty-specific default risks promptly in a structured and transparent manner. The system uses counterparty limits based on a combination of the creditworthiness (rating) of counterparties and Helaba's risk-bearing capacity.

Cumulative limits for each borrower are recorded in the global limit system at Group level to help monitor, limit and contain default risks. All types of loans in accordance with Articles 389 et seq. of the CRR and guarantees in accordance with Article 403 CRR made to borrowers in both trading and banking book activities are counted against these cumulative limits. Advance payment and settlement risks attributable to foreign currency and securities transactions, current account intraday risks, creditor risks associated with direct debits and what are referred to as "additional risks from constructs" are approved as commercial risks and counted against separate limits.

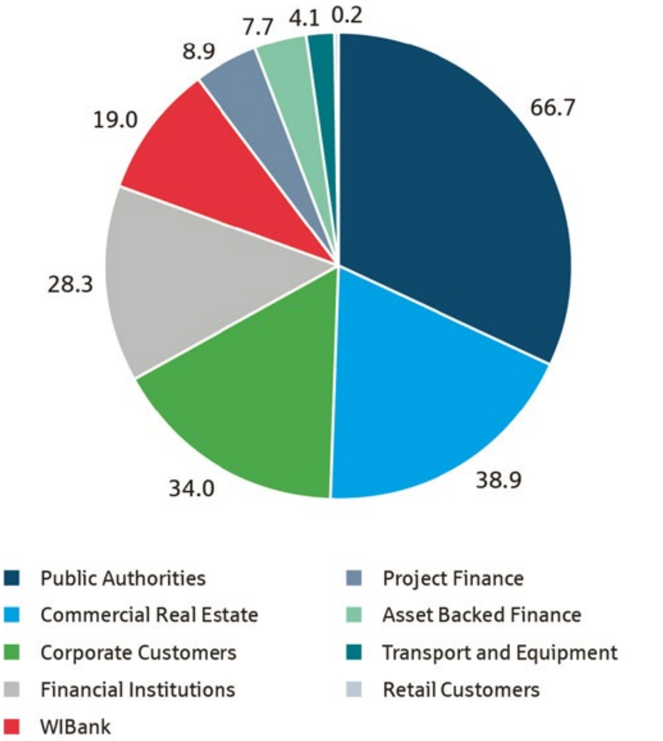
The approved total limits are allocated to individual borrowers, product categories and the operating divisions concerned in accordance with the application for approval. The utilisation of the individual limits is monitored on a daily basis and appropriate measures are initiated immediately if any limit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

Swaps, forward transactions and options are counted towards the total limit at their credit equivalent amounts based on an internal add-on method. The Risk Controlling unit validates and, where appropriate, adjusts the add-ons once a year or on an ad hoc basis (for example in the event of market turmoil). All other trading book positions (for example money market trading and securities) are valued at market prices.

Creditor risks associated with direct debits and secondary risks resulting from leasing commitments (lessees) or guarantees received are also recorded as commercial risks for the relevant risk-bearing entity.

Chart 1 shows the total volume of lending (comprising drawdowns and unutilised lending commitments) at Helaba of € 207.7 bn as at 31 December 2021 (31 December 2020: € 202.9 bn) broken down by portfolios. The total volume of lending is the risk exposure value calculated in accordance with the legal provisions applicable to large exposures before applying the exemptions in relation to calculating utilisation of the large exposure limit and before applying credit mitigation techniques.

Total volume of lending by portfolios (Helaba Bank)
Chart 1 in € bn



Helaba's lending activities as at 31 December 2021 focused on the following portfolios: public sector, commercial real estate and corporate customers.

The summary below provides an overview of the regional breakdown of Helaba's total lending volume by borrower's country of domicile.

Region **in € bn**

	31.12.2021	31.12.2020
Germany	143.0	133.3
Rest of Europe	45.0	48.3
North America	18.8	19.9
Oceania	0.4	0.5
Other	0.6	1.0

The table shows that Germany and other European countries continue to account for most of the total lending volume.

Creditworthiness / risk appraisal

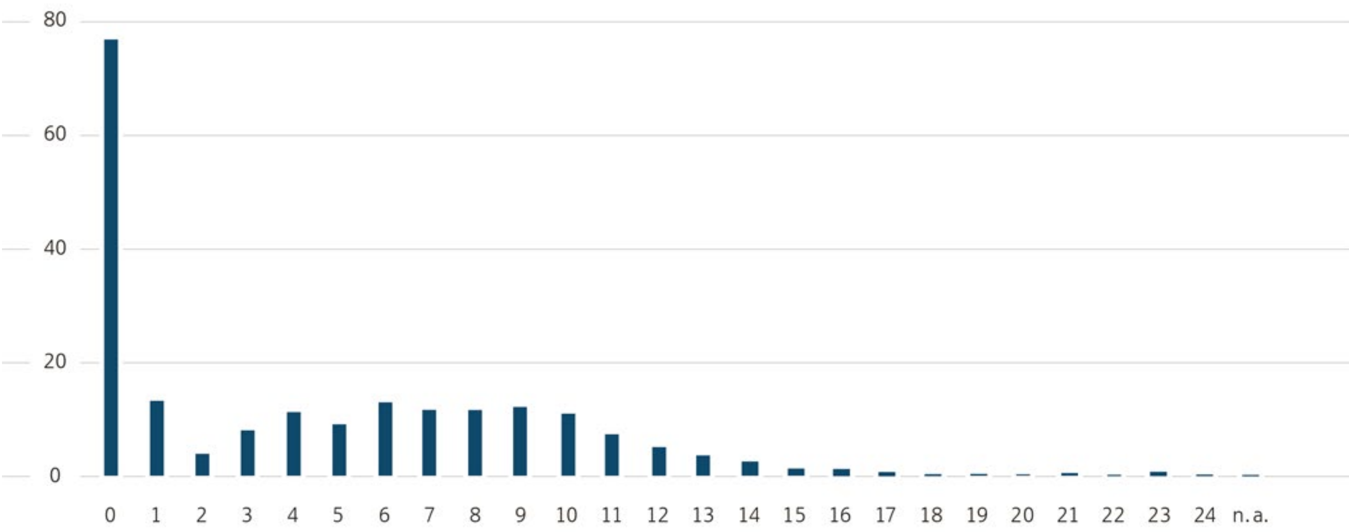
Helaba employs 16 rating systems developed together with DSGV or other Landesbanken and two rating systems developed internally. Based on statistical models, these systems classify loan exposures, irrespective of the customer or asset group, by the fixed probability of default (PD) using a 25-point cardinal default rating scale.

Chart 2 shows the total volume of lending in Helaba of € 207.7 bn (31 December 2020: € 202.9 bn) broken down by default rating category.

Total volume of lending by default rating category (Helaba Bank)

Chart 2

in € bn



Collateral

Like the creditworthiness of borrowers or counterparties, the collateral arrangements (or general credit risk reduction techniques) available are of major importance when determining the extent of default risks. Collateral is measured in accordance with Helaba's lending principles. The measurement is adjusted as part of the regular or ad hoc monitoring process if there are any changes in factors relevant for measurement purposes.

Helaba's Collateral Management System meets the necessary conditions to allow full advantage to be taken of the comprehensive opportunities for recognising credit risk reduction techniques that enhance shareholders' equity in accordance with the CRR. It provides the data resources required to verify and distribute the assets eligible as collateral to the risk exposures secured.

Country risks

Helaba's definition of country risk encompasses the risk of sovereign default as well as transfer and conversion risk, which means that country risk exposure also includes individual transactions entered into by a Helaba location with a borrower in the same country in local currency (local transactions).

Helaba has a uniform methodology for the internal measurement and allocation of country risks based on the entity bearing the economic risk. The risk initially assigned to the borrower's country of domicile in accordance with the strict domicile principle is accordingly transferred, subject to certain conditions, to the country of domicile of the parent company of the Group, the lessee or, in the case of cash flow structures and when collateral is involved, to the country of the entity bearing the economic risk.

The country risk system is the central tool for the comprehensive, timely and transparent risk-oriented recording, monitoring and containment of country risks. All of Helaba's lending and trading units, including subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG and Helaba Asset Services, are involved in country risk containment. The total country risk, excluding the countries of the euro zone, may not exceed seven times the Tier 1 capital of the Helaba Group of institutions. As of 31 December 2021, utilisation was less than four times the liable Tier 1 capital.

The Credit Committee of the Executive Board defines country limits for all countries apart from Germany. 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 method for country and transfer risks provides 25 different country rating categories based on the uniform master scale used throughout the Bank. All classifications are established at least annually by the Research & Advisory department and ultimately defined by the Credit Risk Management unit. The Capital Markets unit, which performs the central coordination function for country limit requests, presents a country limit proposal on this basis factoring in bank-specific considerations and relevant factors relating to business policy and risk methodology and the Credit Committee of the Executive Board then sets the limits for the individual countries based on this proposal.

Helaba has no defined country limits for countries falling into the weakest rating categories (22 – 24).

Country risk (transfer, conversion and sovereign default risks) from Helaba loans issued by Helaba to borrowers based outside Germany amounted to € 60.0 bn (31 December 2020: € 64.1 bn), most of which was accounted for by borrowers in Europe (68.5 %) and North America (29.9 %). As at 31 December 2021, 75.2 % (31 December 2020: 81.1 %) of these risks were assigned to country rating classes 0 and 1 and a further 24.6 % (31 December 2020: 18.8 %) came from rating categories 2 – 13. Just 0.1 % (31 December 2020: 0.1 %) fell into rating class 14 or worse.

Exposures in the Russian Federation and Ukraine

As at 31 December 2021, Helaba's net exposure in the narrow Group companies to borrowers in the Russian Federation amounted to approximately € 27 m. The corresponding figure for borrowers in Ukraine was € 0.3 m.

The Bank has identified a growing risk in relation to exposures with borrowers in the Russian Federation as a result of the Russian Federation's attack on Ukraine and has implemented precautionary and risk-mitigating measures in response. The Bank's risk in this respect has been subject to close monitoring since the escalation of the military conflict began (in the fourth quarter of 2021), with associated continuous monitoring and assessment of additional measures in the form of economic sanctions.

Credit risk processes and organisation

The MaRisk contain differentiated rules in respect of the organisation of lending business, of lending processes and of the design of the methods used to identify, quantify, contain and monitor risks in lending business.

The Executive Board has defined the main requirements of business policy regarding structural and procedural organisation in lending business in separate organisational guidelines for lending business.

Approval procedure

The approval procedure followed by Helaba ensures that no credit risks are entered into without prior approval. The rules of procedure for the Executive Board state that loans above a certain value require the approval of the Supervisory Board Risk and Credit Committee. Commitments in amounts below this value are approved at different authorising levels (entire Executive Board, Credit Committee of the Executive Board, individual members of the Executive Board, staff members) depending on the amounts involved. Loans are approved on the basis of detailed risk assessments. In accordance with the MaRisk, the loan documents in what is designated risk-relevant business always comprise two independent opinions, one from the relevant front office unit and one from the relevant back office unit. The representative of the relevant back office unit also always has a right of veto in this connection as part of an escalation process. The ultimate decision rests with the entire Executive Board.

The procedure also takes account of the concentration limits derived from the Helaba Group's risk-bearing capacity, which place an additional limit on exposures in line with the default rating category of the economic group of connected clients. All loans also have to be reviewed at least once every twelve months. Mechanisms for ensuring on a daily basis that limits are not exceeded include the use of the global limit system, which aggregates all loans (credit lines and utilisations) extended by the narrow Group companies for each group of connected clients.

Quantifying default risks

For regulatory purposes, expected and unexpected default risks are quantified using the regulatory calculation module. Expected default risks are treated for calculation purposes on a transaction-by-transaction basis in the form of the expected loss. The calculation for regulatory purposes is carried out using the internal rating methods and regulatory loss given default (LGDs). The equity to be held available in accordance with the CRR to cover unexpected losses is also calculated on a transaction-by-transaction basis and is used for containment purposes for both the specific transaction and the risk capital.

Default risks are determined for the purposes of internal containment using a value-at-risk approach. Risks are quantified using a Credit Metrics-based credit risk model (Monte Carlo simulation) developed in house taking account of risk concentrations and additional migration and stochastic LGD risks. The value-at-risk (VaR) calculated from the simulated probability distribution provides a measure – with a probability (confidence level) of 99.9 % (economic internal perspective) – of the upper limit of the potential loss of a portfolio within a period of one year.

The risk parameters applied additionally include migration matrices and LGD parameters estimated internally and empirically measured correlation values as well as the internal rating methods. The overall risk assumes a simultaneous, correlated onset of losses (systematic risk).

The quantification of default risk is additionally assessed against various scenarios to determine the impact of corresponding stress situations. The risk parameters are modelled scenario by scenario for this purpose.

The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity indicates that the economic risk exposure for the Helaba Regulatory Group from default risk, calculated on the basis of the VaR, was € 1,496 m (31 December 2020: € 1,558 m). The main reasons for this reduction in the economic risk exposure are the decrease in exposure in the Corporate Banking and Asset Finance divisions and rating improvements in real estate finance. These effects were partially offset by an increase from the HI funds, almost all of which had been sold by the prior year reporting date, and slight increases at WIBank and Frankfurter Sparkasse.

COVID-19 pandemic

Continuous monitoring is still being carried out to identify potential effects from the COVID-19 pandemic on credit risk in the narrow Group companies.

Helaba is continuing to implement, without changes, the policy it established in 2020, whereby risk sub-portfolios significantly affected by the crisis are actively managed and exposures from these sub-portfolios that have been classified, in particular, as intensively supervised, recovering or non-performing loans are subject to close monitoring on an overarching basis.

To complement existing monitoring approaches, Helaba regularly analysed sectors again in 2021 to assess how far they are affected and carried out sensitivity analyses and scenario calculations to facilitate early identification of risks that might materialise gradually over the course of the year. The analyses completed have highlighted that the COVID-19 pandemic continues to have a substantial impact mainly on companies / sectors involved in transport and trade in the commercial real estate, corporate customers and transport and equipment portfolios, although it did become possible to remove certain sub-portfolios / borrowers from the significantly affected category as the year progressed. The total lending volume to the sectors still classified as critical in these portfolios, which is very much lower than in the prior year, amounted to around € 12.5 bn as at 31 December 2021 (31 December 2020: € 20.3 bn).

The following table shows the volume in respect of the sectors classified as critical and the volume of the customers / transactions in these sectors already on the watchlist, broken down by the portfolios commercial real estate, corporate customers and transport and equipment as at the reporting date:

Portfolio	Critical sectors	Watchlist
Commercial Real Estate	€ 6.8 bn	€ 1.0 bn
Corporate Customers	€ 3.4 bn	€ 2.0 bn
Transport and Equipment	€ 2.3 bn	€ 0.7 bn

Overall, the lending portfolio for the narrow Group companies proved to be stable for the most part in 2021 just as would be expected given its high quality. Heightened risk materialised as a result of rating deteriorations and, to a much lesser extent, default events. Helaba's loss allowances remained well within the budget. Despite government assistance and individual concessions to borrowers to cushion the adverse effects of COVID-19, it is possible 2022 will bring further COVID-19-induced loan defaults, depending on how the pandemic evolves.

Loss allowances

Appropriate loss allowances are recognised to cover default risk. The adequacy of the loss allowances is reviewed regularly and adjustments are made where necessary. The anticipated effects of the COVID-19 pandemic have been appropriately taken into account.

Equity Risk

The equity risk category brings together those risks attributable to equity investments whose individual risk types are not considered separately in risk controlling activities by risk type. Equity risks do not have to be considered for an equity investment if all risk types of relevance for the equity investment concerned are integrated into Group-wide risk management (at the level of individual risks) in line with their relative significance and the relevant legal options. Financial instruments classified under the CRR as equity exposures are also reported as equity risks alongside the equity investments under commercial law.

The risk content of each individual equity investment is classified with regard to value using 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 company concerned within the framework of the Bank's internal rating method. Equity risks are reported quarterly to the Risk Committee of the Executive Board and the Risk and Credit Committee of the Supervisory Board.

The composition of the equity investments portfolio is virtually unchanged from year-end 2020. The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 140 m (31 December 2020: € 107 m) for the Helaba Group from equity risk. The increase was mainly attributable to new investments in private equity funds.

Market Risk

Risk containment

Helaba manages market risks for the trading book and the banking book as part of its overall bank management. Clearly defined responsibilities and business processes create the necessary conditions for effective limitation and containment of market risks. The subsidiaries are integrated into the containment process as part of Group-wide risk management according to a graduated system based on the risk inventory process in line with the specific business activities involved. Attention in this area focuses principally on subsidiaries Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG. Market risks are quantified using Helaba's own methods.

Trading activities focus for strategic purposes on customer-driven business, which is supported by a demand-led product range. Responsibility for containing trading book exposures rests with the Capital Markets unit, while the Treasury unit has responsibility for funding and for the management of the interest rate and liquidity risks in the banking book. The own issues repurchase portfolio belonging to the trading book also falls under the jurisdiction of the Treasury unit.

Limitation of market risks

Helaba employs a uniform limit structure to limit market risks. The process through which limits are allocated involves Helaba's internal corporate bodies and, in the context of limit definition for the risk-bearing capacity, the Risk and Credit Committee of the Supervisory Board.

Acting on the recommendation of the Asset / Liability Management Committee, the Risk Committee allocates limits to the risk-incurring business units and the various types of market risk within the scope of the defined cumulative limit for market risks. In addition separate limits are defined 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 divisions to which a limit has been assigned. Stop-loss limits and volume limits are also used independently in the trading units to limit market risks.

Compliance with the cumulative market risk limit was maintained at all times in the year under review

Risk monitoring

The Risk Controlling unit is responsible for identifying, quantifying and monitoring market risks. This responsibility includes checking transactions for market conformity and determining the economic profit or loss as well as risk quantification. In addition, the reconciliation statement with external Accounting is prepared.

Continuous functional and technical development of the methods and systems used and intensive data entry play a key role in ensuring that Helaba's market risks are recorded properly. 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 required systems for position recording, processing, profit or loss determination, risk quantification, accounting and reporting before they can gain authorisation.

A comprehensive reporting regime ensures that the relevant members of the Executive Board 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. Information about the current risk and earnings situation is in addition provided weekly to the entire Executive Board and the Asset/Liability Management Committee and monthly to the Risk Committee. Any breach of a defined limit triggers the escalation process to limit and reduce the associated risks.

Quantification of market risk

Market risk is quantified using a money-at-risk approach backed up by stress tests (which also include the widening of spreads, as has occurred in the COVID-19 pandemic), the measurement of residual risks, sensitivity analyses for credit spread risks and the assessment 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 prescribed holding period.

The risk measurement systems employed in the Helaba Regulatory Group for each of the various types of market risk (interest rates, share prices and foreign exchange rates) all use the same statistical parameters in order to facilitate comparisons across the different risk types. This also makes it possible to aggregate the risk types into an overall risk. The overall risk assumes that the various different losses occur simultaneously. The MaR figure calculated using the risk models provides a measure of the maximum loss that will not be exceeded, with a probability of 99.0 %, on the basis of the underlying historical observation period of one year and a holding period for the position of ten trading days.

The summary below presents a reporting date assessment of the market risks (including correlation effects between the portfolios) taken on as at the end of 2021 plus a breakdown by trading book and banking book. The linear interest rate risk is the most significant of the market risk types. The decrease in linear interest rate risk is primarily attributable to the absence from the one-year history of the parameter calculation of the market volatility that had arisen in 2020 as a result of the COVID-19 pandemic. Various country- and rating-dependent government, financials and corporate yield curves are also used alongside swap and Pfandbrief curves for measurement purposes. Euro positions account for 91 % (31 December 2020: 87 %) of the linear interest rate risk for the overall portfolio of the narrow Group companies, US dollar positions 5 % (31 December 2020: 10 %). 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 and sterling positions. Residual risk amounted to € 9 m for the Group (31 December 2020: € 28 m). The incremental risk in the trading book amounted, with a time horizon of one year and a confidence level of 99.9 %, to € 171 m (31 December 2020: € 120 m). The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 453 m (excluding CVA risk, 31 December 2020: € 950 m) for the Group from market risk. The fall in economic risk exposure is primarily attributable to the absence of the heightened market volatility in 2020 triggered by the COVID-19 pandemic.

Group MaR by risk type

	Total risk		Interest rate risk		Currency risk		Equities risk	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Trading book	9	29	8	25	1	3	–	1
Banking book	37	93	31	88	–	1	6	4
Total	**45**	**118**	**38**	**111**	**1**	**3**	**6**	**4**

The risk measuring systems are based on a modified variance-covariance approach or a Monte Carlo simulation. The latter is used in particular for mapping complex products and options. Non-linear risks in the currency field, which are of minor significance at Helaba, are monitored using sensitivity analyses.

Internal model in accordance with the CRR

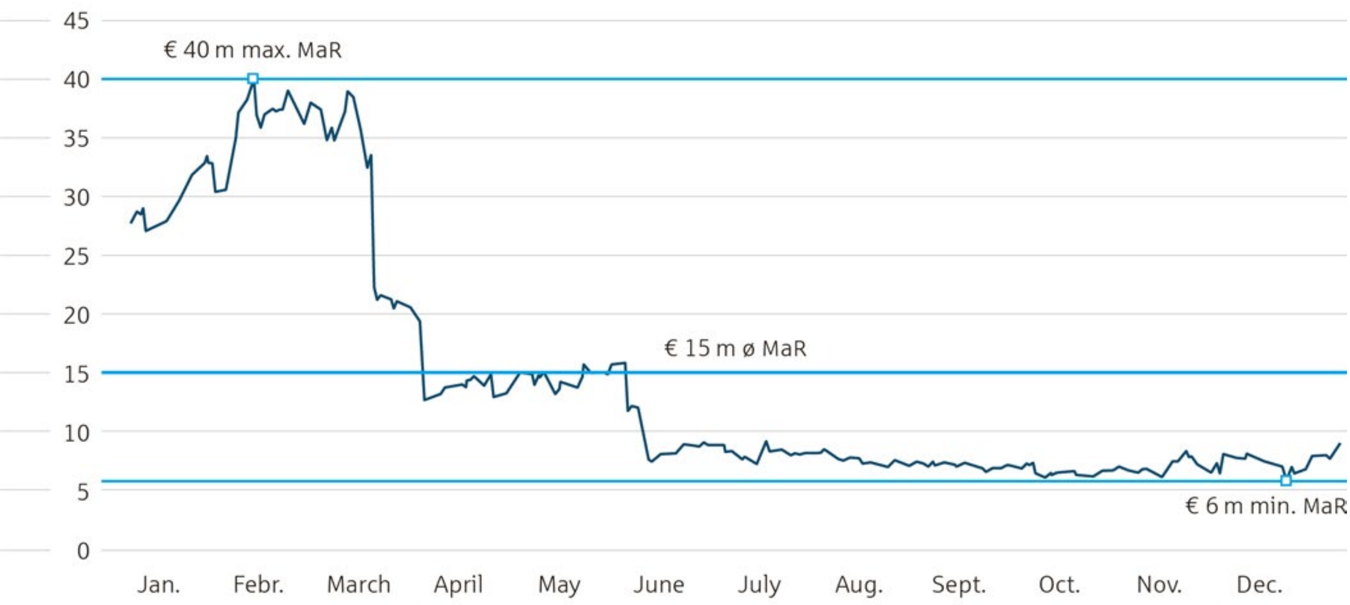
Helaba calculates the regulatory capital required for the general interest rate risk using an internal model in accordance with the CRR. This model, which consists of the risk measurement systems MaRC² (linear interest rate risk) and ELLI (interest rate option risk), has been approved by the banking regulator. The MaR in the internal model at year-end amounted to € 8 m (31 December 2020: € 26 m). The model was modified to use absolute rather than relative volatilities in the fourth quarter of 2021 on the basis of a model amendment request submitted to the banking regulator.

Market risk in the trading book

All market risks are calculated daily on the basis of the end-of-day position of the previous trading day and the current market parameters. Helaba uses the parameters prescribed by the regulatory authorities – a 99 % confidence level, a holding period of ten trading days and a historical observation period of one year – for internal risk management as well. Chart 3 shows the MaR for the trading book (Helaba Bank) for the 2021 financial year. The average MaR for 2021 as a whole was € 15 m (2020 as a whole: € 30 m), the maximum MaR was € 40 m (2020 as a whole: € 63 m) and the minimum MaR was € 6 m (2020 as a whole: € 15 m). The changes in risk in financial year 2021 stemmed predominantly from linear interest rate risk and were attributable to regular parameter updates (volatility, correlations), which in the second quarter no longer included market fluctuations caused by the COVID-19 pandemic, and to a normal level of reallocated exposures.

Daily MaR of the trading book in financial year 2021

Chart 3 in € m



Helaba's international branch offices plus Frankfurter Bankgesellschaft (Schweiz) AG and Frankfurter Sparkasse make the most recent 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 risk quantification can be performed not just centrally at headquarters, but also locally at the sites.

The summary below shows the average daily MaR amounts for the trading book.

Average MaR for the trading book in financial year 2021

	Q1		Q2		Q3		Q4		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Interest rate risk	29	21	10	31	5	31	6	27	13	27
Currency risk	1	–	1	1	1	1	1	3	1	1
Equities risk	2	1	1	1	1	1	1	1	1	1
Total risk	**32**	**22**	**12**	**32**	**8**	**33**	**7**	**31**	**15**	**30**

Number of trading days: 253 (2020: 253)

The annual average MaR for the trading book for Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG remains unchanged at €0 m in each case.

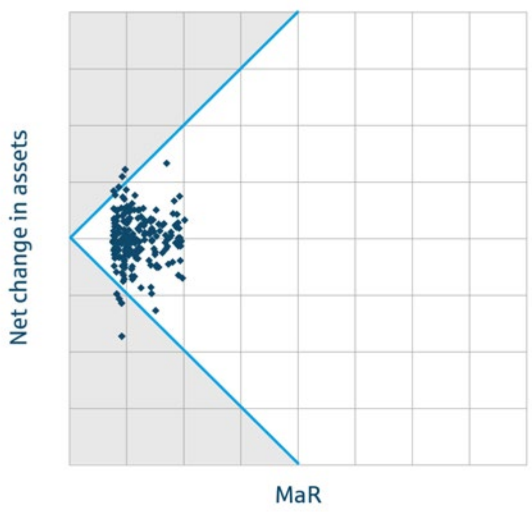
Back-testing

Helaba carries out clean mark-to-market back-testing daily for all market risk types 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, which 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 4 shows the back-testing results of the Helaba risk models for the trading book across all types of market risk in financial year 2021.

Back-testing for the trading book in financial year 2021

Chart 4



The internal model for the general interest rate risk produced five negative outliers in clean back-testing and nine negative outliers in dirty back-testing in 2021 in regulatory mark-to-market back-testing (2020: three negative outliers in clean back-testing and five negative outliers in dirty back-testing).

Stress test programme

A proper analysis of the effects of extraordinary but not unrealistic market situations requires the use of stress tests in addition to the daily risk quantification routine. Various portfolios are remeasured regularly under the assumption of extreme market scenarios. Portfolios are selected for stress testing on the basis of the level of exposure (significance) and the presence or absence of risk concentrations unless specific banking regulatory provisions apply. Stress tests are carried out daily on Helaba's options book. The results of the stress tests are included in market risk reporting to the Executive Board 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 to simulate extreme spread changes. The stress tests for market risks are supplemented by reverse stress tests and stress tests across risk types conducted in the course of Helaba's calculation of risk-bearing capacity.

Market risk (including interest rate risk) in the banking book

Helaba employs the MaR approach used for the trading book to map the market risk in the banking book. The risk figures calculated using this approach are supplemented with daily reports from which the maturity structure of the positions taken out can be ascertained. Regular stress tests with holding periods of between ten days and twelve months back up the daily risk measurement routine for the banking book.

The quantification of interest rate risks in the banking book is also subject to regulatory requirements, which stipulate a risk computation based on standardised interest rate shocks. The computation examines the effects of a rise and fall of 200 basis points in interest rates in line with the requirements of the banking regulator. As of the end of 2021, such an interest rate shock would, in the unfavourable scenario, have resulted in a negative change of € 109 m in the value of the Helaba Group banking book (31 December 2020: € 7 m). Of this figure, € 101 m (31 December 2020: € –1 m) would have been attributable to local currency and € 8 m (31 December 2020: € 8 m) to foreign currencies. The change compared with the end of 2020 was mainly due to the lower level of interest rates in conjunction with the regulatory requirements for a maturity-related interest rate floor. Helaba carries out an interest rate shock test at least once every quarter.

Performance measurement

Risk-return comparisons are conducted at regular intervals to assess the performance of individual organisational units. 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 units.

Liquidity and Funding Risk

Ensuring liquidity so as to safeguard its short-term solvency and avoid cost risks in procuring medium-term and long-term funding is a top priority at Helaba, which accordingly employs a comprehensive set of constantly evolving tools to record, quantify, contain and monitor liquidity and funding risks in the internal liquidity adequacy assessment process (ILAAP). The processes, tools and responsibilities in place for managing liquidity and funding risks have clearly demonstrated their value both in the COVID-19 pandemic and over recent years in the face of the global crisis in the financial markets and the resultant turmoil in the money and capital markets. Helaba's liquidity was fully assured at all times in 2021, even in the midst of the COVID-19 crisis.

A liquidity transfer pricing system ensures that all liquidity costs associated with Helaba's various business activities (direct funding costs and liquidity reserve costs) are allocated transparently. The processes of containing and monitoring liquidity and funding risks are combined in the ILAAP and comprehensively validated on a regular basis.

Containment and monitoring

The Helaba Group operates a local containment and monitoring policy for liquidity and funding risks under which each Group company has responsibility for ensuring its own solvency, for potential cost risks associated with funding and for independently monitoring those risks. The corresponding conditions are agreed with Helaba Bank. The subsidiaries falling within the narrow Group companies report their liquidity risks regularly to Helaba as part of Group-wide risk management, allowing a Group-wide aggregated view. All Regulatory Group companies are additionally included in the LCR and NSFR calculation and monitored in accordance with the CRR.

Helaba draws a distinction in liquidity risk management between short-term and structural liquidity management. Overall responsibility for short-term solvency and for structural liquidity management with regard to the funding of new lending business (maintaining the balanced medium- and long-term liquidity structure) rests with the Treasury unit. The same unit is also tasked with the central management of the liquidity buffer for both regulatory purposes (to maintain the LCR) and for collateral management.

The Risk Controlling unit reports daily on the short-term liquidity situation to the relevant managers and reports monthly in the Risk Committee on the overall liquidity risks assumed. Reporting also includes various stress scenarios such as increased drawings on credit and liquidity lines, no availability of interbank liquidity in the financial markets and the possible impact on Helaba of a significant rating downgrade. The stress scenarios encompass both factors specific to the bank and broader market influences. Reverse stress tests are also conducted. Additional ad hoc reporting and decision-making processes for extreme market situations are in place and have demonstrated their value once again in the COVID-19 pandemic.

Short-term liquidity risk

Helaba maintains a highly liquid portfolio of securities (liquidity buffer) that can be used to generate liquidity as required in order to assure its short-term liquidity. The current liquidity situation is managed with reference to a short-term liquidity status indicator that is based on a proprietary economic liquidity risk model and is determined daily. The model compares expected liquidity requirements for the next calendar year against the available liquidity from the liquid securities portfolio. The calculation of the available liquidity includes markdowns to take into account unexpected market developments affecting individual securities. Securities that are used for collateral purposes (for example repos and pledges) and are thus earmarked for a specific purpose are deducted from the free liquid securities portfolio. The same applies in respect of the liquidity buffer maintained for intra-day liquidity management. The main currency for short-term liquidity at Helaba is the euro, with the US dollar also significant.

The short-term liquidity status concept has been chosen to allow various stress scenarios to be incorporated. The process involves comparing the net liquidity balance (liquidity needed) with the available liquidity. The defined limits are five days up to one year depending on the specific scenario. Monitoring the limits is the responsibility of the Risk Controlling unit. In the first quarter of 2021, the presentation of liquidity was switched to an economic liquidity coverage ratio in order to expand the dovetailing between regulatory and economic perspectives required in the ILAAP. The coverage in the most relevant scenario (30 day solvency) was 180 % as at the reporting date as a result of the excellent level of liquidity adequacy (31 December 2020: 236 %). This increased to 188 % (31 December 2020: 243 %) when Frankfurter Sparkasse was included. The year-end figures for 2020 come from a parallel calculation. The average coverage ratio in 2021 was 180 %, reflecting the excellent liquidity situation over the course of the year.

The Helaba Regulatory Group manages short-term liquidity in accordance with the regulatory LCR requirements in parallel with the economic model. The two perspectives are integrated through the ILAAP. The ratio stood at 184 % on 31 December 2021 (31 December 2020: 202 %). Stress simulations for the LCR were also calculated.

The Money Market Trading organisational unit borrows/invests in the money market (interbank and customer business, commercial paper and certificates of deposit) and make use of ECB open market operations and facilities in performing the operational cash planning tasks necessary to ensure short-term liquidity. Intraday liquidity planning is carried out in the Operations unit.

Off-balance sheet loan and liquidity commitments are regularly reviewed with regard to potential drawdowns and features of relevance to liquidity and are integrated into liquidity management. Guarantees and warranties are similarly reviewed. The liquidity potentially required is determined and planned using scenario calculations that specifically include a market disturbance and factor in the knowledge gained from line drawdowns during the COVID-19 pandemic.

A total of € 2.7 bn in liquidity commitments had been drawn down for the securitisation platform initiated by Helaba as of the reporting date. This represents an increase of € 0.6 bn as compared with the prior year. No liquidity had been drawn down from stand-by lines in US public finance business as of the reporting date (as was the case at the end of 2020).

Credit agreements, in particular those of consolidated property companies, may include credit clauses that can result in distribution restrictions or even in the agreements being terminated. The Group faces no significant liquidity risk even if such a termination should threaten in individual cases.

Structural liquidity risk and market liquidity risk

The Treasury unit manages the liquidity risks in Helaba's commercial banking activities, which consist essentially of lending transactions including floating-interest roll-over transactions, securities held for the purpose of safeguarding liquidity and medium- and long-term financing. Funding risk is managed economically on the basis of liquidity gap analyses where liquidity mismatches are limited. This risk is also managed from a regulatory perspective using the NSFR, for which a minimum ratio of 100 % became mandatory on 30 June 2021 through CRR II. Stress simulations for the NSFR were also calculated. Helaba prevents concentrations of risk from arising when obtaining liquidity by diversifying its sources of funding. Market liquidity risk is quantified in the MaR model for market risk. A scenario calculation using a variety of holding periods is carried out. The scaled MaR suggested no significant market liquidity risk as at 31 December 2021, as was also the case at 31 December 2020. Market liquidity is also monitored on the basis of the margin between bid and offer prices.

The Executive Board defines the risk tolerance for liquidity and funding risk at least annually. This covers the limit applicable for short-term and structural liquidity risk (funding risk), liquidity building for off-balance sheet liquidity risks and the definition of the corresponding models and assumptions. A comprehensive plan of action in the event of any liquidity shortage is maintained and tested for all locations. The plan of action was activated in response to the COVID-19 pandemic and was used to support liquidity management at the start of the crisis as a precautionary measure.

Non-Financial Risk / Operational Risk

Principles of risk containment

The Helaba Regulatory Group identifies, assesses, monitors, controls and reports non-financial risk using an integrated management approach in accordance with the regulatory requirements. This approach encompasses Helaba and the major Regulatory Group companies according to the risk inventory.

The containment and monitoring of non-financial risk are segregated at disciplinary and organisational level at the Helaba Regulatory Group. Risk management is accordingly a local responsibility discharged by the individual units, which are supervised by specialist monitoring units with responsibility for sub-categories of non-financial risk.

The specialist central monitoring units are responsible for the structure of the methods and processes used to identify, assess, monitor, control and report the sub-categories of non-financial risk. The methods and processes used for the risk sub-categories follow minimum standards that have been specified centrally to ensure that the framework for non-financial risk is designed on a standardised basis.

The management of sub-categories of non-financial risk that form part of operational risk must comply in full with the established methods and procedures used for operational risk. This means that these risks are taken into account appropriately as part of the quantification of operational risk and, from a structural perspective, are thus identified, assessed and included in the calculation of the risk capital amount accordingly. In the case of sub-categories of non-financial risk that are not covered by operational risk, these risks are taken into account in a number of ways, such as risk exposure markups, safety margins and buffers. Overall, Helaba comprehensively ensures that the sub-categories of non-financial risk are taken into account in the risk-bearing capacity/ICAAP.

The central Risk Controlling unit is responsible for monitoring compliance with the minimum standards applicable to the non-financial risk framework.

Quantification

Risks are quantified for Helaba, Frankfurter Sparkasse and Helaba Invest using an internal model for operational risk based on a loss distribution approach, which takes into account risk scenarios and internal and external losses to calculate economic risk exposure. This also includes internal losses and risk scenarios that relate to sub-categories of non-financial risk and form part of operational risk. Such risks include legal risk, third-party risk, information risk and project risk. The summary below shows the risk profile as at the end of 2021 for Helaba, Frankfurter Sparkasse, Helaba Invest and the other companies of the Helaba Regulatory Group that are included in risk management at the level of individual risks.

Operational risks – risk profile

Economic risk exposure in € m

	Reporting date 31.12.2021	Reporting date 31.12.2020
	VaR 99.9%	VaR 99.9%
Helaba	192	188
Frankfurter Sparkasse, Helaba Invest and other companies included in risk management at the level of individual risks	98	90
Total	**289**	**278**

The analysis as at the reporting date using the economic internal perspective for the calculation of risk-bearing capacity shows an economic risk exposure of € 289 m (31 December 2020: € 278 m) for the Helaba Regulatory Group from operational risk. The increase is attributable primarily to minor model changes effective from 31 December 2021 and the "other companies" item.

COVID-19 pandemic

Business continuity management (BCM) measures were implemented in response to the COVID-19 pandemic in 2020 and continued in 2021. These measures included the ability to work remotely, which helps to ensure the health and safety of employees and maintain the availability of operating processes.

Documentation system

The documentation system lays down details of the internal control procedures and the due and proper organisation of business. The defined framework for action is marked out in the documentation system in the form of regulations governing activities and processes.

Clear responsibilities have been defined within Helaba for the creation and continuous updating of the various components of the documentation system. The Efficiency/Process Management department assists the specialist units responsible for the activities and processes to create and publish the regulations.

Legal risk

The Human Resources and Legal Services unit is responsible for monitoring legal risks. It is represented on Helaba's Risk Committee with an advisory vote and reports on the legal risks that have become quantifiable as ongoing or imminent court proceedings involving Helaba or its subsidiaries.

The legal aspects of major undertakings are coordinated with the Human Resources and Legal Services unit. Legal Services provides specimen texts and explanations for contracts and other declarations with particular legal relevance where expedient as a contribution to preventive risk management. The lawyers of the Human Resources and Legal Services unit have to be involved in the event of any deviations or new rulings. If the services of external legal experts are sought either in Germany or elsewhere, their involvement in principle proceeds under the management of Human Resources and Legal Services.

The Human Resources and Legal Services unit drafts agreements, general business conditions and other relevant legal declarations as part of its legal counselling support services in co-operation with the other units of Helaba. The Human Resources and Legal Services unit is involved in the examination and negotiation of any legal texts submitted by third parties.

If any mistakes or unexpected developments detrimental to Helaba are encountered, the lawyers help to identify and remedy the problems and avoid any recurrence in future. They assume responsibility for examining and evaluating events for factors of particular legal significance and conduct any proceedings launched. This applies in particular in respect of countering any claims asserted against Helaba.

The Human Resources and Legal Services unit monitors current developments in case law for Helaba and analyses potential impacts on Helaba.

Human Resources and Legal Services reports on legal risks by making submissions to the Executive Board, documenting ongoing and imminent court proceedings and coordinating on a formalised basis with other units.

Third-party risk – outsourcing and other external procurement

The Organisation division (Purchases) is responsible in the specialist 2nd LoD for monitoring third-party risk in outsourcing arrangements and other external procurement activities.

Outsourcing Governance defines the framework for the monitoring and containment of Helaba's outsourcing arrangements, including the associated roles and responsibilities. The actual monitoring and containment of outsourcing arrangements is performed directly by the relevant Local Sourcing Management (LSM) function. Central Sourcing Management within Purchases defines the framework for the operational implementation of containment and monitoring. This includes developing and regularly updating methodologies and tools. Central Sourcing Management monitors the local implementation and application of the methods and procedures for local sourcing management as the central supervisory authority. Central Sourcing Management additionally provides executive management with a regular consolidated report on outsourcing arrangements in place. The overarching objectives, scope and guiding principles applicable within the scope are set out in Helaba's outsourcing strategy.

Other external procurement activities in the services category are considered separately from outsourcing. Purchases manages and monitors other external procurement activities in accordance with the written procurement process.

COVID-19 pandemic

The monitoring of outsourcing arrangements, in particular with regard to the maintenance of outsourced processes and activities and the availability of staff at service provider companies, was stepped up in response to the COVID-19 pandemic. There has been no qualitative change in the third-party risk situation as a consequence of the COVID-19 pandemic.

Information risk

Helaba's defined information security requirements provide the foundation for an appropriate level of security and for the secure utilisation of information processing. The level of information security maintained and the extent to which it is appropriate given the applicable circumstances are monitored, reviewed and refined continuously through the information security management system (ISMS).

The identification and reporting of information risks can be triggered by various processes. These processes are intended to ensure that discrepancies in relation to the requirements are identified (allowing risks to be detected at an early stage) and that appropriate actions to reduce these risks are defined and implemented. Associated documents are updated and refined on a regular basis.

Helaba also actively manages information risk (IT, non-IT and cyber risk). Information risk and the associated security measures and checks are reviewed, periodically and on an ad hoc basis, monitored, and contained to this end. The Helaba Regulatory Group thus takes proper account of all three protection imperatives of information security – availability, integrity (which includes authenticity) and confidentiality – in order to avoid any detrimental impact on its ability to operate.

COVID-19 pandemic

The Information Security Management function has been actively involved in the reviewing of existing security measures and the implementation of new business continuity management (BCM) measures in connection with the COVID-19 pandemic. Addressing the information security issues associated with expanding remote working capabilities was a particular priority. The safety measures implemented ensured there was no significant increase in security incidents as more employees moved to remote working.

Business continuity management

Helaba adopts an end-to-end approach to processes for the purposes of business continuity management. Business continuity plans to be followed in an emergency have been drawn up for the processes classed as critical. These business continuity plans are subject to tests and exercises to verify their effectiveness and are updated and enhanced on a regular basis to ensure that emergency operation and the restoration of normal operation both proceed properly.

Where IT services are outsourced to or procured from external service providers, the related contractual documents contain provisions relating to preventive measures and measures to limit risks. Specialist units of Helaba work together with IT service providers to conduct regular tests of the documented procedures for safeguarding operation and the technical restoration of data processing.

Accounting process

The objective of Helaba's internal control and risk management system in relation to the accounting process is to ensure proper and reliable financial reporting. The Helaba Group's accounting process involves individual reporting units that maintain self-contained posting groups and prepare local (partial) financial statements in accordance with HGB and IFRS. Helaba's reporting units comprise the Bank (Germany), the branch offices outside Germany, LBS, WIBank, all consolidated companies and sub-groups and all companies and sub-groups accounted for using the equity method.

Helaba's Accounting and Taxes unit consolidates the partial financial statements from the reporting units to produce both the single entity financial statements under HGB and the consolidated accounts under IFRS. Accounting and Taxes also analyses and prepares the closing data and communicates it to the Executive Board.

The components of the internal control and risk management system for the purposes of the accounting process are as follows:

- Control environment
- Risk assessment
- Controls and reconciliations
- Monitoring of the controls and reconciliations
- Process documentation
- Communication of results

The components of Helaba's control environment for the accounting process include appropriate staffing of the units involved, in particular Accounting and Taxes, with properly qualified personnel. Regular communication ensures that the individual employees receive all of the information they need for their work promptly. Any failures that occur despite all of the checks in place are addressed and remedied in a defined process. The IT system landscape used in the accounting process is subject to IT security strategies and rules that ensure compliance with the German generally accepted accounting principles (GoB)/German principles for the proper maintenance and archiving of books, records and documents in electronic form and for data access (GoBD).

Helaba focuses primarily on the probability of occurrence and the extent of any potential error when assessing risks in the accounting process. The impact on the closing statements (completeness, accuracy, presentation, etc.) should the risk eventuate is also assessed.

The accounting process includes numerous controls and reconciliations in order to minimise its risk content. Extensive IT-based controls and reconciliations are used in addition to the control measures (including the double verification principle) applied to ensure the accuracy of manual operations such as data entry and calculations. These IT-based controls include mechanisms for subsidiary ledger/general ledger reconciliation checks and HGB/IFRS consistency checks. The controlling and reconciliation processes are themselves monitored by means of statistical evaluations for the reconciliations and reviews of individual validation measures. Internal Audit is involved in the controlling process and carries out regular audits of accounting.

The procedure to be followed in accounting is set out in a number of different complementary forms of documentation. Accounting policies for HGB and IFRS define stipulations for the accounting methods to be used and also contain provisions on group accounting. The latter relate in particular to the parent company of the Group and the sub-groups included. Rules concerning organisational factors and the preparation process are included in addition to the stipulations on approach, measurement, reporting and disclosure requirements that apply throughout the Group. The individual reporting units have direct responsibility for incorporating stipulations in varying degrees of detail concerning the procedure to be applied in the various processes and subprocesses followed in the preparation of the financial statements. Accounting policies and procedures are accessible to employees at all times via the Helaba Group's intranet.

Accounting and Taxes performs analytical audit steps on the results of financial reporting (the closing figures determined). This entails plausibility checking the development of the figures over the course of the year. The closing figures are also cross-checked against planning outputs, expectations and extrapolations based on business progress. Finally, the figures are checked for consistency with analyses prepared independently elsewhere within Helaba. Primary and deputy responsibilities are assigned for this purpose at Group level for each reporting unit and each entry in the Notes. The figures are discussed regularly with the Executive Board following this preliminary analysis and validation.

Helaba is required to convert the annual financial statements and the management report into a standard electronic reporting format, the European Single Electronic Format (ESEF), for disclosure purposes. The preparation of the ESEF documents forms part of the accounting process. The documents must comply with the stipulations of section 328 (1) of the HGB concerning the electronic reporting format. Helaba has instituted the internal controls required for this purpose.

Operational risk in the narrow sense of taxes

Errors in operating procedures and processes that impact on legally required financial accounting and reporting can also have a bearing on tax matters in certain circumstances. The general requirements for the design of risk-related operational processes at Helaba and the special requirements from the internal control and risk management system for the accounting process apply in respect of activities involving procedures and processes with particular risk potential and to reduce the risk of errors. Banking business can also give rise to operational risk in the narrow sense of taxes if the applicable tax laws are not properly observed in proprietary and customer business. Helaba additionally operates a tax compliance management system (TCMS) to ensure that it always complies properly with its tax obligations and that reputation risks are avoided as far as possible in this connection. The TCMS, which has been designed to take into account legal and business management principles, focuses on compliance with tax regulations and the avoidance of tax-related operational risk. Based on a 3-LoD model, the identification, containment and monitoring of operational risk in the narrow sense of taxes are a cornerstone of the TCMS (see Risk Management Structure section above). Risk-focused tasks, procedures and control requirements form an integral part of Helaba's operating business processes along with continuous monitoring. The TCMS also extends to the foreign branches.

The overarching objectives and principles are set out in Helaba's tax strategy, which forms an integral part of the business strategy.

The 'Taxes' department is responsible for the system of tax-related instructions (process cluster tax processes), which also regulates the over-arching tax-related control requirements. Specialised monitoring in the TCMS as part of Helaba's risk management structure is performed by the 'Taxes' department in conjunction with tax compliance coordinators in the individual departments.

A reporting system covering the regular submission of information has been established as part of the TCMS.

Other Risk Types

Business risk

Risk containment in respect of business risks encompasses all of the measures implemented in order to reduce, limit and avoid risks and to keep intentional risk exposure compliant with the risk strategy and the specified limits adopted by the Executive Board. Operational and strategic risk containment is the responsibility of Helaba's front office units and the management of each equity investment. The Risk Controlling unit quantifies business risks for the purposes of calculating risk-bearing capacity and analyses any changes.

The analysis as at the 31 December 2021 reporting date under the economic internal perspective for the calculation of risk-bearing capacity indicates a very significant increase in business risks as compared with year-end 2020 to € 204 m (31 December 2020: € 156 m). This increase stems from an adjustment to the quantification method.

Real estate risk

Risk containment for the real estate projects and real estate portfolios is the responsibility of the Portfolio and Real Estate Management department, the Group Steering division and the Regulatory Group companies. Risk containment encompasses all of the measures implemented in order to reduce, limit and avoid risks and to keep intentional risk exposure compliant with the risk strategy and the specified limits adopted by the Executive Board.

Sustainability aspects are considered in the measurement of the real estate portfolio and are incorporated into the value assessment as a component of the fair values.

The Risk Controlling unit's activities in relation to real estate risks focus on risk quantification and risk monitoring. Risk quantification includes determining the capital necessary to ensure that risk-bearing capacity is maintained.

The analysis as at the reporting date under the economic internal perspective shows a risk of € 187 m (31 December 2020: € 174 m) from real estate projects and real estate portfolios. This increase in risk results primarily from the expansion of the real estate project portfolio and remeasurement gains / losses for the real estate portfolio. These risks continue to be fully covered by the expected income from the associated transactions.

Summary

The controlled acceptance of risks plays a central role at Helaba in the management of the company. We accept and manage risks on the basis of our comprehensive risk identification, quantification, containment and monitoring system. Although they are already very highly evolved and satisfy all statutory and supervisory requirements, we refine our methods and systems continuously. Our fundamental 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.

Non-Financial Statement

Under section 340a (1a) of the German Commercial Code (Handelsgesetzbuch – HGB), Helaba is under an obligation to prepare a non-financial statement in which it describes the main effects of its business activities in certain non-financial areas (environmental, social and employee concerns, respect for human rights and the prevention and combating of bribery and corruption).

As Helaba's equity investments also have a material effect on non-financial aspects of its business and the Bank adopts a Group-wide approach to sustainability management, the following passages refer to the Group as a whole, with Frankfurter Sparkasse and GWH Immobilien Holding receiving particular attention. Unless otherwise stated, the figures presented always refer to Helaba Bank. Helaba also prepares a non-financial statement and this is contained in the group management report.

A structured analysis process has determined that the subjects of credit finance, institutional asset management, financial service provision, residential management, anti-corruption, corporate culture and human resources activities are all of material significance for Helaba's business. The concepts described here generally apply to the Group. If there is any variation from basic principle, this is indicated separately in the text.

In preparing the non-financial statement, Helaba used the German Sustainability Code (DNK) as orientation, and also put together a "DNK Declaration of Conformity" featuring the Global Reporting Initiative (GRI) indicators used in the code. Helaba provides comprehensive reports online on its sustainability activities (nachhaltigkeit.helaba.de). The declaration of conformity in accordance with the DNK can also be accessed on this website.

In the year under review and on the date of the report, no material risks have been identifiable that have had or are very likely to have a serious negative impact on the areas specified above.

Helaba is required to provide information regarding the sustainable basis of its financing activities under the EU Taxonomy Regulation in accordance with Article 8 of Regulation (EU) 2020/852 and the supplementing Delegated Regulation (EU) 2021/2178 for the first time for financial year 2021. The disclosures relating to Taxonomy eligibility and the data collection method used are presented in the non-financial statement of the group management report.

The statements in the non-financial statement have been subject to a voluntary external business management audit in accordance with ISAE 3000 (Revised) in which limited assurance is provided by an independent auditor. References to details outside the management report represent additional information and do not form an integral part of the non-financial statement or the management report.

Business Model and Sustainable Business Orientation

Helaba's overriding commitment to sustainability is founded on its status as a public-law credit institution and its mandate, as defined in its Charter, to operate in the public interest. The strategic business model envisages Helaba as a full-service bank with a pronounced regional focus in Germany and a presence in carefully selected international markets that prioritises long-lasting customer relationships and is tightly integrated into the Sparkassen-Finanzgruppe. A conservative risk profile and close interconnection with the real economy and the S-Group are key to Helaba's approach. Helaba's business model is described in detail in the section "Basic Information About the Group".

Sustainability and social responsibility are permanently enshrined in the business strategy and fully integrated at all levels of management to minimise negative impacts on the environment and society and associated risks to Helaba's reputation. The sustainability guidelines adopted for the Group by the Executive Board back in 2014 set out standards of conduct for business activity, operations, staff and corporate social responsibility. Sustainability and diversity have been core elements of the tripartite strategic agenda defined by the Executive Board since 2020. Helaba's corporate values under the tag line "Values with impact" underline its aspirations to make a positive contribution to society and to strengthen Germany as a business location over the long term.

The HelabaSustained programme launched in 2020 co-ordinates the Group-wide ongoing development of Helaba's sustainability profile across all environment, social and governance (ESG) fields. It aims to help Helaba exploit new business opportunities and support its customers through the transformation to a climate-neutral, circular economy as well as facilitating compliance with regulatory requirements. The concepts devised as part of the programme are to be steadily transferred to line ownership or integrated into core processes. A steering committee comprising members of the Executive Board plus division managers, heads of department and managing directors from key subsidiaries monitors and guides progress.

Helaba developed sustainability objectives (sustainability KPI) in 2021 that are to become an integral element of the management of the organisation from 2022. The defined aims include reducing Helaba's own greenhouse gas emissions, greatly expanding the proportion of business that qualifies as sustainable, promoting diversity and increasing investment in staff and society. Performance indicators with which to measure progress towards the objectives have been integrated into the business strategy.

New products for lending and deposit business with an ESG aspect are also to be developed and sustainability-related advisory services for customers (both corporate customers and customers of the Sparkassen) expanded. New product ideas were developed in 2021 in multi-stage workshops and have already been piloted. The capacity of Sustainable Finance Advisory has been expanded significantly to cover all customer segments and keep pace with the growing demand for specific advice and individual structuring of sustainable financing solutions.

Work to develop a sustainable data management system began in 2021 to make sure Helaba is able to comply with future ESG-related requirements imposed by legislation and the supervisory authorities. Transaction-related information in relation to the EU Taxonomy Regulation, carbon footprint, ESG risk assessments, eligibility for classification as a sustainable product and contributions to the United Nations Sustainable Development Goals (UN SDG) are to be recorded systematically for relevant transactions from 2022. Helaba will use the data thus accumulated for transparent reporting on its sustainable financing activities. A Sustainable Lending Framework that will show which financing transactions Helaba classifies as sustainable is currently being developed for this purpose. Helaba has committed to bringing about a significant increase in the proportion of its business that can be regarded as sustainable and intends to incorporate this objective into its planning process.

The criteria of the EU Taxonomy Regulation are a key factor in determining which transactions Helaba classifies as sustainable. The EU's current requirements exclude certain products, customer groups and situations from consideration. Project finance for renewable energy projects in non-EU countries, for example, cannot be assessed as Taxonomy-eligible according to the current definition. Helaba also draws on other factors, specifically including the UN SDG, in its assessment of sustainable transactions in accordance with the Helaba Sustainable Lending Framework. Improved data availability in future and the publication of Taxonomy ratios by market participants will have a positive effect on Helaba's Taxonomy eligibility ratio. It is expected that the EU will make further additions and provide greater detail through the announced review phase.

Helaba, Frankfurter Sparkasse and Frankfurter Bankgesellschaft signed the "Commitment by German Savings Banks to climate-friendly and sustainable business practices" in 2020 as part of an initiative driven by the German Savings Banks Association (DSGV). The objectives of this voluntary commitment are that institutions make their business operations carbon-neutral by 2035, that their financing and own investments be geared to climate change targets and that they support and facilitate their customers' transformation to climate-friendly economic models.

Helaba has also signed up to the Ten Principles of the UN Global Compact. With this step, the Bank recognises international standards for environmental protection, human and labour rights, and anti-corruption measures. At both national and international levels, Helaba applies the Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO) as overarching principles for all its business activities.

Responsible Business Practices and Social Value Proposition

There is an impact on environmental, social and human rights issues from Helaba's business activities as a bank, from the management of the assets of institutional investors at the Helaba Invest subsidiary, from the housing portfolios of the GWH subsidiary in the real estate business, and from the private customer business operated by the subsidiary Frankfurter Sparkasse.

Helaba does not believe it has any material impact on the environment from its business operations in office buildings. Nevertheless, Helaba is committed to reducing this ecological footprint on a continuous basis. For example, Helaba's main office building (MAIN TOWER) is officially designated as a sustainable and energy-efficient building, having received platinum certification – the highest category available – in accordance with Leadership in Energy and Environmental Design (LEED) standards. Helaba relies on electricity generated from renewable sources for over 90 % of its electricity needs in office buildings. Actions concerning heating energy and mobility options are currently being developed in pursuit of a further significant reduction in operating greenhouse gas emissions to help set Helaba's banking operations on a firm trajectory to carbon neutrality by 2035 at the latest. Copier paper sourcing was additionally switched to recycled paper in 2021. Helaba regularly monitors environmental key performance indicators in relation to its operations and publishes the results transparently on its website.

It also uses a risk-based approach when outsourcing activities and processes and requires all its suppliers to accept its code of conduct, which imposes requirements on suppliers that include a stipulation that makes it mandatory for them to document their observance of human rights. Helaba is preparing for the implementation of the German Act on Corporate Due Diligence in Supply Chains (Lieferkettensorgfaltspflichtengesetz, "LkSG"), which comes into force from 2023, as part of the Helaba-Sustained project and will be scrutinising its supply chain accordingly.

Credit finance

Helaba supports customers with the transformation process necessary to establish a more sustainable business model and continued to build up its range of services in this area in 2021. It structured or supported 20 financing transactions involving contractually agreed sustainability elements (ESG-linked loans/green loans) in 2021, for example, and applied the ESG-linked concept to a leasing company for the first time. It was also particularly active in the financing of renewable energy, rail transport and energy efficiency projects. Helaba played a leading role in 13 transactions in the market for sustainable promissory notes ("ESG-linked SSD") in 2021 too and would like to continue building up its market position here in 2022.

Lending business is Helaba's core activity. There is a risk that businesses or projects financed by Helaba could have negative effects on the environment or society. Sustainability and exclusion criteria for lending that apply throughout the Group have accordingly been integrated into the existing risk process and risk containment activities since 2017.

The aim of the stipulations is to minimise any negative effects of financing arrangements on the environment and society, including the transition risks and physical risks caused by climate change. Under the criteria, financing for activities with a severe adverse effect is to be avoided. Accordingly, it is set out in the specific risk strategy for default risk that it is prohibited to consciously finance projects that could have a serious detrimental environmental or social impact. This includes, but is not limited to, violations of human rights, the destruction of cultural assets, infringements of employee rights, and environmental damage such as the destruction of the natural habitats of threatened species. Consideration of the OECD recommendations on environmental and social due diligence (the OECD Common Approaches) is mandatory for all export finance, for example.

The overarching principles are complemented by sector-specific requirements applicable to sectors exposed to heightened ESG risk. Specific criteria have been adopted for the following sectors: energy, coal-fired power plants, dams and hydroelectric power plants, nuclear power plants, mining, oil and gas, agriculture and forestry, paper and pulp, and armaments. This ensures that the funding of activities with heightened ESG risk, such as fracking or the extraction of oil from tar sands, is ruled out. Helaba has additionally decided that from 2022 onwards, it will not finance transport infrastructure or exploration for new natural gas and oil fields. The sustainability criteria for lending are published on Helaba's website and are therefore also visible to market players. Helaba reviews its risk strategies annually and will adjust or expand sustainability criteria as required.

The containment of default risk is integrated into the risk management system used throughout the Group. The basis is a comprehensive and universal risk strategy derived from the business strategy. This risk strategy was drawn up on a binding basis in accordance with the German Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk). ESG objectives were incorporated into the general risk strategy in 2020 to provide an overarching framework for the handling of ESG matters in risk management. Helaba defines ESG factors in the general risk strategy in addition to the ESG objectives. ESG factors are environmental, social or governance factors that have an effect on the ESG objectives established with an eye towards risk management and the occurrence of which might negatively impact Helaba's net assets (including capital resources), results of operations or liquidity position. ESG factors may occur in all risk types and are therefore taken into account within the risk management processes of the identified risk types.

Risk management in respect of climate risks is being refined continuously, taking account of factors including the supervisory expectations set out in the ECB's Guide on climate-related and environmental risks and other regulatory disclosure requirements. Recording of the carbon footprint of the lending portfolio (Scope 3 greenhouse gas emissions) has been incorporated as an additional benchmark.

The Executive Board is responsible for all of the risks to which Helaba is exposed as well as for ensuring compliance with the risk strategy and execution of risk management throughout the Group. The Executive Board has established a Risk Committee to carry out preparatory work ahead of resolutions of the entire Board and to perform tasks specifically assigned to it in the area of risk management.

Institutional asset management

Full-service manager Helaba Invest supports institutional customers along the whole of the professional asset management value chain. Helaba Invest had assets of € 183.1 bn under management in special and retail funds as at 31 December 2021. It manages sustainability-linked portfolios and offers customised solutions for institutional investors. Helaba Invest believes it has an overriding duty to ensure that its business activities are sustainable and regards the sustainability of its operations as a key aspect of its socially responsible approach.

Its avowed mission is to promote a sustainable and prosperous society through investment. Helaba Invest's commitment to sustainability is further underlined by its status as a signatory of the United Nations' Principles for Responsible Investment (UN PRI) and the CDP (previously known as the Carbon Disclosure Project). It has also bound itself to observe the code of conduct of the German Investment Funds Association (BVI), including the guidelines on socially responsible investment and the guidelines on sustainable real estate portfolio management. Helaba Invest intends to encourage regular discussion within the sector as a new member of the BVI "Sustainability" committee and an established and proactive member of the BVI's "Responsible Investment" and "Sustainability in Real Estate Funds" working groups and actively to drive the ongoing development of sector-wide standards. In the spring of 2021, Helaba Invest also became involved in the "Pathways to Paris" project launched by WWF Germany and PwC Germany to help promote dialogue between the financial sector and the real economy regarding the transformation to climate-neutral status.

Helaba Invest embedded its sustainability strategy in its business and risk strategy in 2019. The ESG risk strategy developed in 2020 is based on the recommendations of the German Federal Financial Supervisory Authority (BaFin). Helaba Invest began publishing an annual declaration of conformity with the German Sustainability Code (DNK) in 2019. The materiality analysis it completed as part of this process identified five areas for action that represent the priorities for its sustainability strategy: good governance, sustainable products and innovations, customer satisfaction, being an attractive employer and demonstrating responsibility for society and the natural environment. Key issues were identified in these action areas and management approaches incorporating strategic targets and indicators to measure target attainment were developed.

Sustainability governance was expanded in 2020 too with the introduction of an overarching ESG Panel and ESG committees in the product units and the establishment of the Sustainability Officer role. The Sustainability Officer develops the sustainability strategy and the comprehensive, company-wide sustainability policy in close consultation with the ESG experts from the relevant product and specialist units.

The Helaba Invest ESG Investment Policy published at the beginning of 2021, which builds on the sustainability principles previously in place, applies to all the investment processes established in Helaba Invest's portfolio management activities. It amounts to a binding foundation in the form of:

- ethical standards covering aspects such as the exclusion from funds managed by Helaba Invest of manufacturers of controversial weapons, which include cluster munitions, land mines and biological, chemical and nuclear weapons;
- sustainability-related risk management, including via the application of the Ten Principles of the UN Global Compact; and
- matters relating to climate change. Companies whose business model depends to a large extent on coal-fired power generation are thus excluded, for example, as are companies that rely on controversial oil and natural gas production methods. Helaba Invest is also working to bring the CO_2 intensity of its portfolios to a sustainable level and began recording and analysing the specific CO_2 intensity of the investment portfolio systematically in 2021.

Helaba Invest had € 35.0 bn under management under its ESG Investment Policy as at 31 December 2021.

It is continuously expanding its product portfolio with new sustainable funds: a further five new sustainable retail funds were added in 2021. Helaba is required by the European Sustainable Finance Disclosure Regulation (EU-SFDR) to assign its funds to different categories and disclose this information transparently to customers from March 2021 (Level 1) . Helaba Invest has chosen, together with its customers, to adopt a conservative approach to the introduction of the SFDR. All sustainable retail funds have accordingly been classified as ESG strategy products (also known per the regulation as Article 8 funds) in accordance with the regulatory requirements. Some special funds have already been classified as Article 8 funds at the request of customers too. The volume of Article 8 funds amounted to € 1.6 bn as at 31 December 2021. A large number of master special funds not currently classified according to the EU-SFDR also already factor in individual sustainability criteria. It has been announced that additional Article 8 funds are to be created in 2022. Examples include a planned Helaba Invest sustainable infrastructure fund of funds.

Helaba Invest offers institutional customers separate sustainability reporting with detailed reports covering indicators such as ESG score, ESG carbon and ESG rating plus analyses of controversial companies and business areas for the relevant customer portfolios.

Helaba Invest is continuously expanding its commitment to sustainability at corporate level too. It promotes an open and tolerant corporate culture and has made its resolve in this area clear both internally and externally by signing up to the Diversity Charter and participating in German Diversity Day, with which it joined in for the first time in 2021. Helaba Invest aims to minimise its impact on natural resources and the environment. It has been offsetting unavoidable CO_2 emissions retrospectively for each accounting period with climate protection certificates since 2020 and ensuring that its operations are carbon-neutral.

Provision of financial services

Within the Helaba Group, private customer business is primarily conducted by Frankfurter Sparkasse. Frankfurter Sparkasse's Charter specifies that its mission is to promote saving and other forms of wealth accumulation and to satisfy the demand for credit at local level. As the market leader in private customer business with the biggest branch network in Frankfurt am Main, Frankfurter Sparkasse has significant influence over the provision of financial services in its territory. It discharges its responsibility for the provision of access to financial services and meets its mandate to operate in the public interest by ensuring it has a broadly based presence in the territory, comprising 71 branches and advice centres, 25 self-service banking centres, three digital advisory units and over 200 automated teller machines (ATMs).

Frankfurter Sparkasse recognises financial inclusion as a key component of its mandate to operate in the public interest. To ensure that access to banking services is available to all sectors of the population, particularly economically and socially disadvantaged customers, Frankfurter Sparkasse offers various types of basic account. As at 31 December 2021, customers held 1,334 basic accounts (31 December 2020: 1,417). Frankfurter Sparkasse makes it easier for the blind and visually impaired to access its services by ensuring that each of its physical branches has at least one ATM with a headphone socket. The online branch of the Frankfurter Sparkasse offers completely barrier-free access to its media operations, too.

Frankfurter Sparkasse pursues a business policy that is consistently focused on customer needs. Regular sales staff training sessions are held, covering the sales philosophy of the Sparkassen-Finanzgruppe and the implementation of guidelines and laws with a consumer focus. Frankfurter Sparkasse believes that it is of fundamental importance to ensure that the advice provided for customers is of high quality. For this reason, for example, quality targets are used as the basis for up to 40 % of the measurement of customer advisor performance; these targets include customer satisfaction requirements. In the case of both retail and corporate customers, regular surveys and annual meetings are used to measure customer satisfaction; the results are used to specify targets. In addition, within the framework of the S-Group Concept in Hesse and Thuringia, reports on customer satisfaction are submitted to the S-Group bodies and the S-Group strategy is used to determine action plans and targets.

Frankfurter Sparkasse considers sustainability strategically in the round based on the DSGV's "Commitment by German Savings Banks to climate-friendly and sustainable business practices" and the HelabaSustained programme. It launched its own "1822.nachhaltig" sustainability programme, which involves a total of 16 initiatives across seven focus areas designed to enhance and optimise sustainability performance at Frankfurter Sparkasse comprehensively and systematically, in 2021. Specific actions in this context included expanding the range of sustainable products and steps to reduce the institution's carbon footprint. Frankfurter Sparkasse has a designated Sustainability Officer to coordinate the measures being taken to sharpen its sustainability profile and has also established an interdisciplinary working group for this area that meets every four months.

Residential management

GWH Immobilien Holding GmbH leases out and / or manages some 52,000 homes and is accordingly well placed to make a difference regarding environmental and social issues. It aims to provide high-quality, affordable homes for broad sections of the population and to reduce the detrimental effects of the buildings sector on the environment.

GWH is investing strategically in diverse housing concepts for all stages of life for both its existing housing stock and new construction projects to meet the rising demand for housing, particularly in urban centres such as the Rhine-Main and Rhine-Neckar regions. A total of 147 homes for rent were completed in 2021, for example (2020: 303). GWH also provides local help and advice offices to maintain a trusting relationship with its tenants. Caretakers generally live on site and are thus able to become part of the local community.

GWH has been working to enhance its environmental performance too, introducing holistic processes for the continuous optimisation of its sustainability strategy in respect of all the ESG criteria. It has implemented measures to promote the use of durable natural materials in modernisation programmes and to improve the energy consumption and carbon footprint of its residential buildings, for example, and invests on an ongoing basis in improved insulation and more energy-efficient windows in its housing portfolio. It also has its own energy service provider, Systeno GmbH, which supplies over a third of its homes with heating energy from energy-efficient combined heat and power (CHP) generation and renewable energy sources.

GWH checks the effectiveness of these actions regularly by measuring the reductions achieved in CO_2 emissions. The most recent assessment indicates that total energy consumption in 2020 (439,203 MWh) was approximately 1.19 % lower than it would otherwise have been thanks to thermal insulation improvements and the modernisation of heating systems, a gain that will have reduced CO_2 emissions by 1,050 tonnes (2019: 1,343 tonnes of CO_2). Between 2017 and 2019, around 90 % of the residential units received new energy certificates. At 120 kWh/m²/a (2019: 122), the average energy consumption of GWH's residential properties is well below the German average of around 169 kWh/m²/a (last available value for 2015) as published by the nation's energy agency. Around 29 % of living space falls under energy efficiency classes A+ to C, approximately 59 % under classes D to E and approximately 12 % under classes F to H.

In addition to environmental effects, social issues are also of significance for tenants. Here too, GWH is committed to making a difference. Its major housing schemes often have highly diverse sociocultural profiles, with around 20 % of the homes provided by GWH being rent-controlled (subsidised) and more than 40 % located in areas subject to special neighbourhood management schemes introduced to address social issues. Such schemes pursue a range of measures intended to improve quality of life and quality of living for residents, create better neighbourhoods and bring about a degree of social equality.

Working with around 59 charitable partner organisations active in the local areas concerned, GWH draws up individual profiles for 20 large neighbourhoods and uses them as a basis for the creation of multi-year neighbourhood plans intended to facilitate proactive community management. The process involves analysing strengths and weaknesses and describing development possibilities and opportunities for upgrades. Residents are able to play an active role in the related decision-making processes. The result is that approximately 20 % of maintenance spending goes into continuous neighbourhood improvements such as playgrounds, new lighting systems, accessible thoroughfares and attractive communal spaces. In addition, GWH makes premises available for social outreach purposes, including youth support schemes and community centres, and takes part in social projects. It also sets up help and advice offices and employs welfare officers to support housing development residents. Discharging its responsibilities to the region in this way enables GWH to foster social cohesion at multiple levels.

A central office to assist tenants encountering payment difficulties was set up as part of the COVID-19 crisis management response and a special "Instruction concerning support for tenants and tradespeople / business partners for the duration of the COVID-19 crisis", which included measures such as the suspension of rent adjustments and collection activities, a notice freeze and the conclusion of deferment or payment-by-instalment agreements with tenants even in cases with no clear link to COVID-19, was issued.

Combating Bribery and Corruption

It is a fundamental principle at Helaba that the Group will comply at all times with laws and regulations at local, national and international levels. The risk that legal provisions could be breached is considered legal risk and is managed as part of operational risk (see Risk Report).

In view of the nature of banking business, the prevention of criminal economic activity through a compliance management system with a preventive focus is of key importance at Helaba in this context. One of the measures taken by Helaba is to set up the independent functions of the Money Laundering and Fraud Prevention Compliance Office, which acts as the central authority within the meaning of section 25h KWG; these functions are being constantly updated with the involvement of the branches and the relevant subsidiaries. The tasks of this office include the development and implementation of internal principles and adequate transaction- and customer-related safeguards and checks to prevent money laundering, the funding of terrorism, and other criminal acts such as fraud and bribery.

Any kind of active or passive corruption is prohibited at Helaba. This is laid down in the code of conduct, which serves as an overarching set of guidelines and framework of principles for all employees. Procedures and the company regulations set out binding rules and regulations and offer support for a wide variety of activities, including the handling of inducements and action to be taken if criminal economic activity is suspected, to ensure that business decisions are taken objectively and transparently on the basis of a clear fact-based rationale. Helaba holds regular training sessions on this subject in line with the regulatory requirements and it is mandatory for employees to attend these events at least every two years.

A whistleblowing system (WhistProtect®) is in place, enabling any employee to report potentially unlawful transactions. Any employee in the Group can contact an external ombudsperson via a range of communications channels (web portal, postal mail, telephone), either anonymously or safe in the knowledge that their identities will not be disclosed.

As part of the preventive approach, an annual Group risk analysis report is prepared and submitted to the Board member responsible for these activities, the Executive Board as a whole and the Supervisory Board. In addition, Internal Audit conducts an independent assessment of risk management and the controls in the course of its auditing activities and reports on this to the Executive Board. In 2021, as in previous years, no corruption proceedings were notified to Helaba.

Appreciative Corporate Culture and Sustainable HR Activities

The knowledge and experience of employees is key to the long-term successful performance of Helaba as a provider of specialised financial services in a dynamic and complex market environment. Employees help Helaba to build its successful long-term customer relationships through their achievements, their commitment and their ideas. Helaba aims to foster a corporate culture founded on mutual trust and confidence to enable this flexible, agile and innovative collaborative ethos to flourish and grow.

Attractive employer and employee professional development

Helaba endeavours to attract, develop and retain highly-qualified and motivated specialists, managers and high-potential trainees so that it can continue to address the ongoing regulatory changes, the advances in digitalisation in the financial sector and the issues presented by demographic change.

Helaba initiated a new employer brand campaign in 2021 to increase awareness of Helaba as an employer and align recruiting efforts more precisely with the relevant target groups. Key areas addressed included the organisation's internet presence, with a careers site created, campaign pages added and social media channels leveraged to direct anyone interested to the relevant information. Colleagues speaking as brand ambassadors discussed their motivations for working at Helaba, putting a human face on the organisation's value-led ethos and its commitment to sustainability. Measures such as these also make it clear externally just how determined Helaba is to increase diversity.

It promotes regular dialogue between employee and line manager in addition to formal job descriptions to help ensure the required employee skills are always available. This dialogue process considers the performance, motivation and qualifications of each employee, creates transparency regarding work requirements and individual targets and provides a forum for discussing development opportunities and agreeing appropriate actions.

Helaba provides a range of in-house services aimed at training and professional development to ensure that employee skills and qualifications are maintained and expanded. For example, it invested € 1.2 m in 2021 in employee skills development (2020: € 1.8 m) to ensure all employees have access to a needs-based range of internal seminars covering professional, personal, social and methodological development. Employees can also make use of external training services; sponsored opportunities in the form of work and study programmes or courses leading to professional qualifications are also available.

Helaba focuses particularly on the recruitment and development of young talent. It offers training courses and trainee programmes, thereby fulfilling its socially responsible role of enabling school-leavers and university graduates to start their careers. Helaba provides training at the Frankfurt/Offenbach and Kassel sites.

Promoting internal careers and developing high-potential staff so that, ideally, they can be integrated into succession planning is a key priority for Helaba and an important step in making HR work more sustainable. Sustainable in this context means being committed to long term partnerships with employees and bringing them on within the organisation so that they are ready to take up important roles as these become vacant. A systematic potential identification exercise was conducted in 2021 with employees who might be suitable for management roles or positions with particular technical, sales or project responsibility. Those selected have the opportunity to undertake professional development at Helaba based on their strengths and areas of learning, either by following a structured personal development plan or through a defined programme for high-potential employees.

Occupational health management at Helaba is designed to maintain the physical and mental well-being of employees by focusing on preventive measures, to nurture an awareness of the need for a healthy lifestyle and to improve quality of life. Events, presentations and seminars provide regular information for employees on health issues such as healthy eating, physical activity in day-to-day office work and avoiding workplace stress. A comprehensive company sports programme is provided to help employees maintain their physical fitness. An employee assistance programme including a qualified counselling service is available for employees facing challenging personal or professional circumstances. Employees can make use of this service if they have professional, family, health or other personal issues, for example in connection with help at home or care for relatives requiring support and assistance.

Helaba has been more concerned than ever for its employees and their families since the onset of the COVID-19 pandemic. It set up a vaccination point at the Offenbach Kaiserlei site, for example, and arranged visits by mobile vaccination teams at its other large sites in 2021 to enable and encourage employees to have themselves immunised against COVID-19.

Corporate culture

Helaba nurtures a corporate culture focused on building trust, sharing responsibility and honouring commitments made. It accordingly challenges all line managers to push the three aspects of trust, responsibility and dependability (referred to within the organisation as the “Three Vs” on account of the German terms to which they correspond) in the relevant divisions.

The emergence of the COVID-19 pandemic in spring 2020 underlined the pronounced impact of this approach, with Helaba quickly enabling employees to work from home wherever possible. The foundation provided by the Three Vs enables employees to interact and work together effectively on issues virtually as well as face-to-face. Helaba is supporting the ongoing experiments with new forms of collaboration and helping employees with the associated greater emphasis on personal responsibility and self-organisation with collaboration tools and suitable team formats.

Diversity and equal opportunities

A signatory of both the Diversity Charter and the UN Global Compact, Helaba has established key principles in its code of conduct that underline its commitment to a working environment without discrimination in which the diverse skills and capabilities of employees are properly valued. Helaba’s aim in increasing the diversity of its teams is to become more innovative and help improve its risk culture. It seeks to provide an inclusive environment and fair access to opportunities so that every employee at every stage of life can contribute to its long-term success irrespective of age, gender, ethnicity, educational and professional background, geographical origin, sexual identity, disability and the like. Its approach in this area is very much a holistic one: its efforts to establish a diverse and inclusive workplace are part of a continuous process.

The Bank's internal life-stage model, which offers possibilities based on equality of opportunity and takes full account of different career stages, is intentionally designed to capitalise on the diversity of Helaba's workforce. The model's long-term focus supports a sustainable approach to HR activities.

Also provided in support of these objectives are a mentoring programme and a development programme for high-potential junior staff, the aims of which include developing the potential of female employees for positions of responsibility. These various opportunities are augmented by seminars to support career development for female employees, established childcare options, comprehensive part-time working models and other similar provisions. Helaba intends that particular attention should be paid to women when identifying people with high potential and carrying out succession planning and has voluntarily undertaken to try to raise the percentage of women in management positions above 30 % overall.

Diversity in the Helaba workforce, key figures

	31.12.2021	31.12.2020	31.12.2019
Proportion of women	45.6 %	45.3 %	45.6 %
Proportion of female managers	22.5 %	21.7 %	20.5 %
Proportion of women on the Executive Board (Helaba Bank)	0.0 %	0.0 %	0.0 %
Proportion of women on the Supervisory Board (Helaba Bank)	30.2 %	28.3 %	29.4 %
Proportion aged > 50	53.0 %	52.0 %	49.3 %
Proportion aged 30 – 50	43.0 %	44.5 %	47.6 %
Proportion aged < 30	4.0 %	3.5 %	3.1 %
Proportion of employees with disabilities	4.6 %	5.2 %	5.1 %

Basic principles under employment law and remuneration policy

Around 95 % of employees work in Germany (2020: around 95 %). Relevant employment law and health & safety provisions are a fixed integral component of the internal rules, regulations and processes. Some 99 % of employees have a permanent employment contract (2020: around 98 %). As provided for in the Hessian Act concerning Personnel Representation (HPVG), the Human Resources Council (HRC) represents the interests of the employees and monitors compliance with the regulations intended to protect these interests. As the representative body, the Human Resources Council is the first point of contact for senior management in all matters concerning employees. The General Human Resources Council at Helaba is supported by personnel representative bodies at individual sites and at Frankfurter Sparkasse and by the body representing young trainees and the severely disabled. The Human Resources Council takes part in activities at Helaba on the basis of co-determination, involvement and consultation, primarily in relation to organisational, personnel and social matters.

Helaba's remuneration strategy and remuneration principles set out the relationship between business strategy, risk strategy, the long-term objectives and gender-neutral remuneration. The remuneration for around 52 % of employees is set under the collective agreement for public-sector banks (2020: around 52 %). Remuneration for the remaining 48 % or so is not subject to a collective salary agreement (2020: around 48 %). The remuneration systems for the employees and the Executive Board of Helaba satisfy the requirements specified in the German Regulation on the Supervisory Requirements for Institutions' Remuneration Systems (IVV) and the EBA guidelines.

The inclusion of sustainability targets in the form of long-term profitability and stability is intended to ensure that no incentive is created to take on unreasonable risks. One of the effects of Helaba's remuneration policy and practices (which include retention and the definition of performance criteria) is to support a long-term approach to the management of environmental and climate risks, as described in the ECB Guide on climate-related and environmental risks, in line with the organisation's risk appetite and risk strategy. This approach is addressed in Helaba's targets system.

Helaba additionally began agreeing targets relating to sustainability factors and implementing them in the employee targets system in 2021. These targets include the KPIs derived from the strategic ESG objectives. The aim is to make sure all employees are conscious of the sustainability transformation and the associated opportunities and risks and are able to play their part in full.

The remuneration systems and the total amounts of all remuneration components are published annually in the form of a separate report (remuneration report pursuant to section 16 IVV in conjunction with Article 450 CRR) on Helaba's website (www.helaba.com).

Overall, a low employee turnover rate of 2.2 % (departure initiated by the employee; 2020: 2.4 %), an average period of service of 14.2 years (2020: 14.1 years) and a low absenteeism rate of 4.5 % (absence caused by illness as evidenced by a doctor's certificate; 2020: 3.7 %) are testimony to a high degree of satisfaction and significant employee commitment.

Outlook and Opportunities

Economic conditions

The global economy continues to recover despite the ongoing emergence of new virus variants. China has lost momentum but still has a critical role to play in overcoming the global bottlenecks. The US economy is performing disproportionately well in spite of the pandemic and is expected to grow by around 4 % once again in 2022. The significance of global bottlenecks should fade over the course of the year.

Overall growth in the euro zone is likely to be slightly higher than growth in Germany in 2022 at close to 4 %. Countries such as Italy and Spain are receiving a significant economic boost from the NextGenerationEU stimulus programme. Tourism can be expected to bounce back in Southern Europe too as the Omicron wave passes. The current supply-side difficulties plaguing the German economy are having less of an impact in other countries where manufacturing is less prominent.

Having increased total assets massively over the last two years, the ECB will be reducing its government bond purchasing activities in 2022. The probability of it beginning to raise interest rates again towards the end of 2022 has increased substantially as a result of stubbornly high inflation. It will probably adopt a more moderate approach to tightening monetary policy than other central banks, which will shield the euro capital markets to an extent from the global upwards trend in yields. The US Federal Reserve will be changing course faster than originally planned due to the high level of inflation. It has multiple increases of the key benchmark rate on its agenda for 2022.

Opportunities

Helaba defines as opportunities the business potential that it is able to leverage in its operating segments as a result of its business model, market position or special expertise. By pursuing targeted strategic growth initiatives in its lines of business, Helaba has positioned itself to best exploit the potential opportunities arising from each market environment.

Helaba has long had a stable and viable strategic business model in place. Over the last few years, it has therefore been able not only to consolidate its market position in its core areas of business but also – on the basis of the good operating results achieved – service all subordinated liabilities, profit participation rights and silent participations in full at all times and pay regular dividends.

The key factors behind Helaba's success remain its conservative risk profile, backed up by effective risk management, and the strategic business model for the Group as a whole based on the concept of a full-service bank with its own retail business, a strong base in the region, a very close relationship with the Sparkassen and robust capital and liquidity adequacy. Helaba is valued by its customers as a reliable partner because of its sound business model. This is reflected particularly in long-term financing operations in real estate lending business and corporate lending business, in which Helaba is one of the leading banks in Germany. The diversified strategic business model has also stood the test of the COVID-19 crisis, as evidenced by the stability of the operating business in the pandemic.

Helaba continues to prosecute the "Scope – Growth through Efficiency" transformation project created to counter the upwards pressures on costs in recent years with full vigour.

The HelabaSustained programme launched in 2020, which brings together all of Helaba's initiatives to strengthen its sustainability profile, is driving and coordinating progress across all ESG areas (environment, social, governance) throughout the Group. Helaba has adopted ambitious sustainability objectives and these are now being integrated into the management of the organisation. This is backed by a Group-wide KPI management system, ensuring that progress towards a Bank led by sustainability is well documented. New products for lending and deposit business with an ESG aspect are being developed continuously too and sustainability-related advisory services for customers (both corporate customers and customers of the Sparkassen) are being expanded with significantly increased staffing levels. Requirements of ESG relevance that are laid down in legislation or by the supervisory authorities are addressed and implemented on an institution-wide basis.

Helaba sees particular opportunities for growth in sustainable finance. It has been structuring projects in the renewable energy and digital infrastructure fields successfully for many years and its involvement in the structuring and syndication of green, social and ESG-linked finance and promissory notes increased again in 2021. Helaba was able to take on the role of ESG Coordinator for a number of mandates, for example. Its significantly expanded offering in the Sustainable Finance Advisory area enables Helaba to support customers with client-focused, cross-product information and advisory services regarding financing solutions that incorporate sustainability elements and to tap into further potential for growth in the sustainability segment. Helaba aims here to build up its ESG expertise across the whole of the Group so that it can offer customers a truly holistic advisory service.

Helaba successfully placed its first green bond in mid-2021, laying the foundations that will enable it to position itself in the bond market as a sustainable issuer. In this regard, Helaba is making the most of its established market access to place new sustainable funding instruments with investors.

The digital transformation is marching on and will continue to bring huge changes to the banking industry as well as to attract other competitors to the market. Helaba itself also plans to continue pressing ahead with digitalisation using a systematic approach.

Trends in digitalisation are analysed and assessed on an ongoing basis and strategically relevant initiatives instigated and coordinated based on the implementation of the existing digitalisation strategy. The established “Digital Transformation Committee”, which brings together senior management expertise from the front office and corporate centre units, also ensures that Helaba maintains a comprehensive overview of the opportunities opened up by digital transformation. Helaba pursues collaborative partnerships with fintechs, or makes equity investments in such entities, through its equity investment company Helaba Digital. It intends to continue expanding the portfolio of strategic equity investments and thereby proactively help to shape the development of the markets concerned. Digitalisation initiatives include applications at the customer interface and improvements to internal processes. The latter in particular are now not so much opportunities as essential steps to realise the cost efficiency and short process times necessary to remain competitive. Further opportunities for enhancing efficiency at Helaba are also presenting themselves in the form of blockchain applications and artificial intelligence technologies. One specific initiative is the “Marco Polo” blockchain platform to develop new working capital and foreign trade financing processes. The ongoing development of payment transactions in the direction of programmable payments and programmable money could also present new opportunities for Helaba, which is a major player in payment transaction business.

Helaba played an active role in the collaborative project run by the German Banking Industry Committee to design a “digital euro” and draw up use cases for programmable payments in 2020 and 2021. The challenge now is to develop specific solutions for ongoing use by customers. Helaba has identified opportunities associated with a wide range of potential applications for the tokenisation of assets in addition to options for using distributed ledger technology for programmable payments. Tokenisation could open up new opportunities throughout the Group in the future as well as providing a basis for the development of expanded business approaches.

Technological progress is opening up new possibilities for data analysis and use too, prompting Helaba to become a partner in the Financial Big Data Cluster (FBDC) initiative. In a project that will run for a number of years, the initiative and its members aim to build up an extensive resource of data relevant to the financial sector and to develop applications drawing on artificial intelligence for use in analysing this data. Helaba is particularly interested in the sustainable finance element of the initiative.

Helaba intends to continue expanding and modernising its IT infrastructure so that it can respond flexibly to future challenges and carry on improving its processes day by day. It aims to establish a modern, capable and efficient IT environment to support the development of innovative products and the integration of platform solutions.

It is implementing a programme throughout the Bank with the aim of extensively enhancing the efficiency of Helaba IT systems over the next few years, during the course of which the application landscape and IT platforms will be upgraded. The associated reduction in complexity will simplify working processes, cut duplicated data capture and retention, and enhance the quality of value creation, thereby improving overall customer benefit. This will put in place the foundations necessary for access to innovative products, the use of platforms inside and outside Helaba, and the creation of strategic partnerships that offer our customers added value and enable Helaba to stand out effectively from its competitors.

Long-term customer relationships combined with a sustainable business policy in the carefully selected domestic and international target markets have formed the basis for the growth in new business in the Real Estate segment over the last few years. Even during periods of increasing competition and downward pressure on margins, Helaba believes that there are good opportunities for the Bank to assert and continue to consolidate its market position in real estate lending based on its product expertise and on its well-established presence in the markets over many years. Helaba has identified particular opportunities in real estate lending business in areas including the provision of attractive sustainable financing products, the digitalisation of customer-facing processes and interfaces and the enhancement of its regional presence. In mid-2021, Helaba signed up to the “ECORE – ESG Circle of Real Estate” initiative because of the ever-increasing importance of ESG compliance in real estate portfolios. The objective of the initiative is to draw up uniform standards for assessing the compliance of real estate with ESG requirements so that sustainability in real estate portfolios is transparent, measurable and more comparable.

Helaba is broadening its activities in corporate finance business with targeted product initiatives that include the development and expansion of sustainable products and the strengthening of development loan structuring activities. Another key component of Helaba's activities is the provision of finance for infrastructure and infrastructure-related services in the form of project and transport finance. It has identified opportunities associated with the digitalisation and optimisation of processes and systems throughout the value chain as well as with closer integration of corporate banking activities with the FBG Group.

The continuing integration of Helaba products into the Sparkasse sales and production processes in Sparkasse lending business is boosting efficiency and creating new business potential.

Export-oriented corporate customers expect their partner bank to offer a range of products that will help them with their international activities. Its institutional roots in the Sparkassen-Finanzgruppe and its extended customer base are enabling Helaba to establish itself within the Sparkassen-Finanzgruppe as a service and solution provider for international business.

There are particular opportunities to be realised in this context assisting the Sparkassen and their customers through the economic transformation to come, most notably with the Sustainable Finance Advisory service and the advice and support it is able to offer to the Sparkassen and with Helaba's ability to structure finance taking account of sustainability factors.

In the payments business, Helaba continues to be one of Germany's leading payment transaction clearing houses and a leading Landesbank in a market shaped by persistently high competitive pressure and regulatory requirements. The associated opportunities are being systematically exploited with the aim of generating fees and commissions to counter the ongoing significant downward pressure on margins in a world still shaped by negative interest rates.

Helaba recognised the underlying change processes in the payment transactions market at an early stage and has already developed a number of different initiatives over the last few years in response to the new technical possibilities and evolving customer requirements typical of the digital age, not least co-operative arrangements with selected fintechs.

Helaba has assumed a leading role in the Sparkassen-Finanzgruppe in connection with the introduction of instant payments. The ongoing expansion of near-field communication (NFC) contactless technology based on the girocard is just one of the steps being taken in response to the digital structural change in cash management business. The addition of the debit MasterCard and Visa debit card to the product range combines the payment options at the point of sale with the internet capability of the card. Helaba is also working to safeguard its leading role in payment transaction processing in the future by ensuring that it is well-positioned in the current #DK initiative (German Banking Industry Committee) and the European Payments Initiative (EPI), which aim to provide a secure, demand-based and efficient payments process in Germany and, optionally, in Europe. Helaba is continuing to systematically advance the digitalisation of its payment transactions services.

In the development business, there are more opportunities and potential available from the further expansion of the product portfolio, in particular the accelerated integration of sustainability objectives. Ongoing digitalisation and process optimisation also remain a priority, as does improving the online service provided for customers. Examples include the implementation of the electronic file ("eAkte"), the launch of the new digital customer portal and the WIBank chatbot, an AI-powered solution that helps customers find introductory information about subjects of interest. Particular opportunities have also been identified in the further expansion of products to support housing construction, especially in urban areas, and in economic development. Risk capital and guarantee product propositions in particular are to be expanded to speed up the necessary transformation of the economy.

Helaba receives ratings from rating agencies Moody's Investors Service (Moody's), Fitch Ratings (Fitch) and Standard & Poor's (S&P). Moody's has awarded Helaba an issuer rating of "Aa3", plus a rating of "P-1" for its short-term liabilities. In the case of Fitch and S&P, Helaba is rated jointly with the Sparkassen in Hesse and Thuringia in the form of an S-Group rating. Fitch confirmed its ratings for the Sparkassen-Finanzgruppe Hessen-Thüringen at "A+/F1+" and raised the outlook to stable in 2021. S&P downgraded its assessment of the German market as the basis for its bank ratings in 2021. The Sparkassen-Finanzgruppe Hessen-Thüringen too had its rating lowered by one notch to "A-/A-2" as a result but the outlook was still rated "stable".

The strategically significant funding instruments "public Pfandbriefe" and "mortgage Pfandbriefe" both have AAA ratings. Thanks to its excellent standing among institutional and private investors and its diversified product range, Helaba has consistently enjoyed direct access to the funding markets over the last few years. Helaba's status as part of a strong association of financial institutions also underpins its ongoing ability to access funding in the money and capital markets.

Helaba is firmly and permanently established as part of the German Sparkassen-Finanzgruppe by virtue of its ownership structure (88 % of its shares are held by members of the Sparkassen organisation) and its Sparkasse central bank function for around 40 % of Sparkassen in Germany. Further enhancing its position as a leading S-Group bank for the German Sparkassen and permanently integrating with the Sparkassen are among Helaba's strategic objectives. Possible springboards include joint lending operations with Sparkassen for larger SME clients, international business and the intensification of the successfully established Group-wide cross-selling of products from the subsidiaries, for example in the area of high-end private banking through Frankfurter Bankgesellschaft.

The expertise pooling agreement concluded between Helaba and LBBW in December 2021 marked an important step in the process to make structures in the Sparkassen-Finanzgruppe more efficient overall and further hone Helaba's competitive edge. The combined effect of these moves will be to consolidate Helaba's market-leading position and expand its role as central S-Group partner for the Sparkassen in these business areas. Work to implement the measures has already begun and will be completed in a series of stages over the period through to the beginning of 2023.

International documentary business and international payment transactions for Sparkassen and their customers will in future be processed through Helaba, meaning that Helaba will be available to the majority of the Sparkassen in Germany as central partner in these two areas. Plans are in place to develop Helaba's partnership with the Sparkassen further to strengthen its role as central correspondent and leading provider of payment transaction processing services for the S-Finanzgruppe. The transfer of physical foreign notes and coins and precious metals transaction intermediary services to Helaba opens up new opportunities for it as a leading provider within the Sparkassen-Finanzgruppe in foreign notes and coins and precious metals business.

Because of the challenging nature of the prevailing economic conditions, the banking sector finds itself in a continuous process of adjustment, with increasing pressure to consolidate. Inorganic growth is an option for public-sector banks too as a way of putting their business model on an even sounder footing, facilitating sustainable growth and exploiting new opportunities in the market. Helaba will remain open to the idea of partnerships and possible mergers in future.

Overall, Helaba finds itself well placed to meet the challenges of the future over the long term with its established strategic business model. The fundamental business strategy is sound and the broad diversification of the business model has acted as a stabilising factor, particularly in the current market situation. The Bank has also identified development opportunities involving broader diversification and the ongoing expansion of business areas in non-interest income business. Sustainable finance is a high priority as it strives to assist customers proactively with sustainable financial products to support the carbon-neutral transition. The Helaba Group's objective in its profitability strategy is to stabilise its sustainable earnings power to strengthen its capital base while observing risk strategy requirements and taking account of changes in the regulatory environment. Alongside growth initiatives, Helaba is also aiming for further efficiency enhancements as part of digital transformation.

Probable development of Helaba

Landesbank Hessen-Thüringen Girozentrale (Helaba) is a credit institution organised under public law; its business model is based on a strong regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkasse organisation and therefore provides an excellent foundation for business growth in 2022. Forecasters expect the economy to continue bouncing back in 2022 following the global downturn in 2020 triggered by COVID-19 and the nascent turnaround apparent in 2021, although the scale of this recovery will still be very much dependent on the evolution of the pandemic and its knock-on effects (including supply chain difficulties). Increasing geopolitical tensions add a further measure of uncertainty to the mix. Loss allowances are expected to be lower as a result of the ongoing economic recovery.

Interest rates are expected to remain low, which, in combination with the many ongoing projects (a large proportion of them launched in response to regulatory measures), will again impact negatively on lending business. Overall, these expectations represent the primary constraints for Helaba's forecast earnings growth in 2022:

Total new medium- and long-term lending business (excluding WIBank's development business, which does not form part of the competitive market) is budgeted to be very significantly higher than the previous year's level in 2022. New business has been planned taking account of the uncertainty associated with COVID-19 and the possibility of higher capital backing requirements that may be required as a result of rating migrations affecting individual borrowers. Loans and advances to customers are budgeted to remain stable at the same level as the prior year overall, with total assets expected to decline noticeably.

Net interest income in 2022, including income from equity investments and dividends, is expected to be slightly lower than the previous year. The contribution from participation in the ECB tendering process (TLTRO III), on the other hand, will be sharply reduced.

No significant change in credit risk is anticipated even if the COVID-19 pandemic were to persist. Helaba has implemented precautionary measures in response to factors including possible risks from the crisis involving the Russian Federation and Ukraine, countries in which it has a small total exposure to borrowers of approximately € 27 m. This resulted in an addition to the portfolio-based loss allowance as part of the management adjustment. Having been increased by additions made on a precautionary basis in prior years, total loss allowances are now quite substantial in size and it is therefore assumed that it will be possible to reduce additions to loss allowances in 2022.

Fee and commission business will continue to be expanded in a number of areas in 2022, as a result of which a moderate increase in net fee and commission income is forecast.

With regard to net trading income, it is anticipated that customer income in 2022 will be markedly higher than in the previous year. The feedback effects from spread-induced measurements seen in 2021 will be reduced significantly; a very sharp rise in net trading income overall is nevertheless forecast.

Budgeted other net operating income mainly comprises operating income and expenses relating to buildings, the addition to provisions and the interest cost from unwinding the discount on pension provisions. This figure is predicted to improve significantly in 2022 compared with the previous year.

General and administrative expenses are expected to be affected by a substantial increase in externally induced costs including the bank levy and assessments in 2022. The budgeted rise in personnel expenses is due primarily to a very strong increase in employee benefit expense from pensions as a result of the forecast trend in statutory pensions. Extensive project activities, including work to modernise the IT infrastructure, and collectively agreed pay rises are expected to push up costs noticeably. The “Scope – Growth through Efficiency” project initiated by the Bank in 2019 to combat rising costs will help to keep general and administrative expenses down in 2022 just as it did in previous years. Total administrative expenses are expected to increase noticeably in 2022 as a result of the cumulative effect of these factors plus a business-driven rise in general and administrative expenses in development business.

Overall, Helaba forecasts that the operating result before taxes for 2022 will be well above the prior-year figure. The cost-income ratio is expected to remain within the target range (< 70 %).

The Bank’s aim for 2022 is once again to use strategic initiatives to maintain steady growth in its lines of business, generating increasing income from customers, especially in fee and commission business. The purpose of the measures in the “Scope – Growth through Efficiency” programme is to safeguard the benefit from this income growth and limit the upward trend in costs.

The wide-ranging implications of the COVID-19 pandemic remain the main risk factor in terms of Helaba’s performance. From the perspective of the macroeconomic assumptions, there is a risk that economic development could vary from Helaba’s assumptions on account of the uncertainties described, among other factors.

Probable development of the business lines

In the Real Estate Finance division, a recovery from the consequences of the COVID-19 pandemic is anticipated. Helaba’s consistently strong market position and a growing volume of business should produce a noticeable increase in income in 2022. The volume of new medium- and long-term real estate lending business in 2022 is budgeted to be very significantly above the prior-year level.

The Asset Finance division anticipates income slightly above the prior-year figure in 2022, with the volume of business declining markedly during the course of the year. The widening of the interest margin will compensate for the decline in volume. The volume of new medium- and long-term business is expected to rise very sharply year on year.

In the Corporate Banking division, business volume and income are budgeted to stabilise at the prior-year level at the end of 2022. Here, the volume of new medium- and long-term business envisaged for 2022 exceeds the prior-year figure by a very clear margin.

Capital Markets income is predicted to be markedly higher year on year thanks to greater primary market activity and the optimisation of cross-selling potential.

The Public Sector division focuses on serving municipal authority customers and municipal corporations. Assuming there is no change in economic conditions, it is anticipated that income from the municipal lending business in Germany will undergo stable development in 2022.

The forecast for the Savings Banks and SME division is for a slight increase in business volume in 2022, with a largely stable earnings performance in lending business. In new medium-/long-term business, the prior-year level in the development lending business is no longer expected to be achieved.

For cash management products, earnings are expected to return to normal in 2022 following the significant increase in income during the current year.

LBS expects gross new business to pick up markedly, demand for real estate finance to remain at a high level, and contributions to income to stabilise in financial year 2022.

Earnings generated by the WIBank public development business in 2022 will probably be at the prior-year level.

Overall assessment

Profit before taxes at Helaba significantly exceeded the prior-year and budget figures in 2021 at € 239 m (previous year: € 93 m). This was due to the encouraging trend in net operating income, which rose by just under 10 %.

The measures initiated as part of the "Scope – Growth through Efficiency" programme, aimed at keeping general and administrative costs in check, had the anticipated effect, although it was not possible to compensate for all externally induced cost increases (such as the bank levy).

An adequate addition to loss allowances was recognised. This related mainly to a portfolio-based risk allowance.

The actions implemented from the strategic agenda are working and were progressed consistently in 2021.

General conditions appear set to remain difficult in 2022 as a result of the persistent uncertainty stemming from the developing inflation situation, the future course of the pandemic, supply chain bottlenecks and geopolitical tensions. Thanks to its broadly diversified business model and the consistent implementation of the strategic agenda, Helaba finds itself well placed to engage with the challenges to come in 2022. There are opportunities available for further growth too in connection with the essential transformation process on the pathway to sustainable economic systems. Helaba's earnings target for 2022 is in line with the medium-term objective.

The net profit generated in financial year 2021 allows Helaba to service all subordinated debt, profit participation rights and silent participations, pay a dividend and make appropriations to reserves.

Frankfurt am Main/Erfurt, 1 March 2022

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Annual Financial Statements of Landesbank Hessen-Thüringen Girozentrale

Balance Sheet of Landesbank Hessen-Thüringen Girozentrale

as at 31 December 2021

Assets in € m

	Note no.				31.12.2021	31.12.2020
Cash reserve						
a) Cash in hand				7		6
b) Balances with central banks				31,727		24,042
thereof: With Deutsche Bundesbank		30,633				(23,078)
					31,733	**24,048**
Loans and advances to banks	(2), (48)					
a) Mortgage loans				–		–
b) Municipal loans				7,969		6,949
c) Other loans and advances				4,385		5,543
					12,354	**12,492**
thereof:						
Payable on demand		3,711				(4,631)
Against securities pledged as collateral		–				–
thereof: Bausparkasse building loans						
Home savings loans		–				–
Loans and advances to customers	(3), (48)					
a) Mortgage loans				23,085		22,471
b) Municipal loans				32,516		33,582
c) Other loans and advances				47,142		45,860
thereof: Against securities pledged as collateral		–				–
d) Bausparkasse building loans						
da) From allocations (home savings loans)			106			120
db) For interim and bridge-over financing			902			832
dc) Other			4			4
				1,012		956
thereof: Secured by mortgage charges		693				(643)
					103,755	**102,868**
Bonds and other fixed-income securities	(4)					
a) Money market instruments						
aa) Public-sector issuers			–			251
thereof:						
Eligible as collateral with Deutsche Bundesbank		–				(251)
ab) Other issuers			239			321
thereof:						
Eligible as collateral with Deutsche Bundesbank		–				–
				239		572
b) Bonds and notes						
ba) Public-sector issuers			3,075			4,082
thereof:						
Eligible as collateral with Deutsche Bundesbank		2,854				(3,866)
bb) Other issuers			9,035			10,768
thereof:						
Eligible as collateral with Deutsche Bundesbank		7,175				(9,303)
				12,111		14,851
c) Own bonds and notes				–		–
Nominal amount		–				–
					12,350	**15,422**
Carried forward:					**160,192**	**154,831**

Equity and liabilities — in € m

	Note no.				31.12.2021	31.12.2020
Liabilities due to banks	(15), (18), (48)					
a) Registered mortgage Pfandbriefe issued				46		46
b) Registered public Pfandbriefe issued				1,660		1,234
c) Other liabilities				59,299		54,631
thereof: Payable on demand		10,014				(11,468)
Provided to lenders as collateral for loans raised:						
Registered mortgage Pfandbriefe		–				–
Registered public Pfandbriefe		–				–
d) Home savings deposits				70		61
					61,075	**55,972**
thereof: On allocated contracts		–				–
Liabilities due to customers	(19), (48)					
a) Registered mortgage Pfandbriefe issued				150		186
b) Registered public Pfandbriefe issued				10,093		11,904
c) Deposits from home savings business and savings deposits						
ca) Home savings deposits			5,166			5,122
thereof:						
On terminated contracts		46				(45)
On allocated contracts		91				(88)
cb) Savings deposits with an agreed period of notice of three months			–			–
cc) Savings deposits with an agreed period of notice of more than three months			–			–
				5,166		5,122
d) Other liabilities				28,285		26,210
					43,695	**43,423**
thereof: Payable on demand		15,909				(14,679)
Provided to lenders as collateral for loans raised:						
Registered mortgage Pfandbriefe		–				–
Registered public Pfandbriefe		–				–
Securitised liabilities	(20)					
a) Bonds issued						
aa) Mortgage Pfandbriefe			7,784			10,419
ab) Public Pfandbriefe			16,738			14,840
ac) Other debt instruments			28,858			28,575
				53,380		53,834
b) Other securitised liabilities				3,402		3,276
					56,782	**57,110**
thereof: Money market instruments		3,402				(3,276)
Trading portfolio	(21), (36), (37), (48)				**7,156**	**8,947**
Carried forward:					**168,709**	**165,452**

Assets in € m

	Note no.				31.12.2021	31.12.2020
Carried forward:					160,192	154,831
Equity shares and other variable-income securities	(5)				127	1,044
Trading portfolio	(6), (14), (36), (37), (48)				18,110	19,160
Equity investments	(7), (17), (48)				31	32
thereof:						
In banks		14				(14)
In financial services institutions		0				(0)
Shares in affiliated companies	(8), (17), (48)				1,764	2,001
thereof:						
In banks		875				(875)
In financial services institutions		18				(13)
Trust assets	(9)				1,566	1,395
thereof: Trustee loans		1,390				(1,217)
Intangible assets	(10), (17)					
a) Internally generated industrial rights and similar rights and assets				–		–
b) Purchased concessions, industrial property rights and similar rights and assets, and licences in such rights and assets				130		102
c) Goodwill				–		–
d) Prepayments				–		–
					130	102
Property and equipment	(11), (17)				456	183
Other assets	(12)				968	1,031
Prepaid expenses	(13)					
a) From issuing and lending operations				435		469
b) Other				273		531
					708	1,000
Total assets					184,054	180,778

Equity and liabilities | in € m

	Note no.				31.12.2021	31.12.2020
Carried forward:					**168,709**	**165,452**
Trust liabilities	(22)				**1,566**	**1,395**
thereof: Trustee loans		1,390				(1,217)
Other liabilities	(23)				**1,029**	**649**
Deferred income	(24)					
a) From issuing and lending operations				354		355
b) Other				599		827
					953	**1,181**
Provisions	(25)					
a) Provisions for pensions and similar obligations				836		1,262
b) Provisions for taxes				95		113
c) Other provisions				487		481
					1,418	**1,857**
Home savings protection fund					**11**	**11**
Subordinated liabilities	(26)				**2,336**	**2,236**
Profit participation rights	(27), (30)				**–**	**81**
thereof: Due within two years		–				(81)
Additional Tier 1 capital instruments	(28)				**374**	**374**
Fund for general banking risks	(30)				**599**	**599**
thereof: Special reserve under section 340e (4) of the HGB		123				(123)
Equity	(30)					
a) Subscribed capital						
aa) Share capital			589			589
ab) Capital contribution			1,920			1,920
ac) Silent partner contributions			518			518
				3,027		3,027
b) Capital reserves				1,546		1,546
c) Retained earnings						
cc) Reserves in accordance with the Charter			294			294
cd) Other reserves			2,101			1,985
				2,396		2,279
d) Net retained profits				90		90
					7,059	**6,942**
Total equity and liabilities					**184,054**	**180,778**
Contingent liabilities	(31)					
Liabilities from guarantees and indemnity agreements					**9,341**	**7,856**
Other obligations	(32)					
a) Placement and underwriting obligations				1,097		1,110
b) Irrevocable loan commitments				23,721		22,999
					24,818	**24,110**

Income Statement of Landesbank Hessen-Thüringen Girozentrale

for the period 1 January to 31 December 2021

in € m

	Note no.				**2021**	**2020**
Interest income from	(39), (40)					
a) Lending and money market transactions			4,461			4,193
thereof: Bausparkasse interest income:						
aa) From home savings loans		4				(4)
ab) From interim and bridge-over loans		18				(18)
ac) From other loans		0				(0)
b) Fixed-income securities and registered government debt			97			119
thereof: Negative interest income		395				(142)
				4,557		4,312
Interest expenses				3,370		3,314
thereof: On home savings deposits		58				(65)
thereof: Positive interest expense		239				(158)
					1,188	**999**
Current income from	(39)					
a) Equity shares and other variable-income securities				2		6
b) Equity investments				1		1
c) Shares in affiliated companies				5		52
					8	**58**
Income from profit pooling, profit transfer or partial profit transfer agreements					**88**	**154**
Fee and commission income	(39), (41)			310		285
thereof: Bausparkasse fee and commission income:						
a) On contracts signed and arranged		23				(22)
b) From loans granted after allocation of home savings contract		0				(0)
c) From the commitment and administration of interim and bridge-over loans		0				(0)
Fee and commission expenses				91		86
thereof: On Bausparkasse contracts signed and arranged		28				(29)
					219	**199**
Net income of the trading portfolio	(39)				**82**	**–13**
Other operating income	(39), (42)				**114**	**80**
General and administrative expenses						
a) Personnel expenses						
aa) Wages and salaries			317			314
ab) Social security, post-employment and other benefit expenses			61			56
				378		370
thereof: Post-employment benefit expenses		9				(7)
b) Other administrative expenses				563		545
					942	**915**
Carried forward:					**757**	**562**

in € m

	Note no.				2021	2020
Carried forward:					757	562
Amortisation and write-downs of intangible assets and depreciation and write-downs of property and equipment					24	24
Other operating expenses	(42)				258	164
Write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions	(43)				643	602
Income from the reversal of write-downs of and allowances on loans and advances and certain securities and from the reversal of loan loss provisions					388	310
Write-downs of and allowances on equity investments, shares in affiliated companies and securities classified as fixed assets					3	5
Income from the reversal of write-downs of and allowances on equity investments, shares in affiliated companies and securities classified as fixed assets					7	3
Cost of loss absorption					0	0
Result from ordinary activities					224	78
Taxes on income	(45)			17		50
Other taxes not included in item Other operating expenses				1		2
					18	52
Net income for the year					207	27
Retained profits brought forward from previous year					–	90
Allocations to revenue reserves					117	27
Net retained profits					90	90

Notes to the Annual Financial Statements of Landesbank Hessen-Thüringen Girozentrale

as at 31 December 2021

The annual financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main, a legal entity under public law entered in the commercial register at the Frankfurt am Main local court under number HRA 29821 and at the Jena local court under number HRA 102181, are prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with the German Regulation on the Accounting of Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV) and the German Pfandbrief Act (Pfandbriefgesetz, PfandBG).

The structure of the balance sheet and income statement reflects the requirements of the RechKredV. The two statements have been extended to include the line items prescribed for Pfandbriefbanken and Bausparkassen. The disclosures on Bausparkasse operations required to be included in the notes are contained in the annual financial statements of Landesbausparkasse Hessen-Thüringen (LBS), which are published separately.

Helaba also prepares consolidated financial statements in accordance with the International Financial Reporting Standards as published by the International Accounting Standards Board and adopted by the European Union. These consolidated financial statements are published in the German Federal Gazette.

The reporting currency of the annual financial statements is the euro (€). Euro amounts are generally rounded to the nearest million. Minor discrepancies may arise in totals or in the calculation of percentages in this report due to rounding.

(1) Accounting Policies

Assets and liabilities are measured in accordance with the provisions of sections 252 et seqq. of the HGB, with due consideration given to the special provisions for credit institutions (sections 340 et seqq. of the HGB).

As a rule, the same accounting policies have been applied in the annual financial statements for the period ended 31 December 2021 as were applied in the prior-year annual financial statements. Any deviations from such accounting policies are described in the following section.

Receivables and liabilities

Receivables are reported at their nominal amount and liabilities at their settlement amount. Outside the trading portfolio and outside the securities allocated to the liquidity reserve, differences presented as interest between the nominal amount and payment amount or cost are shown as prepaid expenses or deferred income and reversed to the relevant periods over the term of the asset or liability. Bonds and similar liabilities issued at a discount as well as securities and receivables acquired on a discounted basis are shown at their present values.

Specific allowances or provisions have been recognised to take account of all identifiable credit risks. For the purpose of presenting latent credit risks in the financial accounting and reporting in accordance with the HGB, the Bank continues to pursue an accounting approach appropriate to the risk. In accordance with HGB, Helaba uses the expected credit loss approach – the approach specified in the International Financial Reporting Standards for determining loss allowances – to recognise global allowances. This means that 12-month expected credit losses are normally recognised, but lifetime expected credit losses are recognised if there is a significant increase in default risk. Global allowances include a further provisioning component to cover additional risks in individual lending sub-portfolios not yet identified by statistical analysis.

The recognition of specific allowances is based on the difference between (a) the recoverable amount from expected future redemptions, interest payments and income from collateral realisations, and (b) the carrying amount of the receivable. Interest payments on impaired loans and advances are recognised as interest income by writing-up the carrying amount to the respective present value.

In addition to the fund for general banking risks shown in the balance sheet in accordance with section 340g of the HGB, contingency reserves in accordance with section 340f of the HGB have been recognised for general banking risks.

Securities

The items included under bonds and other fixed-income securities, equity shares and other variable-income securities, are measured using the strict lower of cost or market principle, with the exception of “valuation units” in accordance with section 254 of the HGB and fixed assets. Accordingly, they have to be reported at fair value if this is lower than their (amortised) cost. In active markets, fair value corresponds to the exchange or market price on the reporting date. The analysis of the securities portfolio at the balance sheet date established an active market for all securities. Any reversals of write-downs required by law were made.

They also include shares in domestic closed-end investment limited partnerships and similar foreign structures in accordance with section 17 of the RechKredV in conjunction with the definition of an investment fund as set out in section 1 of the German Investment Code (Kapitalanlagegesetzbuch, KAGB).

Equity investments and shares in affiliated companies

Equity investments and shares in affiliated companies are shown at cost. If impairment is expected to be permanent, they are written down to their lower fair value. If the reasons for an impairment write-down recognised in previous years no longer apply, the write-down is reversed and the asset is recognised at fair value, but without exceeding amortised cost.

Trading portfolio

Trading portfolios are shown in the balance sheet under the items trading assets and trading liabilities. The criteria established internally for including financial instruments in the trading portfolio did not change in the year under review. Trades are measured on the basis of individual transactions. In accordance with section 340e (3) of the HGB, financial instruments held for trading are measured at fair value less a risk discount for trading assets and plus a risk premium for trading liabilities. The amount, timing and reliability of future cash flows, as the basis for determining fair value, are primarily influenced by the level of interest rates, developments on the equity and bond markets, and by changes in credit spreads. In line with the requirements of the banking supervisory authority, risk premiums and discounts are determined for all trading portfolios in accordance with the provisions of the German Banking Act (Kreditwesengesetz, KWG), following the regulatory provisions regarding the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement, MaRisk) and the provisions of Article 365 of the Capital Requirements Regulation (CRR). In doing so, the risk premium or discount is calculated in the form of a money-at-risk (MaR) amount with a confidence level of 99 %, a holding period of ten days and an observation period of one year. The risk premiums and discounts are calculated for each risk category.

A counterparty-specific credit valuation adjustment (CVA) takes account of third-party credit risks arising from the settlement of OTC derivatives. A debit valuation adjustment (DVA) is recognised to take account of own credit risk. The CVA and DVA are calculated at each balance sheet date by measuring the potential default risk, taking account of collateral pledged or received and the effect of netting agreements.

Changes in value, realised gains and losses, commissions and current income from financial instruments held for trading as well as interest expense for funding trading activities are reported under net income of the trading portfolio or net expense of the trading portfolio. In accordance with section 340e (4) of the HGB, an amount equivalent to at least 10 % of net trading income is allocated to the separate account in the special reserve for general banking risks as at the reporting date. Such additions are made until the account reaches 50 % of the average annual net trading income generated over the last five years before the date of the calculation, or until an amount is reversed in order to absorb net trading expense. Additions are charged to net trading income. The Bank did not make any additions to this reserve in the year under review.

The Bank has offset trading assets and liabilities in the form of derivatives that were entered into with each counterparty under a master agreement with a Credit Support Annex and for which collateral is calculated daily. The carrying amounts of the derivatives and the collateral per counterparty were taken into account in doing so. Derivatives and collateral entered into with a central counterparty are also included in offsetting. The Bank also offsets the carrying amounts of exchange-traded derivatives and the corresponding variation margins in line with IDW RS BFA 5.

During the year under review, Helaba did not reclassify any financial instruments held for trading within the meaning of section 35 (1) no. 6b of the RechKredV.

Fixed assets and intangible assets

Fixed assets and intangible assets with finite useful lives are carried at depreciated or amortised cost less any impairment write-downs to fair values. Depreciation and amortisation are charged over the useful life of the asset. Low-value assets are fully depreciated or amortised in the year of acquisition. The Bank does not capitalise internally generated intangible assets. Goodwill is regarded as an asset with a finite useful life. If the finite useful life cannot be estimated reliably, the Bank applies an amortisation period of ten years for goodwill in accordance with section 253 (3) sentence 4 HGB.

Provisions

Provisions for taxes and other provisions have to be recognised in accordance with the principles of prudent business judgement at the settlement amount of the uncertain liabilities or the expected losses from executory contracts, with due consideration given to expected price and cost increases. Medium- and long-term provisions (with a remaining maturity of > 1 year) are discounted using the rates published by the Bundesbank in accordance with section 253 (2) of the HGB. In determining the change resulting from adding interest cost, it is assumed that any change in the discount rate will only occur at the end of the period. The effect of adding interest cost is reported under other operating expenses.

Pension obligations are determined annually by external actuarial experts. They are measured using the projected unit credit method, based on biometric assumptions (2018G mortality tables of Professor Dr. Heubeck), salary and pension increases expected in the future as well as the average market rate published by the Bundesbank for an assumed remaining maturity of 15 years. According to section 253 (2) sentence 1 of the HGB, pension obligations are measured using the average market interest rate for the last ten years. The resulting difference of € 136 m according to section 253 (6) of the HGB is subject to a distribution restriction.

The measurement parameters applied are shown in the table below:

in %

	31.12.2021	31.12.2020
Discount rate	1.87	2.30
Salary trend	2.00	2.00
Pension trend	1.00 – 2.00	1.00 – 2.00
Employee turnover rate	3.00	3.00

Some pension obligations are covered by assets (securities) that are exempt from attachment by any other creditors. These assets can only be used to settle liabilities from retirement benefit obligations (plan assets). They are measured at their fair value in accordance with section 253 (1) sentence 4 of the HGB. The extent of the obligation is determined by fixing the limit of the guaranteed benefit commitment at the fair value of the corresponding securities at the reporting date. The assets and the corresponding pension obligations are offset against each other.

The pension expense to be recognised in the income statement includes mainly retirement benefit expense and interest expense. The provision expense represents the increase in pension obligations attributable to the service provided by employees in the financial year; it is reported under general and administrative expenses. The interest expense is defined as the increase in the present value of the pension obligations that results from the settlement date approaching and the discounting period thus becoming shorter. The interest expense is netted against the return on plan assets. Both the interest expense and the return on plan assets are included in the other operating result.

Fair value measurement

Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's-length transaction (except in the case of emergency settlement).

The market price is the best indicator of the fair value of financial instruments. If an active market exists, observable market prices are used to measure the financial instruments recognised at fair value. These are normally prices quoted on a stock exchange or market prices quoted on the interbank market. If an observable market price does not exist for a financial instrument, it is measured using recognised and commonly used valuation techniques, with all input data (e.g. yield curves, volatilities, spreads) being based on observable market data and taken from external sources. Such techniques mainly comprise discounted cash flow-based forward pricing and swap pricing models or option pricing models (e.g. Black-Scholes and variants thereof). These valuation techniques are normally used for OTC derivatives (including credit derivatives) and for financial instruments that are recognised at fair value and not traded on an active market. In those cases in which not all inputs are directly observable on the market, fair values are calculated using realistic assumptions based on market conditions. This valuation technique is used in particular for complex structured (derivative) spread products where correlations not directly observable in the market are significant to the measurement. If no market prices are available for non-derivative financial instruments, arranger prices are used. Unlisted equity investments are measured on the basis of unobservable inputs, particularly the surpluses derived from corporate planning.

Implications of the reform of interbank offered rates (IBOR)

The Bank is implementing a project to manage the requirements under a changeover initiated by regulators in which the Bank must switch away from the current benchmark interest rates, namely the Euro OverNight Index Average (EONIA), Euro Interbank Offered Rate (EURIBOR), London Interbank Offered Rate (LIBOR). The implementation of the reforms will require extensive modifications to contracts and IT systems.

The changeovers replacing EONIA with the €STR (Euro Short-Term Rate) and important LIBOR rates with "risk free rates" became mandatory on 31 December 2021. The LIBOR-related changes involved changeovers from the GBP, CHF and JPY LIBOR to SONIA (Sterling Overnight Index Average), SARON (Swiss Average Rate Overnight) and TONAR (Tokyo Overnight Average Rate) respectively and the discontinuation of the EUR LIBOR and short-term USD LIBOR).

The Helaba Group successfully adapted the overwhelming majority of customer contracts affected by these changes during 2021. Other relevant contracts expired anyway or were terminated in good time by mutual agreement. Use was made in certain cases of fallback provisions already incorporated into lending agreements on a precautionary basis or the ISDA protocols (ISDA IBOR Fallbacks Protocol and ISDA IBOR Fallbacks Supplement) in derivatives business. The changeovers of contracts completed produced no material effect overall on the economic situation.

The contractual changeover from USD LIBOR for existing contracts (contracts concluded in or before 2021) does not become mandatory until 30 June 2023. Instances of the use of USD LIBOR at least for typical maturities are still to be expected until 30 June 2023 at the latest. Use of the new "risk free rates" as reference values is mandatory for new business in the USD sphere from 2022. Helaba has been quick to start using the new SOFR reference interest rates (SOFR = Secured Overnight Financing Rate) in customer contracts.

It is not yet possible to predict when a changeover from the EURIBOR to a potential successor interest rate might take effect.

As at 31 December 2021, the Bank still has assets with a total carrying amount of € 37.6 bn, liabilities with a carrying amount of € 7.3 bn and portfolios of derivatives with a notional amount (non-netted) of € 508.4 bn that are affected by the IBOR reform regarding EONIA, EURIBOR, GBP, CHF and USD LIBOR reference interest rates. These portfolios largely relate to the reformed EURIBOR and the outstanding changeover from the USD LIBOR as reference interest rates.

Currency translation

Foreign currency assets and liabilities included in the annual financial statements and currency spot transactions not settled at the balance sheet date are translated at the middle spot exchange rate in accordance with the principles set out in section 256a of the HGB and section 340h of the HGB. In the case of foreign currency futures in the trading portfolio, swap spreads are accrued and the residual spreads recognised in net trading income. In the case of non-trading foreign currency swaps, residual spreads are recognised in interest income or expenses.

The Bank applies the principle of special cover in accordance with section 340h of the HGB. For every currency, the Bank enters into foreign currency transactions in order to avoid uncovered FX exposures. All foreign currency results are recognised through profit or loss in net trading income.

Derivatives

Derivatives (interest rate, equity, currency, credit and commodity futures and options as well as swap agreements) are allocated to the trading portfolio or the non-trading portfolio at the trade date. Under commercial law accounting, derivative financial instruments are recognised on the basis of the relevant pronouncements and accounting guidance of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) and in accordance with generally accepted accounting principles. In the case of structured financial instruments whose derivative arrangements have a different risk profile to the underlying, these derivatives are bifurcated, allocated to the trading portfolio and measured separately.

Derivatives not held for trading and derivatives held in valuation units (hedges) are used to manage general interest rate risk in the banking book. When measuring the banking book, an overall assessment of all interest-bearing on-balance sheet assets and liabilities, including interest rate derivatives, is performed for general interest rate risks in accordance with the principles of IDW RS BFA 3. To determine market risk, receivables, interest-bearing securities, liabilities and derivatives allocated to the banking book are not measured individually in accordance with the imparity principle, but treated as part of a refinancing group. In the year under review, it was not necessary to recognise a provision for expected losses from the refinancing group – using a periodic (income statement-based) analysis.

Current income and expenses from non-trading swap transactions is accrued on a pro-rata basis and reported under other assets or other liabilities.

Valuation units

In its banking book, Helaba has created valuation units in accordance with section 340a in conjunction with section 254 of the HGB, comprising securities held in the liquidity reserve and the corresponding interest rate swaps entered into for hedging purposes. The valuation units consist of asset-swap combinations in the form of micro valuation units (micro hedges). The hedges relate exclusively to interest rate risks. The net hedge presentation method is used to present changes in value that offset each other between the hedged item and the hedging instrument. The hedged items are always hedged at 100 % of the nominal volume for the entire remaining maturity. The fact that key factors affecting value match ensures the prospective effectiveness of the valuation units. Prospective effectiveness is determined using regression analysis. The offsetting changes in value and cash flows cancelled each other out to a large extent at the balance sheet date and are expected to continue to do so in future. The changes in value arising from the hedged risks will cancel each other out almost entirely by the envisaged end of the valuation units (the time at which the hedged item and the hedging instrument mature). For net losses on the ineffective portion of the hedging relationship, the Bank recognises a provision for expected losses. Disclosures relating to valuation units are reported in Note (38).

Deferred taxes

Deferred taxes are not recognised because the existing asset surplus is not recognised in the balance sheet, as a result of using the option provided for in section 274 of the HGB. Deferred tax assets are based on differences between the carrying amount of loans and advances to customers, bonds and other fixed-income securities, equity investments, deferred income, provisions for pensions and similar obligations, and other provisions in the financial statements and their tax base. The company-specific tax rates were used to measure the deferred taxes. In Germany, the Bank has a combined income tax rate of 31.65 % with an average municipality trade tax multiplier of 452 %. Deferred tax items in foreign permanent establishments are measured using the tax rates applicable in those jurisdictions.

(2) Loans and Advances to Banks

in € m

	31.12.2021	31.12.2020
This item includes:		
Loans and advances to affiliated Sparkassen	6,783	6,241
Loans and advances to affiliated companies	711	604
Loans and advances to other long-term investees and investors	16	34
Subordinated loans and advances	8	10
thereof: To affiliated companies	–	–
thereof: To other long-term investees and investors	–	–
Payable on demand	3,711	4,631
Remaining maturities:		
Up to three months	1,066	852
More than three months and up to one year	712	386
More than one year and up to five years	1,658	1,547
More than five years	5,206	5,076

(3) Loans and Advances to Customers

in € m

	31.12.2021	31.12.2020
This item includes:		
Loans and advances to affiliated companies	467	554
Loans and advances to other long-term investees and investors	189	259
Subordinated loans and advances	9	12
thereof: To affiliated companies	–	0
thereof: To other long-term investees and investors	–	–
Remaining maturities:		
Up to three months	6,130	4,431
More than three months and up to one year	10,666	8,412
More than one year and up to five years	42,781	42,811
More than five years	42,254	44,980
With an indefinite term	1,923	2,235

(4) Bonds and Other Fixed-Income Securities

in € m

	31.12.2021	31.12.2020
Securitised receivables:		
From affiliated companies	–	–
From other long-term investees and investors	–	–
The marketable securities comprise:		
Listed securities	11,918	14,830
Unlisted securities	382	585
Remaining maturities:		
Amounts due in the following year	4,365	4,527
Subordinated assets	–	–
Deposited as collateral in open market transactions	5,818	5,296
Carrying amount of unimpaired investment securities	345	–
Fair value of unimpaired investment securities	342	–
Temporary impairment of investment securities	2	–

There are currently no reasons for an impairment write-down for investment securities.

(5) Equity Shares and Other Variable-Income Securities

in € m

	31.12.2021	31.12.2020
The marketable securities comprise:		
Listed securities	–	23
Unlisted securities	–	0

Units in two (31 December 2020: two) securities investment funds held exclusively by Helaba (mixed funds or pure fixed-income funds) with a total carrying amount of € 1 bn were liquidated in the year under review. As in the previous year, no dividend payments were received in the year under review.

Write-downs were not recognised for shares in investment limited partnerships classified as fixed assets whose carrying amount exceeds the fair value of € 19 m (31 December 2020: € 20 m) by € 1 m (31 December 2020: € 5 m), as they were not permanently impaired. In accordance with section 17 of the RechKredV in conjunction with the definition of an investment fund as set out in section 1 of the KAGB, this item also includes shares in domestic closed-end investment limited partnerships and similar foreign structures, in the amount of € 127 m (31 December 2020: € 72 m).

(6) Trading Portfolio (Assets)

in € m

	31.12.2021	31.12.2020
Derivative financial instruments	6,249	9,223
Loans and advances	1,801	1,083
Bonds and other fixed-income securities	10,038	8,832
Equity shares and other variable-income securities	22	23
Other assets	–	–
Total	**18,110**	**19,160**
thereof: Subordinated assets	–	–

The decline in the trading portfolio (assets) is mainly a result of lower positive fair values of derivatives. This effect is only partially offset by the rise in bonds and other fixed-income securities. It also reflects the offsetting of trading derivatives (liabilities) and related collateral, which resulted in an amount of € 8,318 m (31 December 2020: € 10,127 m) being set off.

(7) Equity Investments

in € m

	31.12.2021	31.12.2020
The marketable equity investments comprise:		
Listed securities	–	–
Unlisted securities	14	14

(8) Shares in Affiliated Companies

in € m

	31.12.2021	31.12.2020
The marketable shares in affiliated companies comprise:		
Listed securities	–	–
Unlisted securities	104	104

(9) Trust Assets

in € m

	31.12.2021	31.12.2020
This item includes:		
Loans and advances to banks	806	679
Loans and advances to customers	584	538
Equity investments	64	65
Shares in affiliated companies	5	6
Equity shares and other variable-income securities	91	92
Other assets	15	15

(10) Intangible Assets

in € m

	31.12.2021	31.12.2020
Purchased standardised software	130	102
Goodwill	–	–

(11) Property and Equipment

in € m

	31.12.2021	31.12.2020
This item includes:		
Land and buildings used for own operations	147	147
Operating and office equipment	32	30

(12) Other Assets

in € m

	31.12.2021	31.12.2020
Significant items are:		
Interest receivables under swap agreements	494	534
Other	299	408

(13) Prepaid Expenses

in € m

	31.12.2021	31.12.2020
From issuing and lending operations, this item includes:		
Premiums on loans and advances	323	351
Discounts on liabilities and bonds issued	113	118
The other prepaid expenses include:		
Upfront payments	218	491
Other	55	39

(14) Repurchase Agreements

The Bank did not sell either trading assets or assets in the liquidity reserve under repo agreements during either the reporting year or previous year.

(15) Assets Pledged as Collateral

in € m

	31.12.2021	31.12.2020
Assets of the following amounts were transferred for the following liabilities:		
Liabilities due to banks	3,398	2,987
Trading liabilities	7,672	11,472
Assets transferred for contingent liabilities	–	–

This includes borrowed securities in the amount of € 0 m (31 December 2020: € 0 m) that had been transferred on to credit institutions in connection with repurchase agreements.

(16) Assets Denominated in Foreign Currency

in € m

	31.12.2021	31.12.2020
Assets denominated in foreign currency	26,091	26,367

(17) Statement of Changes in Fixed Assets

in € m

	Intangible assets	Intangible assets	Long-term securities	Equity investments	Shares in affiliated companies	Fixed assets total
Cost						
As at 1.1.2021	**266**	**339**	**82**	**61**	**2,063**	**2,809**
Additions	48	277	524	0	38	888
Exchange rate changes	1	1	0	0	0	2
Reclassifications	–	–	–	–	–	–
Disposals	0	0	83	0	275	359
Other adjustments	–3	–0	1	–	–	–2
As at 31.12.2021	**312**	**617**	**523**	**60**	**1,826**	**3,337**
Depreciation, amortisation and writedowns and reversals of write-downs						
As at 1.1.2021	**164**	**156**	**9**	**29**	**62**	**419**
Reversals of write-downs	–	–	0	–	1	1
Depreciation and amortisation	17	7	–	–	–	24
Write-downs	–	–	0	0	–	1
Exchange rate changes	1	1	0	–	–	2
Reclassifications	–	–	–	–	–	–
Disposals	0	3	–	–	–	3
Other adjustments	–	–1	–1	–	–	–2
As at 31.12.2021	**181**	**161**	**7**	**29**	**61**	**439**
Carrying amounts						
As at 1.1.2021	**102**	**183**	**73**	**32**	**2,001**	**2,390**
As at 31.12.2021	**130**	**456**	**516**	**31**	**1,764**	**2,898**

(18) Liabilities Due to Banks

in € m

	31.12.2021	31.12.2020
This item includes:		
Liabilities due to affiliated Sparkassen	14,105	15,449
Liabilities due to affiliated companies	5,497	5,498
Liabilities due to other long-term investees and investors	0	13
Payable on demand	10,014	11,468
Remaining maturities:		
Up to three months	515	1,180
More than three months and up to one year	1,735	2,451
More than one year and up to five years	31,543	24,437
More than five years	17,268	16,437

Targeted longer-term refinancing operations (TLTRO III)

The rise in liabilities due to banks was mainly the result of Helaba's participation in the ECB's targeted longer-term refinancing operations III (TLTRO III) in March 2021, the drawdown under this arrangement amounting to € 6.5 bn (2020: € 16.0 bn). In 2019, the ECB had decided on the terms and conditions for a third series of quarterly tenders from 2020 onwards (TLTRO III). The terms and conditions, which were updated again in 2020, provide for interest (calculated using the average main refinancing rate over the maturity) to be paid out retrospectively on repayment or on the maturity date. The terms also grant a guaranteed reduction in the interest rate of 50 basis points for a special interest period up to 23 June 2022. In addition, depending on the growth in net lending granted as at a particular accounting date, there is also the opportunity to earn an additional interest benefit for special interest periods in the form of a (pro rata) reduction in the primary debt.

The guaranteed interest rate reduction for the special interest period is recognised proportionately as a component of the effective interest rate under net interest income in the income statement. The availability of additional interest benefits depends on the attainment of future net lending growth as at particular accounting dates. This condition was satisfied on 31 March 2021 in respect of the special interest period from 24 June 2020 to 23 June 2021 and confirmed in writing by the Bundesbank on 9 September 2021. The receipt of any additional interest benefit for the special interest period from 24 June 2021 to 23 June 2022 will only be decided in June 2022, depending on the net lending granted. As it was reasonably certain that all conditions would be satisfied or that the entitlement would arise, this additional interest benefit was recognised on a pro rata basis in 2021. A bonus share as at 31 December 2021 amounting to € 136 m is included in the income from negative interest rates in connection with liabilities.

(19) Liabilities Due to Customers

in € m

	31.12.2021	31.12.2020
This item includes:		
Liabilities due to affiliated companies	405	394
Liabilities due to other long-term investees and investors	82	91
Payable on demand	15,909	14,679
Remaining maturities:		
Up to three months	3,777	2,752
More than three months and up to one year	7,071	6,754
More than one year and up to five years	5,451	6,513
More than five years	11,486	12,724

(20) Securitised Liabilities

in € m

	31.12.2021	31.12.2020
This item includes:		
Liabilities due to affiliated companies	17	22
Liabilities due to other long-term investees and investors	–	–
Remaining maturities of the sub-item – bonds issued:		
Amounts due in the following year	8,780	6,702
Remaining maturities of the sub-item – other securitised liabilities:		
Payable on demand	0	1
Up to three months	3,075	2,155
More than three months and up to one year	327	1,120
More than one year and up to five years	–	–
More than five years	–	–

(21) Trading Portfolio (Liabilities)

in € m

	31.12.2021	31.12.2020
Derivative financial instruments	2,376	3,595
Liabilities	4,771	5,323
thereof: other securitised liabilities	306	543
Risk premium	9	29
Total	**7,156**	**8,947**

As at 31 December 2021 the offsetting of trading derivatives (assets) and related collateral resulted in an amount of € 10,133 m (31 December 2020: € 14,675 m) being set off. The decline in trading liabilities is a result of lower negative fair values of derivatives in particular.

(22) Trust Liabilities

in € m

	31.12.2021	31.12.2020
Liabilities due to banks	550	465
Liabilities due to customers	839	753
Other liabilities	176	178

(23) Other Liabilities

in € m

	31.12.2021	31.12.2020
Significant items are:		
Interest obligations arising from swap agreements in the non-trading portfolio	444	463
Currency translation differences	429	77
Interest on profit participation rights and silent participations	34	34
Taxes to be paid	14	10
Option premiums received for the non-trading portfolio	1	2

(24) Deferred Income

in € m

	31.12.2021	31.12.2020
From issuing and lending operations, this item includes:		
Premiums on liabilities and bonds issued	312	305
Discounts on lending operations	36	44
Other	7	6
The other prepaid expenses include:		
Upfront payments	404	648
Other	195	179

(25) Provisions

The difference between the carrying amount of the pension provisions measured using the average market rate for the past ten financial years (1.87 %) and the carrying amount of the provisions measured using the appropriate average market rate for the past seven financial years (1.35 %) was € 136 m as at the balance sheet date. This amount is subject to a distribution restriction.

The cost of the assets offset against provisions in accordance with section 246 (2) sentence 2 of the HGB amounted to € 548 m (31 December 2020: € 40 m) and the fair value to € 552 m (31 December 2020: € 43 m). The settlement amount of the offset liabilities amounted to € 1,143 m (31 December 2020: € 48 m). In the income statement, income associated with these assets amounting to € 0 m (2020: € 1 m) was offset against expenses from the corresponding liabilities amounting to € 105 m (2020: € 2 m).

The other provisions were recognised mainly for personnel-related items and for credit and country risks in off-balance sheet lending business. Provisions are recognised for litigation risks if it is likely that they will be used. Further provisions are attributable to liabilities for which the actual amount or the reason is uncertain. There are also restructuring provisions of € 43 m.

(26) Subordinated Liabilities

Subordinated borrowings exceeding 10 % of the overall position in each case are as follows:

Currency amount – in millions –	Currency	Current interest rate in %	Due in	Early repayment obligation
–	EUR	–	–	–

The conditions relating to the subordinate nature of these funds meet the requirements of the German Banking Act (Kreditwesengesetz) for eligible own funds. There is no agreement to convert these items into capital or other forms of debt and there are no plans to do so.

As in the previous year, the reported figure includes pro rata interest of € 28 m. Interest expense on subordinated borrowings amounted to € 74 m in the year under review (2020: € 75 m).

As in the previous year, the Bank did not have any subordinated liabilities due to affiliated companies or other long-term investees and investors.

(27) Profit Participation Rights

in € m

	31.12.2021	31.12.2020
This item includes:		
Registered profit participation rights	–	61
Securitised profit participation rights	–	20

(28) Additional Tier 1 Capital Instruments

AT1 bonds represent unsecured and subordinated bonds of the Bank. The repayment as well as the nominal amount of the AT1 bonds may be reduced if a triggering event occurs. The decline of the Bank's Tier 1 capital ratio to under 5.125 % on a consolidated basis would be a triggering event. After the occurrence of a triggering event, any reduced bond amounts may be increased under specific conditions. Helaba may terminate the bonds at an early maturity date, and has additional termination options every ten years; if specific conditions are met, and after approval of the competent supervisory authority, bonds may be terminated early. Bonds are subject to the terms and conditions as provided in the respective bond terms, which stipulate, among other things, that the Bank may terminate bonds only entirely, but not partially, provided that specific supervisory or tax conditions are met.

Bond interest payments are based on their nominal amount, and have been fixed for the period between the issue date and the first possible early repayment date. Subsequently, the applicable interest rate for the following ten years will be established. According to the bond terms, Helaba may be obliged (but also has extensive rights) to take the sole decision to suspend interest payments at any time. Interest payments in subsequent years will not be increased to compensate suspended interest payments from previous years on a cumulative basis.

As at 31 December 2021, the carrying amount of issued bonds excluding pro-rata interest stood at € 374 m (31 December 2020: € 374 m). Accrued interest expenses from issued bonds amounted to € 0.5 m in 2021 (2020: € 0.5 m).

(29) Liabilities Denominated in Foreign Currency

in € m

	31.12.2021	31.12.2020
Liabilities denominated in foreign currency	11,213	8,364

(30) Own Funds

in € m

	31.12.2021	31.12.2020
Subscribed capital	**3,027**	**3,027**
a) Share capital	589	589
b) Capital contribution	1,920	1,920
c) Silent partner contributions	518	518
Capital reserves	**1,546**	**1,546**
Retained earnings	**2,396**	**2,279**
Including		
additional Tier 1 capital instruments,	374	374
profit participation rights,	–	81
fund for general banking risks,	599	599
home savings protection fund and	11	11
subordinated liabilities	2,336	2,236
the liable capital reported in the balance sheet amounted to	**10,289**	**10,154**

A distribution of € 90 m and an appropriation to revenue reserves of € 117 m are proposed for the appropriation of net profit.

(31) Contingent Liabilities

in € m

	31.12.2021	31.12.2020
This item includes:		
Credit guarantees	6,281	5,026
Other guarantees and sureties	3,060	2,830

Helaba judges to be low the risk that borrowers will fail to meet their obligations and facilities are likely to be utilised. Bank guarantees are subject to the Bank's process for determining loss allowances. Helaba has recognised appropriate provisions in individual cases where a loss from the likely use of a facility is probable.

(32) Other Obligations

in € m

	31.12.2021	31.12.2020
This item includes:		
Placement and underwriting obligations	1,097	1,110
Irrevocable loan commitments for open-account loans	23,721	22,999

On the basis of financial standing analyses, Helaba assumes that borrowers will meet their obligations and therefore facilities are unlikely to be utilised. Provisions have been recognised in individual cases where a loss from the likely use of a facility is probable.

(33) Statement of Cover Assets for the Mortgage and Municipal Authorities Business

in € m

	31.12.2021	31.12.2020
Issued mortgage Pfandbriefe	**7,967**	**10,634**
Assets held as collateral	**17,573**	**16,255**
Loans and advances to customers	14,822	14,649
Bonds and other fixed-income securities	1,344	605
Trust assets	1,407	1,000
Surplus cover	**9,607**	**5,620**
Issued public Pfandbriefe	**28,237**	**27,620**
Assets held as collateral	**32,469**	**34,671**
Loans and advances to banks	606	195
Loans and advances to customers	30,428	32,689
Bonds and other fixed-income securities	547	933
Trust assets	889	853
Surplus cover	**4,232**	**7,050**

(34) Pfandbriefe and Statement of Cover Assets

Overview in accordance with section 28 (1) no. 1 of the PfandBG

in € m

	Nominal amount		Net present value	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Mortgage Pfandbriefe:				
Cover pool	17,573	16,255	18,650	17,459
Pfandbriefe in circulation	7,967	10,634	8,086	10,881
Surplus cover	9,607	5,620	10,563	6,579
Net present value at risk under internal model			9,924	5,685
Public Pfandbriefe:				
Cover pool	32,469	34,671	37,452	41,928
Pfandbriefe in circulation	28,237	27,620	31,517	32,438
Surplus cover	4,232	7,050	5,935	9,490
Net present value at risk under internal model			5,284	8,148

As in the previous year, there were no derivatives held to cover issued Pfandbriefe at the end of the year.

The net present value at risk according to the German Present Value Regulation indicates the present value of the net cover after stress testing. The internal MaRC² model was used to simulate interest rate risks; the dynamic procedure was used to simulate currency risks.

Breakdown of the cover pool by fixed-interest period and breakdown of Pfandbriefe by remaining maturity under section 28 (1) no. 2 of the PfandBG

in € m

	Cover pool		Pfandbrief	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Mortgage Pfandbriefe:				
Up to six months	750	1,379	2,148	708
More than six months and up to one year	1,359	799	500	1,210
More than one year and up to eighteen months	1,129	797	1,069	2,898
More than eighteen months and up to two years	1,409	1,418	15	500
More than two years and up to three years	2,968	2,505	1,798	1,084
More than three years and up to four years	2,856	2,633	2,260	1,798
More than four years and up to five years	1,931	1,823	7	2,260
More than five years and up to ten years	4,816	4,710	120	77
More than ten years	355	193	50	100
Public Pfandbriefe:				
Up to six months	1,752	2,176	1,528	1,842
More than six months and up to one year	1,441	1,213	3,368	1,070
More than one year and up to eighteen months	2,529	1,558	3,153	1,504
More than eighteen months and up to two years	1,503	1,335	2,262	3,358
More than two years and up to three years	2,592	3,939	4,159	3,909
More than three years and up to four years	2,382	2,634	1,325	1,924
More than four years and up to five years	2,928	2,221	1,914	1,317
More than five years and up to ten years	8,698	10,248	6,840	8,219
More than ten years	8,644	9,348	3,688	4,477

Additional disclosures according to section 28 (1) nos. 4, 7, 8, 9, 10 and 11, as well as (2) no. 3 of the PfandBG

in € m

	31.12.2021	31.12.2020
Mortgage Pfandbriefe:		
Pfandbriefe in circulation	7,967	10,634
thereof: Fixed-income Pfandbriefe (in %)	93.7	81.9
Cover pool	17,573	16,255
thereof: Further cover	1,344	605
thereof: Total claims exceeding the limits of section 13 (1)	–	–
thereof: Total claims exceeding the limits of section 19 (1) no. 2	–	–
thereof: Total claims exceeding the limits of section 19 (1) no. 3	–	–
thereof: Fixed-income cover pool (in %)	62.7	61.7
Total of net present values	10,269	6,115
Net present value per section 6 of Present Value Regulation for Pfandbriefe, by currency:		
Euro	6,058	2,366
US dollar	3,390	2,300
Pound sterling	457	1,092
Norwegian krone	66	64
Swiss franc	2	53
Swedish krona	297	240
Average elapsed term of loans and advances since granting (in years)	4.3	4.3
Weighted average loan-to-value ratio (in %)	59.0	59.0
Public Pfandbriefe:		
Pfandbriefe in circulation	28,237	27,620
thereof: Fixed-income Pfandbriefe (in %)	75.9	88.9
Cover pool	32,469	34,671
thereof: Further cover	465	50
thereof: Total claims exceeding the limits of section 20, sub-section 2	–	–
thereof: Fixed-income cover pool (in %)	94.8	95.0
Total of net present values	5,368	8,196
Net present value per section 6 of Present Value Regulation for Pfandbriefe, by currency:		
Euro	4,307	7,696
US dollar	221	358
Swiss franc	143	140
Japanese yen	697	2

Breakdown of the cover pool for mortgage Pfandbriefe by type of use

Residential breakdown:

in € m

Country	Homes for owner occupation 2021	Homes for owner occupation 2020	Single-family and two-family homes 2021	Single-family and two-family homes 2020	Multiple family homes 2021	Multiple family homes 2020	Incomplete and not-yet profitable new buildings 2021	Incomplete and not-yet profitable new buildings 2020	Building sites 2021	Building sites 2020	Total 2021	Total 2020
Germany	222	169	656	478	2,012	2,059	1	1	0	0	2,890	2,707
Finland	–	–	–	–	12	12	–	–	–	–	12	12
France	–	–	–	–	16	16	–	–	–	–	16	16
United Kingdom	–	–	–	–	–	12	–	–	–	–	–	12
USA	–	–	–	–	1,560	1,332	–	–	–	–	1,560	1,332
Total	**222**	**169**	**656**	**478**	**3,600**	**3,431**	**1**	**1**	**0**	**0**	**4,478**	**4,079**

Commercial breakdown:

in € m

Country	Office buildings 2021	Office buildings 2020	Retail buildings 2021	Retail buildings 2020	Industrial buildings 2021	Industrial buildings 2020	Other commercially used buildings 2021	Other commercially used buildings 2020	Incomplete and not-yet profitable new buildings 2021	Incomplete and not-yet profitable new buildings 2020	Building sites 2021	Building sites 2020	Total 2021	Total 2020
Belgium	147	137	–	–	–	–	–	–	–	–	–	–	147	137
Germany	2,676	2,717	2,194	2,343	158	146	154	222	50	50	2	2	5,235	5,480
Finland	150	108	189	176	–	–	–	–	–	–	–	–	339	284
France	982	591	281	160	–	–	–	–	–	–	–	–	1,263	751
Luxembourg	176	192	–	–	–	–	–	–	–	–	–	–	176	192
The Netherlands	257	286	181	193	–	–	8	14	–	6	–	–	445	500
Norway	64	61	–	–	–	–	–	–	–	–	–	–	64	61
Austria	121	86	35	35	–	–	–	–	–	–	–	–	156	120
Poland	488	392	580	644	–	–	–	–	–	–	–	–	1,068	1,036
Sweden	89	119	205	119	–	–	–	–	–	–	–	–	293	238
Czech Republic	230	70	52	52	–	–	–	–	–	–	–	–	282	122
USA	1,744	1,501	86	116	–	–	–	–	–	–	–	–	1,830	1,617
United Kingdom	418	726	35	307	–	–	–	1	–	–	–	–	453	1,033
Total	**7,541**	**6,985**	**3,838**	**4,144**	**158**	**146**	**162**	**238**	**50**	**56**	**2**	**2**	**11,751**	**11,571**

Breakdown of the cover pool by size

in € m

	31.12.2021	31.12.2020
Mortgage Pfandbriefe		
Up to € 0.3 m	838	654
More than € 0.3 m and up to € 1 m	259	181
More than € 1 m and up to € 10 m	859	949
More than € 10 m	14,273	13,865
Further cover	1,344	605
Public Pfandbriefe		
Up to € 10 m	3,708	3,798
More than € 10 m and up to € 100 m	7,804	8,413
More than € 100 m	20,492	22,410
Further cover	465	50

As in the previous year, there were no payments at least 90 days past due at the reporting date. There were no instances of receivership or forced sales in the year under review, nor was it necessary to take charge of any land in order to avoid losses.

Interest arrears from mortgage operations

in € m

	31.12.2021	31.12.2020
Commercial	–	–
Residential	–	–
Total	**–**	**–**

Breakdown of the cover pool for public Pfandbriefe by issuer

in € m

Country	Central government		Regional authorities		Municipal authorities		Public-law credit institutions / Other		Total		Thereof: Guarantees for promoting exports	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Belgium	–	–	–	–	696	860	1	–	697	860	–	–
Denmark	34	9	–	–	–	–	–	–	34	9	34	9
Germany	843	839	11,029	13,288	13,433	13,512	4,596	4,499	29,900	32,138	785	787
Finland	–	–	–	–	20	20	–	–	20	20	–	–
France	19	17	158	181	137	161	28	30	341	389	19	17
Luxembourg	1	2	–	–	–	–	–	–	1	2	1	2
Austria	61	61	–	748	702	–	–	–	763	809	2	3
Portugal	–	–	–	–	50	50	–	–	50	50	–	–
Sweden	32	–	–	–	–	–	–	–	32	–	32	–
Switzerland	59	–	48	46	–	–	–	–	108	46	59	–
Spain	–	–	28	39	32	33	–	–	60	72	–	–
United Kingdom	–	226	–	–	–	–	–	–	–	226	–	226
Total	**1,048**	**1,154**	**11,263**	**14,302**	**15,069**	**14,636**	**4,624**	**4,528**	**32,004**	**34,621**	**932**	**1,043**

In the case of public Pfandbriefe, payments at least 90 days past due totalled € 0 thousand (31 December 2020: € 0 thousand).

(35) Non-Trading Derivative Financial Instruments

The disclosures relating to derivative financial instruments are broken down into trading and non-trading portfolios.

Transactions in non-trading derivative products are presented in accordance with the disclosure requirements under section 285 no. 19 of the HGB in conjunction with section 36 of the RechKredV. Non-trading derivative financial instruments are entered into to hedge or manage risks attributable to banking book transactions (asset/liability management).

Disclosure of volumes

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Interest rate risk	**189,003**	**191,005**	**7,227**	**10,805**	**7,802**	**10,823**
Interest rate swaps	174,979	173,149	7,110	10,640	6,309	8,445
Interest rate options	9,019	8,909	4	3	1,474	2,373
Calls	290	319	4	3	–	–
Puts	8,728	8,590	–	–	1,474	2,373
Caps, floors	4,969	5,338	113	162	19	5
Market contracts	38	3,611	1	1	–	0
Currency risk	**32,486**	**26,249**	**136**	**368**	**838**	**729**
Currency futures	11,868	7,402	83	13	46	78
Currency swaps/cross-currency swaps	20,615	18,843	53	355	792	651
Currency options	3	3	0	0	–	–
Calls	3	3	0	0	–	–
Credit derivatives	**50**	**–**	**–**	**–**	**1**	**–**
Calls	50	–	–	–	1	–
Total	**221,539**	**217,254**	**7,363**	**11,174**	**8,641**	**11,552**

In addition to the notional volumes, the positive and negative fair values are shown separately. These disclosures do not reflect netting or collateral agreements.

Since these transactions form part of hedging transactions, the fair values always have to be analysed in connection with the hedged items.

The fair values are in some cases offset by unrealised premium and special cash flows and interest accrued on derivatives, which are shown in the balance sheet under other assets or liabilities and under prepaid expenses or deferred income. The total amount of assets related to derivatives is € 801 m (31 December 2020: € 1,133 m), while liabilities related to derivatives amount to € 1,281 m (31 December 2020: € 1,191 m).

Breakdown of notional amounts by maturity

in € m

	Interest rate risk		Currency risk		Equity and other price risks	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Up to three months	6,026	8,999	11,283	7,736	–	–
More than three months and up to one year	15,210	16,028	2,527	2,457	–	–
More than one year and up to five years	81,865	82,615	15,012	11,848	–	–
More than five years	85,902	83,362	3,664	4,209	–	–
Total	**189,003**	**191,005**	**32,486**	**26,249**	**–**	**–**

in € m

	Credit derivatives		Commodity derivatives		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Up to three months	–	–	–	–	17,309	16,735
More than three months and up to one year	50	–	–	–	17,787	18,485
More than one year and up to five years	–	–	–	–	96,877	94,463
More than five years	–	–	–	–	89,566	87,571
Total	**50**	**–**	**–**	**–**	**221,539**	**217,254**

The volume of short-term interest rate transactions declined. Short-term interest rate transactions (with a remaining maturity of up to one year) now account for 11.2 % of total business in this risk category (31 December 2020: 13.1 %).

The majority of transactions in “valuation units” in accordance with section 254 of the HGB was entered into for mid-term maturities, i.e. between one and five years. The notional volume of all mid-term transactions amounted to € 5,176 m at the reporting date (31 December 2020: € 7,975 m).

Breakdown by counterparty

in € m

	Notional amounts		Positive fair values		Negative fair values	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Banks in OECD countries	131,487	100,651	5,478	7,486	7,187	8,661
Public institutions in OECD countries	67	3,608	3	603	0	204
Other counterparties	89,984	112,995	1,882	3,085	1,454	2,686
Total	**221,539**	**217,254**	**7,363**	**11,174**	**8,641**	**11,552**

The purpose of the counterparty breakdown is to present the default risks associated with derivative transactions.

Helaba enters into derivative transactions mainly with banks in OECD countries and central counterparties.

A significant proportion of transactions with other counterparties relate to market contracts and OTC transactions with central counterparties; they account for 96.0 % of the notional volume (31 December 2020: 98.1 %).

As in previous years, banks in OECD countries account for most of the positive fair values and thus the replacement risks.

(36) Derivative Financial Instruments Held For Trading

Transactions in derivative products are presented in accordance with the disclosure requirements under section 285 no. 20 of the HGB in conjunction with section 36 of the RechKredV.

The notional volume of derivative trades increased by 15 % year on year. The increase was due in particular to the higher volume of interest rate swaps.

Disclosure of volumes

in € m

	Notional amounts		Notional amounts		Notional amounts	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Interest rate risk	**371,543**	**315,356**	**5,709**	**8,597**	**1,965**	**3,014**
Interest rate swaps	329,586	269,118	5,401	8,196	1,847	2,685
Forward rate agreements	1,500	2,000	–	–	–	–
Interest rate options	20,543	21,508	300	384	74	282
Calls	9,615	8,756	297	380	8	10
Puts	10,928	12,752	3	3	66	271
Caps, floors	15,511	17,656	8	16	44	48
Market contracts	4,398	4,892	–	0	–	–
Other interest rate futures	6	183	0	0	–	0
Currency risk	**37,162**	**37,007**	**390**	**401**	**314**	**449**
Currency futures	31,359	30,874	219	195	232	337
Currency swaps / cross-currency swaps	5,329	5,470	170	200	81	109
Currency options	474	663	2	6	1	3
Calls	238	332	2	6	–	–
Puts	236	331	–	–	1	3
Equity and other price risks	**3,591**	**4,881**	**149**	**224**	**88**	**120**
Equity options	3,359	4,681	142	220	78	110
Calls	1,753	2,416	142	220	0	–0
Puts	1,606	2,265	–	–	78	111
Market contracts	227	200	5	3	10	10
Other equity futures	4	–	2	–	–	–
Credit derivatives	**4,506**	**5,337**	**1**	**2**	**9**	**11**
Calls	2,592	3,019	0	1	9	11
Puts	1,914	2,318	0	1	0	0
Commodity risk	**103**	**93**	**–**	**–**	**0**	**0**
Commodity options	103	93	–	–	0	0
Total	**416,905**	**362,674**	**6,249**	**9,223**	**2,376**	**3,595**

In addition to the notional volumes, the positive and negative fair values are shown separately.

Breakdown of notional amounts by maturity

in € m

	Interest rate risk		Currency risk		Equity and other price risks	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Up to three months	12,475	14,982	17,144	15,581	173	162
More than three months and up to one year	29,483	28,344	11,189	11,118	643	652
More than one year and up to five years	128,078	116,244	7,623	8,865	2,765	4,053
More than five years	201,508	155,786	1,206	1,442	10	13
Total	**371,543**	**315,356**	**37,162**	**37,007**	**3,591**	**4,881**

in € m

	Credit derivatives		Commodity derivatives		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Up to three months	–	–	103	93	29,895	30,818
More than three months and up to one year	211	230	–	–	41,525	40,345
More than one year and up to five years	4,238	5,047	–	–	142,704	134,209
More than five years	57	61	–	–	202,781	157,302
Total	**4,506**	**5,337**	**103**	**93**	**416,905**	**362,674**

Short-term interest rate transactions (with a remaining maturity of up to one year) now account for 11.3 % of total business in this risk category (31 December 2020: 13.7 %).

Breakdown by counterparty

in € m

	Notional amounts		Notional amounts		Notional amounts	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Banks in OECD countries	161,581	143,131	1,216	2,074	1,077	1,585
Banks outside OECD countries	1	4	–	0	0	0
Public institutions in OECD countries	12,660	17,867	3,158	4,411	168	624
Other counterparties	242,663	201,671	1,875	2,738	1,131	1,386
Total	**416,905**	**362,674**	**6,249**	**9,223**	**2,376**	**3,595**

The purpose of the counterparty breakdown is to present the default risks associated with derivative transactions.

A significant proportion of transactions with other counterparties relate to market contracts and OTC transactions with central counterparties; they account for 77.0 % of the notional volume (31 December 2020: 71.3 %).

The percentage of the total volume of derivatives accounted for by trading derivatives increased slightly year on year to 65.3 % (31 December 2020: 62.5 %).

As in previous years, interest rate contracts accounted for most of the trading activities. In this case, 66.3 % (31 December 2020: 62.3 %) of the total portfolio is attributable to trading derivatives. 53.4 % (31 December 2020: 58.5 %) of the currency risk contracts and 98.9 % (31 December 2020: 100 %) of the credit derivatives relate to the trading portfolio.

(37) Trading Products

in € m

	Assets		Liabilities		Net income of the trading portfolio	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	2021	2020
Derivative financial instruments	**6,249**	**9,223**	**2,376**	**3,595**	**224**	**–153**
Interest rate trading	5,709	8,596	1,965	3,015	190	–144
Equity trading	149	224	88	120	10	–2
Currency trading	390	401	314	449	19	–5
Credit derivatives	1	2	9	11	–12	–23
Commodities	–	–	0	0	17	21
Receivables / liabilities	**1,801**	**1,083**	**4,553**	**5,267**	**–10**	**38**
Promissory note loans	1,260	659	–	–	–16	20
Receivables/liabilities payable on demand, overnight and time deposits	331	336	4,238	4,695	20	19
Repos / reverse repos / securities lending	210	87	–	–	–2	–1
Issued money market instruments / securitised liabilities	–	–	230	481	2	–3
Issued equity / index certificates	–	–	76	63	–13	3
Other	–	–	9	29	–	–
Bonds and other fixed-income securities	**10,038**	**8,831**	**227**	**85**	**–113**	**134**
Equity shares and other variable-income securities	**22**	**23**	**–**	**–**	**6**	**–**
Other					**–25**	**–32**
Commissions					–25	–32
Fund for general banking risks in accordance with section 340e of the HGB					**–**	**–**
Total	**18,110**	**19,160**	**7,156**	**8,947**	**82**	**–13**

Offsetting was reflected in both the year under review and the prior-year amounts when presenting derivative financial instrument assets and liabilities. A total of € 8,318 m (31 December 2020: € 10,127 m) was set off in the case of trading assets and € 10,133 m (31 December 2020: € 14,675 m) in the case of trading liabilities.

(38) Valuation Units in Accordance with Section 254 of the HGB

The carrying amount of the securities included in valuation units was € 8,081 m (31 December 2020: € 10,801 m).

A provision for expected losses is recognised for measurement effects from the hedged risk that are not fully offset. In the year under review, write-downs were recognised to take account of decreases in the fair value of the hedged items due to changes in credit risk.

in € m

	2021	2020
Credit risk-related change in value of securities	5	4
Change in provision for expected losses for interest rate-related measurement effects that were not fully offset	1	0

(39) Breakdown by Geographical Market

Total interest income, current income from equity shares and other variable-income securities, equity investments and shares in affiliated companies, fee and commission income, net trading income and other operating income is attributable to the following markets:

in € m

	31.12.2021	31.12.2020
Germany	4,657	4,157
European Union, excl. Germany	0	295
Other	430	283

(40) Net Interest Income

In the year under review, interest income from lending and money market transactions included negative interest in the amount of € 395 m (2020: € 142 m), while interest expenses included income of € 239 m (2020: € 158 m).

Of the income from negative interest rates in connection with liabilities due to banks, € 136 m (2020: € 31 m) related to the higher balances of funds drawn down under the ECB's targeted longer-term refinancing operations (TLTRO III). Of this figure, € 24 m relates to the period from 24 June 2020 to 31 December 2020.

The item includes prior-period income of € 25 m (2020: € 0 m) and prior-period expenses of € 16 m (2020: € 7 m).

(41) Fee and Commission Income

This item mainly comprises fee and commission income from financial guarantees, payment services and the management of public-sector subsidy and development programmes. Further components are fee and commission income from services provided to third parties for the administration and arrangement of securities transactions and other banking services.

(42) Other Operating Income and Expenses

Under other operating income for the year under review, the Bank reports, among other things, income from the reversal of provisions in the amount of € 15 m (2020: € 12 m), rental and leasing income of € 18 m (2020: € 20 m), and cost reimbursements on commissioned work undertaken for third parties of € 17 m (2020: € 15 m).

The interest cost on provisions amounted to € 124 m (2020: € 129 m).

The item includes prior-period income of € 4 m (2020: € 3 m) and prior-period expenses of € 1 m (2020: € 1 m).

(43) Write-Downs of and Allowances on Loans and Advances and Certain Securities as Well as Transfers to Loan Loss Provisions

This line item is used to report loan loss provisions. For reporting write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions, the Bank did not use the option of cross-compensation in accordance with section 340f of the HGB.

(44) Extraordinary Result

The Bank did not disclose any extraordinary result in the reporting period.

(45) Taxes on Income

Taxes on income mainly comprise taxes on taxable results in Germany and in the USA (New York branch).

(46) Other Financial Obligations

At the balance sheet date, the Bank had obligations to make contributions to the subscribed capital of 37 companies totalling € 167 m, of which € 0 m was attributable to one affiliated company.

Helaba is a partner with unlimited liability in GLB GmbH & Co. OHG, Frankfurt am Main and Helaba Asset Services Unlimited Company, Dublin.

Helaba is also jointly liable for ensuring that other members belonging to the Deutscher Sparkassen- und Giroverband e.V. (DSGV) meet their obligations to make additional contributions. If a claim were made against a former guarantor of DekaBank under the grandfathering provisions applicable to the guarantor liability in accordance with the Brussels Accord I, Helaba would be obliged to pay pro-rata internal liability compensation. The owners of DekaBank on 18 July 2005 are liable for the fulfilment of all liabilities of DekaBank existing at that date. The liability applies without any time limitation for liabilities that had been agreed up to 18 July 2001.

The Bank is a member of the protection scheme of the Sparkassen-Finanzgruppe through its membership of the reserve fund of the Landesbanken and Girozentralen in Germany. The purpose of this protection scheme is to guarantee the institution, i.e. to protect the continued existence of the affiliated institutions as going concerns. On 27 August 2021 the general meeting of members of the Deutscher Sparkassen- und Giroverband e.V. decided on the further evolution of the Sparkassen-Finanzgruppe's protection scheme. The resulting changes implemented ECB and BaFin requirements and made the protection scheme even more efficient. A more effective set of decision-making structures was introduced, for example, and it was affirmed in principle that the organisation was prepared to expand its resources with an additional fund to be built up from 2025. If the institutional protection should fail in exceptional circumstances, the customer is entitled to reimbursement of his/her deposits up to an amount of € 100,000. The relevant EinSiG provisions apply. If a situation should arise in which a scheme has to provide financial support or pay compensation, Helaba could be required to pay additional or special contributions to the protection scheme.

In addition, Helaba is a member of the reserve fund of the Sparkassen- und Giroverband Hessen-Thüringen (SGVHT). This fund provides additional protection on top of the existing protection schemes; it provides protection not only to institutions but also to creditors. Helaba and the Sparkassen make successive contributions to the fund until 0.5 % of the assessment base (eligible positions under the German Solvency Regulation) has been reached. An institution's obligation to pay contributions is established on the basis of risk, taking into account bonus and penalty factors. Sparkassen- und Giroverband Hessen-Thüringen will be liable to make up any shortfall should a claim be made against the fund before the full amount has been contributed in cash.

The sundry obligations include obligations of € 66 m (31 December 2020: € 54 m) to the European Single Resolution Fund. The Bank has elected to fully utilise the option to make some of the annual contribution in the form of an irrevocable payment undertaking backed in full by cash collateral.

The Reserve Fund of the Landesbanken and Girozentralen and the deposit security reserve fund of the Landesbausparkassen also give their member banks an option to pay part of their contributions in the form of irrevocable payment undertakings backed by cash collateral. The Bank (including LBS) has utilised this option for contributions of € 53 m (31 December 2020: € 42 m).

With regard to Helaba Asset Services Unlimited Company and Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Helaba ensures that each company is able to meet its contractual obligations, except in the case of political risk.

Securities with a value of € 1,379 m have been pledged for settling clearing transactions. In connection with the Bank's short-term liquidity management, a volume of € 6,544 m was allocated for off-balance sheet draw-down risks and payment transactions. Securities with a market value of € 22,270 m were provided as collateral for secured money trading. These included securities with a market value of € 8,678 m from securities lending transactions. In accordance with international requirements, securities with an equivalent market value of € 1,172 m had been pledged as collateral.

If Sparkassen-Immobilien-Vermittlungs-GmbH or OFB Projektentwicklung GmbH (both affiliated companies) becomes insolvent, Helaba has agreed to make the equalisation payments to the relevant supplementary pension fund.

According to a control agreement with Sparkassen-Immobilien-Vermittlungs-GmbH, Helaba is required during the term of the agreement to make good any net loss for a year that would otherwise be incurred insofar as this net loss is not made good by the taking from other revenue reserves of amounts that have been allocated to other revenue reserves during the term of the agreement.

Contingent liabilities of € 205 m may arise if capital contributions have to be repaid.

Further obligations in accordance with section 285 no. 3 of the HGB are attributable in particular to long-term property rental and lease agreements for properties used for banking operations. Rental and lease payment obligations of € 23 m are expected for 2021 for the properties used by Helaba with contract terms and notice periods of one month up to eight years and eight months. Other financial obligations arise from various rental, usage and service agreements as well as consultancy agreements to the extent customary in business.

The OPUSALPHA asset-backed commercial paper programme initiated by Helaba is used to securitise assets arising from customer-related business activities. The issuing company, OPUSALPHA Funding Limited, is consolidated in Helaba's consolidated financial statements.

The line of liquidity provided for the OPUSALPHA programme as a whole amounted to € 2,929 m (31 December 2020: € 3,146 m), of which € 2,714 m had been drawn down as at 31 December 2021 (31 December 2021: € 2,078 m).

Helaba acts as service provider for the OPUSALPHA companies and has entered into commitments to provide liquidity up to no more than the amount of any existing purchase commitments and is exposed to subordinated liabilities should the risks borne by third parties, for example in the form of discounts on purchases or guarantees, be insufficient.

As in the previous year, no liquidity lines existed for external securitisation platforms as at 31 December 2021.

On the basis of indemnity agreements, the Bank has undertaken vis-à-vis one subsidiary to exempt it from risks arising from certain transactions.

Under local measurement procedures, a foreign pension fund for a foreign subsidiary's pension commitments has a deficit for which appropriate provisions have been recognised. This deficit must be eliminated by making payments into the corresponding plan assets starting in 2015. In the process, regular comparisons will be made between the value of the plan assets after payments and the effects arising from changes in local measurement parameters. Under international accounting requirements, the indirect pension obligation (before the existing plan assets are taken into account) amounts to € 77 m (31 December 2020: € 86 m).

Helaba acquires receivables eligible for inclusion in the cover assets pool from S-Group as part of its Pfandbrief business; these items may be used to cover public Pfandbriefe or mortgage Pfandbriefe, including any collateral ("cover pooling"). According to the transfer agreements, the beneficial ownership of these items remains with the transferring bank, which continues to carry them on its balance sheet, although they have been entered into Helaba's cover register. Helaba does not recognise the obligations arising from the transfer agreements (amounting to the total nominal value of the receivables transferred to Helaba). At 31 December 2021, the total nominal value of all transferred receivables included in Helaba's cover register amounted to € 2,296 m (municipal authority loans of € 889 m and mortgage loans of € 1,407 m).

As at the balance sheet date, there were conditional and unconditional forward contracts

- for currency transactions (currency futures and options, currency swaps and cross-currency swaps),
- for interest rate transactions (futures and options with fixed-income securities and promissory note loans, forward rate agreements, finance swaps and related options, interest rate futures including options on these transactions as well as interest rate caps),
- for other price risks (equity and equity index futures contracts / options),
- for credit risk (credit derivatives), and
- for commodity risk (commodity swaps and options).

From a risk perspective, the trading portfolio mainly contains closed positions comprising various types of transaction. If derivative instruments are held in the non-trading book, the transactions are mainly used to hedge interest rate-related or currency-related market risks.

(47) Auditors' Fees

Please refer to the consolidated financial statements for further information on auditors' fees according to section 285 no. 17 of the HGB.

The fees for financial statements auditing services include, in addition to the fees for audits of financial statements required under EU law, the fees for the review of interim financial statements by an auditor and those for audits of annual financial statements not prescribed under EU law.

Fees for other attestation services related to statutory, contractually agreed or voluntary review or attestation services, particularly attestations for protection schemes and statutory notifications, project reviews, reviews of the service-related internal control system and reviews of the custody business and securities service business.

(48) Related Party Disclosures

Helaba is required to report its transactions with related parties in accordance with section 285 no. 21 of the HGB. These transactions are conducted on an arm's-length basis. Over and above the minimum disclosures required by section 285 no. 21 of the HGB, we provide a comprehensive report on related party transactions in accordance with international accounting requirements (IAS 24). With regard to the Sparkassen- und Giroverband Hessen-Thüringen, 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 parties that are public-sector entities are satisfied; this option is always utilised if the business volumes involved are insignificant.

The following information relates to the transactions with affiliated companies, associates and equity investments in joint ventures of the Helaba Group, the SGVHT and the Federal State of Hesse and the Free State of Thuringia in their capacity as shareholders, as well as subsidiaries of the SGVHT. The disclosures relating to the persons in key positions at Helaba as defined in section 285 no. 21 of the HGB, including their close family relations and companies controlled by those persons, are also included in the following table.

The Helaba Group had the following receivables from, liabilities due to and off-balance sheet commitments to related parties as at 31 December 2021:

in € m

	Affiliated companies	Investments in joint ventures and associates	Shareholders of Helaba	Other related parties	Total
Assets	**2,969**	**128**	**8,255**	**0**	**11,352**
Loans and advances to banks	711	–	–	–	711
Loans and advances to customers	467	119	8,094	0	8,680
Bonds and other fixed-income securities	–	–	148	–	148
Trading assets	–	–	12	–	12
Equity investments	–	9	–	0	9
Shares in affiliated companies	1,764	–	–	–	1,764
Other assets	28	–	1	–	29
Liabilities	**5,864**	**25**	**3,024**	**0**	**8,913**
Securitised liabilities	17	–	–	–	17
Liabilities due to banks	5,497	–	145	–	5,643
Liabilities due to customers	343	25	2,874	0	3,242
Trading liabilities	0	–	0	–	0
Other liabilities	7	0	5	–	12
Off-balance sheet liabilities	**692**	**117**	**1,013**	**–**	**1,822**

The equivalent amounts as at 31 December 2020 were as follows:

in € m

	Affiliated companies	Investments in joint ventures and associates	Shareholders of Helaba	Other related parties	Total
Assets	**4,126**	**171**	**8,652**	**0**	**12,948**
Loans and advances to banks	604	–	–	–	**604**
Loans and advances to customers	556	162	8,474	0	**9,192**
Bonds and other fixed-income securities	–	–	152	–	**152**
Equity shares and other variable-income securities	937	–	–	–	**937**
Trading assets	0	–	24	–	**24**
Equity investments	–	9	–	0	**9**
Shares in affiliated companies	2,000	–	–	–	**2,000**
Other assets	29	–	2	–	**31**
Liabilities	**6,340**	**40**	**2,861**	**0**	**9,242**
Securitised liabilities	198	–	–	–	**198**
Liabilities due to banks	5,498	–	179	–	**5,677**
Liabilities due to customers	634	40	2,677	0	**3,351**
Trading liabilities	1	–	0	–	**1**
Other liabilities	9	0	6	–	**14**
Off-balance sheet liabilities	**110**	**100**	**1,415**	**–**	**1,625**

Allowances of € 171 m (31 December 2020: € 167 m) were recognised on receivables from subsidiaries and joint ventures.

As in the previous year, receivables from other related parties comprised no loans to members of the Executive Board, and loans to members of the Supervisory Board were less than € 1 m, as in the previous year.

The total remuneration paid by the Bank to the Executive Board amounted to € 5.0 m (2020: € 5.5 m). As in the previous year, a total of € 0.8 m was paid to the Supervisory Board and € 0.1 m was paid to the members of the Advisory Board. In addition, the employee representatives on the Supervisory Board (including deputy members) received a combined amount of € 1.9 m in salary payments as company employees. This amount was unchanged compared with the previous year. An amount of € 3.7 m was paid to former members of the Executive Board and their surviving dependants (2020: € 3.8 m). Provisions of € 67.5 m were recognised for pension obligations for this group of persons (2020: € 66.9 m).

(49) Average Number of Employees During the Year

	Female		Male		Total	
	2021	2020	2021	2020	2021	2020
Bank	1,127	1,153	1,580	1,601	2,707	2,754
WIBank – Wirtschafts- und Infrastrukturbank Hessen	288	265	194	178	482	443
Landesbausparkasse	116	117	76	81	192	198
Bank as a whole	**1,531**	**1,535**	**1,850**	**1,860**	**3,381**	**3,395**

(50) Executive Bodies of the Bank

Supervisory Board

Members

Gerhard Grandke
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main/Erfurt
– Chairman –
– until 31 December 2021 –

Stefan Reuß
Executive President
Sparkassen- und Giroverband
Hessen-Thüringen
Frankfurt am Main/Erfurt
– Chairman –
– since 1 January 2022 –

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

Michael Boddenberg
Minister of State
Ministry of Finance of the State of Hesse
Wiesbaden
– Second Vice-Chairman –

Klaus Moßmeier
Chairman of the Board of Managing
Directors
Kreis- und Stadtsparkasse Unna-Kamen
Unna
– Third Vice-Chairman –
– since 1 January 2021 –

Dr. Karl-Peter Schackmann-Fallis
Executive Member of the Board
Deutscher Sparkassen- und
Giroverband e. V.
Berlin
– Fifth Vice-Chairman –

Dr. Sascha Ahnert
Chairman of the Board of Managing
Directors
Stadt- und Kreis-Sparkasse Darmstadt
Darmstadt

Dr. Annette Beller
Member of the Management Board
B. Braun SE
Melsungen

Christian Blechschmidt
Chairman of the Board of Managing
Directors
Sparkasse Unstrut-Hainich
Mühlhausen
– until 30 April 2021 –

Hans-Georg Dorst
Chairman of the Board of Managing
Directors
Sparkasse Mittelthüringen
Erfurt
– since 1 July 2021 –

Nancy Faeser
Federal Minister of the Interior and
Community
Berlin
– until 31 December 2021 –

Günter Högner
Chairman of the Board of Managing
Directors
Nassauische Sparkasse
Wiesbaden

Oliver Klink
Chairman of the Board of Managing
Directors
Taunussparkasse
Bad Homburg v.d.H.

Frank Lortz
Vice-President of the
State Parliament of Hesse
Wiesbaden

Dr. Hagen Pfeiffer
Managing Director
HP Management Advisory GmbH
Eschborn
– since 7 July 2021 –

Dr. Birgit Roos
Meerbusch

Uwe Schmidt
Chief Administrative Officer
District of Kassel
Kassel
– until 30 June 2021 –

Anita Schneider
Chief Administrative Officer
County District of Giessen
Giessen
– since 29 September 2021 –

Dr. Hartmut Schubert
Secretary of State
Ministry of Finance of the
State of Thuringia
Erfurt

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

Dr. Heiko Wingenfeld
Mayor
City of Fulda
Fulda

Arnd Zinnhardt
Königstein
– until 12 March 2021 –

Employee representatives

Thorsten Derlitzki
Vice-President
Frankfurt am Main
– Fourth Vice-Chairman –

Frank Beck
Vice-President
Frankfurt am Main

Thorsten Kiwitz
President
Frankfurt am Main

Christiane Kutil-Bleibaum
President
Düsseldorf

Annette Langner
Vice-President
Frankfurt am Main

Susanne Noll
Bank employee
Frankfurt am Main

Jürgen Pilgenröther
Bank employee
Frankfurt am Main

Birgit Sahliger-Rasper
Bank employee
Frankfurt am Main

Thomas Sittner
Bank employee
Frankfurt am Main

Members of the Executive Board

Thomas Groß
– CEO –

Helaba Chief Executive Officer and Chief Financial Officer (CEO and CFO) and Dezernent (Board member) with responsibility for Group Steering, Human Resources and Legal Services, Accounting and Taxes, Group Audit, Frankfurter Sparkasse and Frankfurter Bankgesellschaft

Dr. Detlef Hosemann

Helaba Chief Risk Officer (CRO) and Dezernent (Board member) with responsibility for Risk Control, Credit Risk Management, Restructuring/Workout and Compliance

Hans-Dieter Kemler

Dezernent (Board member) with responsibility for Corporate Banking, Capital Markets, Treasury, Sales Controlling Corporates & Markets, and Helaba Invest

Frank Nickel

Dezernent (Board member) with responsibility for Savings Banks and SME, Public Sector, WIBank, LBS, and Sales Controlling S-Group

Christian Rhino
– since 1 February 2021 –

Helaba Chief Information Officer and Chief Operating Officer (CIO and COO) and Dezernent (Board member) with responsibility for Information Technology, Organisation and Operations

Christian Schmid

Dezernent (Board member) with responsibility for Real Estate Finance, Asset Finance, Portfolio and Real Estate Management, GWH Wohnungsgesellschaft mbH Hessen, OFB Projektentwicklung GmbH, and Branch Management New York and London

(51) List of Shareholdings

List of shareholdings in accordance with section 285 no. 11 and section 340a (4) no. 2 of the HGB

		Holding in % as per Section 16 (4) AktG						
No.	Name and location of the entity	Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
1	"Dia" Productions GmbH & Co. KG, Pullach	0.27	0.00		1.2	3,410	€	
2	1822direkt Gesellschaft der Frankfurter Sparkasse mbH, Frankfurt am Main	100.00	0.00		7.1	0	€	1)
3	ABE CLEARING S.A.S à capital variable, Paris, France	2.08	2.08		36.5	5,354	€	
4	ABG FRANKFURT HOLDING Wohnungsbau- und Beteiligungsgesellschaft mbH, Frankfurt am Main	0.00	0.00		988.9	82,829	€	
5	Advent International GPE IX-A SCSp, Luxembourg, Luxembourg	0.43	0.43		927.7	298,341	€	
6	Advent International GPE V-B Limited Partnership, George Town, Cayman Islands	1.99	1.99	0.30	15.8	−438	€	
7	Advent International GPE VI Limited Partnership, George Town, Cayman Islands	0.24	0.24		530.0	−59,377	€	
8	Airport Office One GmbH & Co. KG, Schönefeld	100.00	0.00		−0.0	−5	€	
9	AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	1.14	1.14		261.6	8,372	€	
10	AlphaHaus GmbH & Co. KG i.L., Erzhausen	5.50	0.00		1.1	9	€	
11	Antenne Thüringen GmbH & Co. KG, Weimar	3.50	3.50		3.7	1,373	€	
12	Arabesque S-Ray GmbH, Frankfurt am Main	2.19	0.00		10.8	−6,963	€	
13	ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Frankfurt am Main	100.00	100.00		−23.0	225	€	
14	ASTARTE Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	−2	€	
15	AVW Assekuranzvermittlung der Wohnungswirtschaft GmbH & Co. KG, Bosau	11.76	0.00		0.3	22,616	€	
16	Bauverein für Höchst a. M. und Umgebung eG, Frankfurt am Main	0.03	0.00		33.5	289	€	
17	BC European Capital VIII-8, St. Peter Port, Guernsey	1.83	1.83	0.17	273.3	−874	€	
18	BC Partners XI LE - 2 SCSp, Luxembourg, Luxembourg	4.96	4.96		−0.4	−425	€	
19	BCEC X Luxembourg 1 SCSp, Luxembourg, Luxembourg	7.37	7.37		339.0	47,654	€	
20	BGT GmbH, Frankfurt am Main	100.00	100.00		0.0	0	€	1)

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
21	BHT Baugrund Hessen-Thüringen GmbH, Frankfurt am Main	100.00	0.00		0.0	0	€	1)
22	BIL Leasing GmbH & Co. Objekt Verwaltungsgebäude Halle KG i.L., Munich	100.00	0.00	0.21	0.0	–1	€	
23	BM H Beteiligungs-Managementgesellschaft Hessen mbH, Wiesbaden	100.00	100.00		1.8	797	€	
24	BOF III CV Investors LP, Wilmington, USA	4.16	4.16		6.5	–9	€	
25	Bürgschaftsbank Hessen GmbH, Wiesbaden	21.03	21.03		22.8	982	€	
26	Bürgschaftsbank Thüringen GmbH, Erfurt	31.50	31.50		27.3	65	€	
27	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH, Frankfurt am Main	100.00	100.00		5.2	–21	€	
28	Campus Kronberg GmbH & Co. KG, Hamburg	6.00	0.00		57.4	2,166	€	
29	Capnamic Ventures Fund II GmbH & Co. KG, Cologne	4.27	4.27	4.35	61.2	–2,962	€	
30	Capnamic Ventures Fund III GmbH & Co. KG, Cologne	3.91	3.91		k.A.	k.A.		
31	CapVest Equity Partners II, L.P., Hamilton, Bermuda	3.48	3.48		0.6	91	€	
32	CapVest Equity Partners IV (Feeder) SCSp, Findel, Luxembourg	2.35	2.35		6.4	–13,089	€	
33	CapVest Equity Partners V (Feeder) SCSp, Senningerberg, Luxembourg	1.53	1.53		k.A.	k.A.		
34	Carlyle Europe Partners V - EU SCSp, Luxembourg, Luxembourg	0.31	0.31		1,244.2	245,240	€	
35	Castra Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	2.85	0.00		8.1	29,532	€	
36	Clareant Mezzanine Fund II (No. 1) Limited Partnership, St. Helier, Jersey	4.07	4.07		18.5	–171	€	
37	Clareant Mezzanine No. 1 Fund Limited Partnership, St. Helier, Jersey	3.40	3.40		15.6	–1,311	€	
38	CP Campus Projekte GmbH, Frankfurt am Main	50.00	0.00		0.5	–172	€	
39	DBAG Fund V GmbH & Co. KG, Frankfurt am Main	7.59	7.59	15.11	11.2	8,340	€	
40	DBAG Fund VIII A (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		1.0	–8,449	€	
41	DBAG Fund VIII B (Guernsey) L.P., St. Peter Port, Guernsey	1.76	1.76		0.0	–621	€	
42	Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg	1.71	0.00		647.5	24,768	€	
43	Deutsche WertpapierService Bank AG, Frankfurt am Main	3.74	3.74		258.8	47,356	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Holding in % as per Section 16 (4) AktG: Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
44	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	5.41	5.41		211.9	8,186	€	2)
45	DIV Grundbesitzanlage Nr. 30 Frankfurt-Deutschherrnufer GmbH & Co. KG i.L., Frankfurt am Main	0.06	0.06		1.8	−98	€	
46	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG, Potsdam	94.89	0.00		36.7	2,854	€	
47	Dritte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.2	−43	€	
48	Dritte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−150	€	
49	Dritte Projektentwicklungs-GmbH & Co. Schulen Landkreis Kassel KG, Kassel	6.00	0.00		16.7	2,013	€	
50	Einkaufszentrum Wittenberg GmbH, Leipzig	50.00	0.00		−1.3	−220	€	
51	EQT Expansion Capital II (No. 1) Limited Partnership, St. Peter Port, Guernsey	4.57	4.57		29.3	−12,162	€	
52	EQT IX (No. 1) EUR SCSp, Luxembourg, Luxembourg	0.21	0.21		266.3	266,333	€	
53	EQT V (No. 1) Limited Partnership, St. Peter Port, Guernsey	0.28	0.28		226.4	102,462	€	
54	Erste OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.1	−76	€	
55	Erste Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	4	€	
56	Erste ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		−2.7	−2,113	€	
57	Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Neuhardenberg	1.76	0.00	0.00	3,294.6	7,465	€	
58	Eschborn Gate GmbH, Frankfurt am Main	50.00	0.00		4.8	−2,310	€	
59	FAM-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.2	2	€	
60	Family Office der Frankfurter Bankgesellschaft AG, Frankfurt am Main	100.00	0.00		0.8	−347	€	
61	FHP Friedenauer Höhe Dritte GmbH & Co. KG, Berlin	50.00	0.00		−0.4	−141	€	
62	FHP Friedenauer Höhe Erste GmbH & Co. KG, Berlin	50.00	0.00		−0.3	−110	€	
63	FHP Friedenauer Höhe Fünfte GmbH & Co. KG, Berlin	100.00	0.00		−0.5	−48	€	
64	FHP Friedenauer Höhe Projekt GmbH, Berlin	100.00	0.00		0.1	12	€	
65	FHP Friedenauer Höhe Sechste GmbH & Co. KG, Berlin	50.00	0.00		−1.4	−245	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
66	FHP Friedenauer Höhe Verwaltungs GmbH, Berlin	50.00	0.00		0.0	−2	€	
67	FHP Friedenauer Höhe Vierte GmbH & Co. KG, Berlin	50.00	0.00		−0.5	−187	€	
68	FHP Friedenauer Höhe Zweite GmbH & Co. KG, Berlin	100.00	0.00		−0.4	−45	€	
69	FHP Projektentwicklung GmbH & Co. KG, Berlin	100.00	0.00		0.0	−17	€	
70	Fiducia & GAD IT AG, Karlsruhe	0.02	0.00		447.7	24,679	€	
71	FIDUCIA Mailing Services eG, Karlsruhe	0.13	0.06		0.1	0	€	
72	FinTech Community Frankfurt GmbH, Frankfurt am Main	25.00	25.00		0.2	−2	€	
73	Forum Direktfinanz GmbH & Co. KG, Münster	14.29	14.29		2.8	758	€	
74	Fourth Cinven Fund (No. 1) Limited Partnership, St. Peter Port, Guernsey	1.42	1.42		69.7	1,145,743	€	
75	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	100.00	0.00		17.1	1,466	€	
76	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	100.00	100.00		124.2	4,076	CHF	
77	Frankfurter Sparkasse, Frankfurt am Main	100.00	100.00		920.7	15,000	€	
78	G & O Alpha Hotelentwicklung GmbH, Frankfurt am Main	50.00	0.00		0.1	−70	€	
79	G & O Alpha Projektentwicklungs-GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	−4	€	
80	G & O Alpha Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	4	€	
81	G & O Baufeld Alpha 2. BA GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	−5	€	
82	G & O Gateway Gardens Dritte GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.5	66	€	
83	G & O Gateway Gardens Erste GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.4	−308	€	
84	G & O MK 12 GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	−20	€	
85	G & O MK 17.7 Nord GmbH & Co. KG, Frankfurt am Main	50.00	0.00		−0.6	−173	€	
86	G & O MK 17.7 Süd GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.1	55	€	
87	G & O Verwaltungsgesellschaft mbH, Frankfurt am Main	50.00	0.00		0.0	3	€	
88	G&O MK 15 Bauherren GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.3	119	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
89	G+S Wohnen in Frankfurt am Main GmbH, Frankfurt am Main	100.00	0.00		23.4	0	€	1)
90	Galerie Lippe GmbH & Co. KG, Frankfurt am Main	94.90	0.00		–29.2	–13,695	€	
91	gatelands Immobilien GmbH & Co. KG, Schönefeld	75.00	0.00		k.A.	k.A.		
92	gatelands Verwaltungs GmbH, Schönefeld	75.00	0.00		0.0	2	€	
93	GBOF VI Feeder 2 SCSP, Luxembourg, Luxembourg	2.20	2.20		46.3	–11,007	€	
94	GbR Datenkonsortium OpRisk, Bonn	0.00	0.00	9.09	k.A.	k.A.		
95	GbR VÖB-ImmobilienAnalyse, Bonn	0.00	0.00	20.00	k.A.	k.A.		
96	GeckoGroup AG in Insolvenz, Wetzlar	5.02	0.00		k.A.	k.A.		
97	GELIMER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach	8.93	8.93		–0.7	325	€	
98	GGM Gesellschaft für Gebäude-Management mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
99	GHT Gesellschaft für Projektmanagement Hessen-Thüringen mbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
100	GIZS GmbH & Co. KG, Frankfurt am Main	33.33	33.33		15.9	–3,095	€	
101	GIZS Verwaltungs-GmbH, Frankfurt am Main	33.33	33.33		0.0	6	€	
102	GLB GmbH & Co. OHG, Frankfurt am Main	11.20	11.20		2.8	–61	€	
103	GLB-Verwaltungs-GmbH, Frankfurt am Main	11.20	11.20		0.0	60	€	
104	GLD Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	1	€	
105	GOB Dritte E & A Grundbesitz GmbH, Frankfurt am Main	50.00	0.00		–0.3	–470	€	
106	GOB Projektentwicklung Fünfte GmbH & Co. KG, Frankfurt am Main	8.84	0.00		–0.1	–62	€	
107	GOB Projektentwicklungsgesellschaft E & A mbH, Frankfurt am Main	50.00	0.00		0.0	3	€	
108	Gründerfonds Ruhr GmbH & Co. KG, Essen	8.70	8.70		9.2	–647	€	
109	Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	33.33	0.00		2.0	–884	€	
110	Grundstücksverwaltungsgesellschaft KAISER-LEI GmbH & Co. Projektentwicklung Epinay-platz KG, Frankfurt am Main	100.00	0.00		4.7	435	€	
111	Grundstücksverwaltungsgesellschaft Kaiserlei GmbH, Frankfurt am Main	100.00	0.00		0.9	7	€	
112	GSG Siedlungsgesellschaft für Wohnungs- und Städtebau mbH, Frankfurt am Main	100.00	5.10		88.8	6,763	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG		Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
		Total	Thereof directly					
113	GWH Bauprojekte GmbH, Frankfurt am Main	100.00	0.00		13.6	0	€	1)
114	GWH Digital GmbH, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
115	GWH Immobilien Holding GmbH, Frankfurt am Main	100.00	100.00		949.9	0	€	1)
116	GWH Komplementär I. GmbH, Frankfurt am Main	100.00	0.00		0.0	14	€	
117	GWH Projekt Braunschweig I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−19	€	
118	GWH Projekt Dortmund I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−14	€	
119	GWH Projekt Dresden I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−14	€	
120	GWH Projekt Dresden II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−14	€	
121	GWH Projekt Dresden III GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−14	€	
122	GWH Projekt Gunderslache GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−19	€	
123	GWH Projekt Wolfsburg I GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.0	−14	€	
124	GWH WertInvest GmbH, Frankfurt am Main	100.00	0.00		1.0	65	€	
125	GWH Wohnungsgesellschaft mbH Hessen, Frankfurt am Main	100.00	0.00		420.4	102,561	€	
126	HaemoSys GmbH, Jena	38.33	0.00		−4.8	−524	€	
127	Hafenbogen GmbH & Co. KG, Frankfurt am Main	5.10	5.10		24.0	−982	€	
128	HANNOVER LEASING GmbH & Co. KG, Pullach	5.10	5.10		37.9	835	€	
129	HANNOVER LEASING Life Invest Deutschland I GmbH & Co. KG, Pullach	48.27	0.00		11.2	135	€	
130	HANNOVER LEASING Life Invest Deutschland II GmbH & Co. KG, Pullach	63.10	0.00		11.7	108	€	
131	HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach	54.51	0.00		2.4	−602	€	
132	Haus am Brüsseler Platz GmbH & Co. KG, Frankfurt am Main	100.00	0.00		1.0	−141	€	
133	Helaba Asset Services Unlimited Company, Dublin, Ireland	100.00	100.00		57.0	4,292	€	
134	Helaba Digital GmbH & Co. KG, Frankfurt am Main	100.00	100.00		5.5	−314	€	
135	Helaba Digital Verwaltungsgesellschaft mbH, Frankfurt am Main	100.00	0.00		0.0	0	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
136	Helaba Gesellschaft für Immobilienbewertung mbH, Frankfurt am Main	100.00	100.00		0.2	0	€	
137	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.00	100.00		13.0	0	€	1)
138	Helaba Projektbeteiligungsgesellschaft für Immobilien mbH, Frankfurt am Main	100.00	100.00		2.3	–8	€	
139	Helaba Representação Ltda., São Paulo, Brazil	100.00	99.00		0.1	0	BRL	
140	Helaba-Assekuranz-Vermittlungsgesellschaft mbH, Frankfurt am Main	50.00	50.00		0.8	410	€	
141	Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG, Pullach	5.92	0.00		–120.9	7,240	€	
142	Hello Darmstadt Projektentwicklung GmbH & Co. KG, Darmstadt	5.10	0.00		–0.1	–16	€	
143	Hessen Kapital I GmbH, Wiesbaden	100.00	100.00		42.3	–1,789	€	
144	Hessen Kapital II GmbH, Wiesbaden	100.00	100.00		10.6	186	€	
145	Hessische Landgesellschaft mbH Staatliche Treuhandstelle für ländliche Bodenordnung, Kassel	37.11	37.11		92.4	6,969	€	
146	Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft mbH, Frankfurt am Main	15.49	0.00		4.3	707	€	
147	HeWiPPP II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.7	11	€	
148	Honua'ula Partners LLC, Wilmington, USA	100.00	0.00		–210.6	–37,062	USD	
149	Horus AWG GmbH, Frankfurt am Main	50.00	0.00		–0.2	–21	€	
150	HP Holdco LLC, Wilmington, USA	100.00	100.00		0.0	0	USD	
151	HQ Equita Beteiligungen V GmbH & Co. KG, Bad Homburg	3.24	3.24		161.6	–12,618	€	
152	HTB Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.1	–0	€	
153	Hutton Collins Capital Partners III L.P., London, United Kingdom	1.45	1.45		57.8	8,763	€	
154	ICG Europe Fund VII Feeder SCSp, Luxembourg, Luxembourg	0.64	0.64		2,764.3	489,025	€	
155	ICG Europe Fund VIII Feeder SCSp, Senningerberg, Luxembourg	0.44	0.44		k.A.	k.A.		
156	Icon Brickell LLC, Miami, USA	14.94	14.94		0.0	–136	USD	
157	IMAP M&A Consultants AG, Mannheim	75.10	0.00		1.2	173	€	
158	Immomio GmbH, Hamburg	15.88	0.00		0.3	583	€	
159	Interessengemeinschaft Frankfurter Kreditinstitute GmbH, Frankfurt am Main	16.90	4.21		24.4	8,677	€	
160	Investcorp Private Equity 2007 Fund, L.P., George Town, Cayman Islands	2.01	2.01		5.9	–38,475	USD	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency
161	Kalypso Projekt GmbH & Co. KG, Frankfurt am Main	100.00	0.00		4.4	145	€
162	KKR European Fund V (EUR) SCSp, Luxembourg, Luxembourg	0.72	0.72		1,156.1	202,803	€
163	KOFIBA-Verwaltungsgesellschaft mbH i.L., Berlin	100.00	100.00		0.2	−0	€
164	Komuno GmbH, Frankfurt am Main	62.53	0.00		2.0	−1,336	€
165	Kornmarkt Arkaden Dritte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−0.2	−71	€
166	Kornmarkt Arkaden Erste GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−3.5	−701	€
167	Kornmarkt Arkaden Verwaltung GmbH, Frankfurt am Main	100.00	0.00		0.0	−0	€
168	Kornmarkt Arkaden Vierte GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−0.2	−61	€
169	Kornmarkt Arkaden Zweite GmbH & Co. KG, Frankfurt am Main	5.10	0.00		−1.1	−286	€
170	LBS IT Informations-Technologie GmbH & Co KG, Berlin	7.30	7.30		0.0	30	€
171	LEA Mittelstandspartner II GmbH & Co. KG, Karlsruhe	3.57	3.57		k.A.	k.A.	
172	LEA Venturepartner GmbH & Co. KG, Karlsruhe	4.17	4.17		13.2	−2,821	€
173	Magical Productions GmbH & Co. KG, Pullach	2.11	0.00		2.4	836	€
174	Magnum Capital III SCA SICAV-RAIF, Luxembourg, Luxembourg	2.22	2.22		37.1	−3,573	€
175	Marienbader Platz Projektentwicklungsgesellschaft mbH i. L., Frankfurt am Main	50.00	0.00		0.0	−3	€
176	MAVEST Wohnungsbaugesellschaft mbH, Frankfurt am Main	99.99	0.00		12.7	998	€
177	MBG H Mittelständische Beteiligungsgesellschaft Hessen mbH, Wiesbaden	32.52	32.52		10.9	393	€
178	Merian GmbH Wohnungsunternehmen, Frankfurt am Main	94.90	0.00		28.3	1,480	€
179	MESTO Grundstücksgesellschaft mbH & Co. KG, Grünwald	1.00	1.00	0.78	−1.5	681	€
180	Mittelständische Beteiligungsgesellschaft Thüringen mbH, Erfurt	38.56	38.56		27.4	580	€
181	MKB PARTNERS, LLC, Wilmington, USA	100.00	0.00		7.3	2	USD
182	MML Partnership Capital VII SCSp, Senningerberg, Luxembourg	1.51	1.51		156.6	7,310	€
183	Montindu S.A./N.V., Brussels, Belgium	100.00	99.97		15.5	284	€

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
184	Multi Park Mönchhof Main GmbH & Co. KG, Neu-Isenburg	50.00	0.00		0.1	−11	€	
185	Multi Park Verwaltungs GmbH, Neu-Isenburg	50.00	0.00		0.0	14	€	
186	NAsP III/V GmbH, Marburg	14.92	0.00		0.9	−347	€	
187	Nassauische Heimstätte Wohnungs- und Entwicklungsgesellschaft mbH, Frankfurt am Main	0.84	0.00		1,045.0	40,826	€	
188	neue leben Pensionsverwaltung AG, Hamburg	0.00	0.00		2.0	−64	€	
189	Neunte P 1 Projektgesellschaft mbH & Co. KG, Frankfurt am Main	100.00	0.00		1.4	286	€	
190	Objekt Limes Haus GmbH & Co. KG, Hamburg	5.10	0.00		14.2	−2,225	€	
191	OFB & Procom Objekt Neu-Ulm GmbH & Co. KG, Frankfurt am Main	50.00	0.00		0.0	−92	€	
192	OFB Beteiligungen GmbH, Frankfurt am Main	100.00	0.00		6.1	72	€	
193	OFB Biotech Campus GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
194	OFB Bleidenstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−2.6	−969	€	
195	OFB gatelands Projektentwicklung GmbH & Co. KG, Schönefeld	100.00	0.00		3.5	748	€	
196	OFB gatelands Verwaltung GmbH, Schönefeld	100.00	0.00		0.0	−1	€	
197	OFB Limes Haus II GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.6	48	€	
198	OFB Löwenhöhe GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.3	27	€	
199	OFB MK 14.3 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−46	€	
200	OFB Projektentwicklung GmbH, Frankfurt am Main	100.00	100.00		1.1	0	€	1)
201	OFB Sechste PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
202	OFB Seven Gardens 2. BA GmbH & Co. KG, Frankfurt am Main	100.00	0.00		k.A.	k.A.		
203	PALMYRA Verwaltungsgesellschaft mbH & Co. Vermietungs KG S.e.n.c., Luxembourg, Luxembourg	5.20	0.00		9.9	−1,353	€	
204	Pan-European Infrastructure Fund LP, St. Helier, Jersey	0.73	0.73		2,513.3	−358,946	€	
205	PATRIZIA Hessen Zehn GmbH & Co. KG, Hamburg	5.20	0.00		18.0	85	€	
206	PineBridge PEP IV Co-Investment L.P., Wilmington, USA	9.51	0.00		3.9	−41	USD	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
207	PineBridge PEP IV Non-U.S. L.P., Wilmington, USA	17.00	0.00		1.7	−325	USD	
208	PineBridge PEP IV Secondary L.P., Wilmington, USA	16.10	0.00		4.1	−983	USD	
209	PineBridge PEP IV U.S. Buyout L.P., Wilmington, USA	17.21	0.00		4.3	36	USD	
210	PineBridge PEP IV U.S. Venture L.P., Wilmington, USA	17.51	0.00		10.4	2,255	USD	
211	Private Equity Thüringen GmbH & Co. KG i.L., Erfurt	14.11	14.11		1.4	−49	€	
212	Procom & OFB Projektentwicklung GmbH, Hamburg	50.00	0.00		0.0	0	€	
213	Projekt Am Sonnenberg Wiesbaden GmbH, Essen	49.00	0.00		k.A.	k.A.		
214	Projekt Erfurt B38 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.2	−19	€	
215	Projekt Feuerbachstraße Verwaltung GmbH, Frankfurt am Main	70.00	0.00		0.0	0	€	
216	Projekt Hirschgarten MK8 GmbH & Co. KG, Stuttgart	5.10	0.00		−5.3	−992	€	
217	Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG, Frankfurt am Main	30.00	0.00		17.4	10,008	€	
218	Projekt Wilhelmstraße Wiesbaden Verwaltung GmbH, Frankfurt am Main	30.00	0.00		0.0	−8	€	
219	Projektentwicklung Neuwerkstraße 17 GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−14	€	
220	Projektentwicklungs-GmbH & Co. Landratsamt KG, Wolfhagen	6.00	0.00		5.4	645	€	
221	Projektgesellschaft ILP Erfurter Kreuz mbH & Co. KG, Frankfurt am Main	100.00	0.00		0.1	−35	€	
222	PVG GmbH, Frankfurt am Main	100.00	100.00		0.4	0	€	1)
223	Rotunde - Besitz- und Betriebsgesellschaft der S-Finanzgruppe mbH & Co. KG, Erfurt	34.00	34.00	25.00	4.4	83	€	
224	Rotunde Verwaltungsgesellschaft mbH, Erfurt	34.00	34.00	25.00	0.0	−0	€	
225	RSU Rating Service Unit GmbH & Co. KG, Munich	9.60	9.60		9.7	632	€	
226	S CountryDesk GmbH, Cologne	5.26	2.63		0.7	140	€	
227	S.W.I.F.T. Society for Worldwide Interbank Financial Telecommunication SCRL, La Hulpe, Belgium	0.00	0.00	0.22	487.1	35,824	€	
228	S-Beteiligungsgesellschaft Hessen-Thüringen mbH, Frankfurt am Main	100.00	100.00		6.2	456	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
229	SCHUFA Holding AG, Wiesbaden	0.28	0.00		133.6	45,063	€	
230	Seventh Cinven Fund (No. 1) Limited Partnership, St Peter Port, Guernsey	0.16	0.16		2,542.3	139,283	€	
231	SIX Group AG, Zurich, Switzerland	0.00	0.00		5,089.5	425,515	CHF	
232	SIZ GmbH, Bonn	5.32	5.32		6.6	610	€	
233	sono west Projektentwicklung GmbH & Co. KG, Frankfurt am Main	70.00	0.00		1.1	354	€	
234	Sparkassen-Immobilien-Vermittlungs-GmbH, Frankfurt am Main	100.00	100.00		2.3	1,022	€	1)
235	Sparkassen-Marktservice Beteiligungs GmbH & Co. KG, Frankfurt am Main	50.00	40.00		4.0	–3	€	
236	Sparkassen-Marktservice Verwaltungs GmbH, Frankfurt am Main	50.00	40.00		0.0	–1	€	
237	SQO Stadt Quartier Offenburg GmbH & Co. KG, Frankfurt am Main	100.00	0.00		25.4	–1,226	€	
238	Stresemannquartier GmbH & Co. KG, Berlin	50.00	0.00		0.1	–14	€	
239	Systeno GmbH, Frankfurt am Main	100.00	0.00		7.8	990	€	
240	TE Beta GmbH, Frankfurt am Main	100.00	100.00		0.4	103	€	
241	TE Gamma GmbH, Frankfurt am Main	100.00	100.00		0.1	7	€	
242	TE Kronos GmbH, Frankfurt am Main	100.00	100.00		0.6	–0	€	
243	TF H III Technologiefonds Hessen Gesellschaft mit beschränkter Haftung, Wiesbaden	25.00	25.00		7.0	–45	€	
244	TF H Technologie-Finanzierungsfonds Hessen Gesellschaft mit beschränkter Haftung (TF H GmbH) i.L., Wiesbaden	66.67	66.67		0.5	–23	€	
245	THE TRITON FUND II L.P. i.L., St. Helier, Jersey	0.77	0.77		67.0	–57,700	€	
246	Treuhandgesellschaft für die Südwestdeutsche Wohnungswirtschaft mbH, Frankfurt am Main	3.25	0.00		1.9	–31	€	
247	Triton Fund III L.P., St. Helier, Jersey	0.71	0.71		846.5	–139,641	€	
248	Triton Fund V SCSp, Luxembourg, Luxembourg	2.44	2.44		358.5	91,743	€	
249	True Sale International GmbH, Frankfurt am Main	8.33	8.33		4.6	–240	€	
250	unIQus Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		11.2	100	€	
251	Unterstützungseinrichtung der Landesbank Hessen-Thüringen GmbH i. L., Frankfurt am Main	100.00	100.00		0.0	–0	€	
252	VCM Golding Mezzanine GmbH & Co. KG i.L., Munich	6.48	6.48		3.0	58	€	
253	VCM Golding Mezzanine SICAV II, Munsbach, Luxembourg	4.20	4.20		18.5	–616	€	

No.	Name and location of the entity	Holding in % as per Section 16 (4) AktG: Total	Thereof directly	Voting rights if different from holding total in %	Equity in € m	Net profit in € thousands	Original currency	
254	Versicherungsservice der Frankfurter Sparkasse GmbH, Frankfurt am Main	100.00	0.00		0.3	0	€	1)
255	Verso Grundstücksentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		2.9	−291	€	
256	Verso Projektentwicklung GmbH & Co. KG, Frankfurt am Main	100.00	0.00		6.2	1,089	€	
257	Vierte OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.0	−19	€	
258	Vierte OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		−0.2	−147	€	
259	Volks- Bau- und Sparverein Frankfurt am Main eG, Frankfurt am Main	0.01	0.00		60.9	3,496	€	
260	wall park GmbH & Co. KG, Frankfurt am Main	100.00	100.00		0.0	−2	€	
261	wall park Grundstücksgesellschaft mbH, Frankfurt am Main	100.00	100.00		0.0	6	€	
262	Westhafen Haus GmbH & Co. Projektentwicklungs-KG, Frankfurt am Main	50.00	0.00		0.0	−2	€	
263	WoWi Media GmbH & Co. KG, Hamburg	23.72	0.00	19.24	2.8	12,373	€	
264	yabeo Impact AG, Pullach	8.54	8.54		k.A.	k.A.		
265	Zweite OFB Friedrichstraße GmbH & Co. KG, Frankfurt am Main	100.00	0.00		1.0	165	€	
266	Zweite OFB PE GmbH & Co. KG, Frankfurt am Main	100.00	0.00		0.8	272	€	
267	Zweite Schulen Landkreis Kassel Verwaltungs-GmbH, Kassel	6.00	0.00		0.1	3	€	
268	Zweite ST Berlin Projekt GmbH & Co. KG, Berlin	0.50	0.00		5.9	−85	€	

1) A control agreement and / or profit and loss transfer agreement has been signed with the entity.
2) Holding larger than 5 % in a large corporation.
n.a. There are no adopted financial statements.

(52) List of Positions on Supervisory Bodies in Accordance with Section 340a (4) No. 1 of the HGB

Positions held by the members of the Executive Board

Office holder	Corporation	Function
Thomas Groß	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	President
	Frankfurter Sparkasse, Frankfurt am Main	Chairman
	GWH Immobilien Holding GmbH, Frankfurt am Main	Member
Dr. Detlef Hosemann	Frankfurter Sparkasse, Frankfurt am Main	Member
	GWH Immobilien Holding GmbH, Frankfurt am Main	Vice-Chairman
Hans-Dieter Kemler	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	Member
	Frankfurter Sparkasse, Frankfurt am Main	First Vice-Chairman
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Chairman
Frank Nickel	Frankfurter Bankgesellschaft (Schweiz) AG, Zurich, Switzerland	Member
	Frankfurter Sparkasse, Frankfurt am Main	Member
	Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Vice-Chairman
	Thüringer Aufbaubank, Erfurt	Member
Christian Rhino	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart	Member
	DSGF Deutsche Servicegesellschaft für Finanzdienstleister mbH, Cologne	Member
	paydirekt GmbH, Frankfurt am Main	Member
Christian Schmid	GWH Immobilien Holding GmbH, Frankfurt am Main	Chairman

Positions held by other employees

Office holder	Corporation	Function
Dirk Mewesen	Helaba Asset Services Unlimited Company, Dublin, Ireland	Member
Dr. Ulrich Pähler	Helaba Asset Services Unlimited Company, Dublin, Ireland	Vice-Chairman
Dr. Michael Reckhard	Bürgschaftsbank Hessen GmbH, Wiesbaden	Member
Klaus Georg Schmidbauer	Bürgschaftsbank Thüringen GmbH, Erfurt	Member
Peter Marc Stober	Frankfurter Bankgesellschaft (Deutschland) AG, Frankfurt am Main	Member
André Stolz	Nassauische Sparkasse, Wiesbaden	Member
Jürgen Wilke	Städtische Sparkasse Offenbach a. M., Offenbach am Main	Member

(53) Report on Events After the Reporting Date

There has been a serious escalation in the conflict between Russia and Ukraine since the reporting date. Following the incursion of Russian troops into Ukraine on 24 February 2022, sanctions against Russia have been extended significantly, especially those targeting Russian banks. Currently, it is not possible to reliably quantify the impact on Helaba's net assets, financial position and results of operations of the sanctions, which may restrict, for example, capital market business and payment transactions or give rise to second-round effects in the lending business. Helaba has already recognised a flat-rate loss allowance in its annual financial statements to take account of the risk associated with its exposures in Russia.

Frankfurt am Main/Erfurt, 1 March 2022

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of Landesbank Hessen-Thüringen Girozentrale, and the management report includes a fair review of the development and performance of the business and the position of the Bank, together with a description of the material opportunities and risks associated with the expected development of Landesbank Hessen-Thüringen Girozentrale.

Frankfurt am Main / Erfurt, 1 March 2022

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Independent auditor’s report

To Landesbank Hessen-Thüringen Girozentrale,
Frankfurt am Main/Erfurt

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, which comprise the balance sheet as of 31 December 2021 and the income statement for the financial year from 1 January 2021 to 31 December 2021 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt, for the financial year from 1 January 2021 to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the non-financial statement included in the “Non-Financial Statement” section of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Institution as of 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 in compliance with German legally required accounting principles, and

- the accompanying management report as a whole provides an appropriate view of the Institution’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the non-financial statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB [“Handelsgesetzbuch”: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the annual financial statements and of the management report” section of our auditor’s report. We are independent of the Institution in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Calculation of specific allowances for loan exposures exhibiting risk characteristics caused by the economic situation

Reasons why the matter was determined to be a key audit matter

The identification of loan exposures exhibiting risk characteristics caused by the economic situation and the calculation of appropriate specific allowances are significant areas in which the executive directors use judgement which is subject to uncertainty. This includes, in particular, companies and sectors related to transport and trade as well as mobility that are still affected by the COVID-19 pandemic. The related procedures involve various assumptions and estimation inputs, in particular with regard to the financial situation of the counterparty, expectations of future cash flows, observable market prices and expectations of net sales prices as well as the realization of collateral. These uncertainties increased again in the financial year due to the ongoing effects of the global COVID-19 pandemic. Minimal changes in the assumptions and estimation inputs can lead to an incomplete identification, significantly different measurements and thus to a change in impairment losses.

In light of the significance for the assets, liabilities and financial performance of the Bank, we determined the calculation of specific allowances for loan exposures exhibiting risk characteristics caused by the economic situation to be a key audit matter.

Auditor's response

As part of our audit, we examined the processes for identifying and monitoring borrowers exhibiting risk characteristics caused by the economic situation. To this end, we assessed in particular the monitoring processes with regard to the occurrence of early warning indicators, the application of impairment triggers and thus the correct allocation to the relevant risk status.

We also examined the standard lending processes having an effect on assignment to default status and the calculation of the specific allowance. On this basis, we tested the operating effectiveness of the controls implemented for the calculation of the specific allowance.

As part of our credit file review, we selected a risk-based sample and analysed the specific allowance requirements determined for exposures exhibiting risk characteristics caused by the economic situation in particular.

We performed substantive audit procedures, assessing whether the significant assumptions concerning the estimated future cash flows from the lending relationships including the carrying amount of the collateral held were consistent with the financial situation of the borrower and the publicly available market and industry forecasts. We also checked the arithmetical accuracy of the specific allowances calculated for loan exposures.

Our procedures did not lead to any reservations relating to the calculation of specific allowances for loan exposures exhibiting risk characteristics caused by the economic situation.

Reference to related disclosures

With regard to the recognition and measurement principles applied for the recognition of specific allowances, please refer to the disclosures in the "Net Assets, Financial Position and Results of Operations" section of the management report and to Note (1) as well as the explanations on loss allowances in the presentation of the results of operations in Note (43) of the notes to the Bank's financial statements. Please also refer to the comments on the COVID-19 pandemic in the risk report.

2. Calculation of an additional judgemental portfolio-based loss allowance component as part of the global allowance

Reasons why the matter was determined to be a key audit matter

The inclusion of forward-looking information in the determination of credit risk parameters for measuring the global allowance is a significant area in which judgement was used. The credit risk parameters have a direct impact on the amount of the global allowance.

The impact of the ongoing COVID-19 pandemic on the probabilities of default and collateral values was assessed. The resulting adjustment of the global allowance is based on assumptions which are subject to judgement.

In light of the increased uncertainty and the judgement associated with the assumptions, the calculation of an additional judgemental portfolio-based loss allowance component as part of the global allowance was a key audit matter.

Auditor's response

As part of our audit procedures, we assessed the design and operating effectiveness of the internal control system with regard to the calculation of global allowances. We also considered the results of the internal validation of the approach and the parameters. In doing so, we particularly assessed whether the procedures and controls implemented to update the parameters as well as the existing approval processes were appropriate and effective.

Using a sample of individual cases selected on a risk basis, we performed substantive audit procedures on loan exposures which were particularly affected by the COVID-19 pandemic. In this context, we used the knowledge obtained from the sample to assess the assumptions used to determine the rating classification.

Using our analysis of the Bank's credit risk reporting, we assessed the consistency of the assumptions used to determine the additional judgemental portfolio-based loss allowance component as part of the global allowance. In addition, we checked the arithmetical accuracy of the main calculation steps used to determine the additional judgemental portfolio-based global allowance.

Our procedures did not lead to any reservations relating to the calculation of an additional judgemental portfolio-based loan loss allowance component as part of the global allowance.

Reference to related disclosures

With regard to the recognition and measurement principles applied for the global allowance, please refer to the disclosures in the "Net Assets, Financial Position and Results of Operations" section of the management report and to Note (1) of the notes to the financial statements.

3. Determination of fair values as part of the measurement of trading book derivatives and debt instruments

Reasons why the matter was determined to be a key audit matter

The fair value of a financial instrument is generally determined by the price observed for it on an active market. If quoted prices are not available, fair value is determined using valuation models whose significant valuation inputs are based on observable market data. Significant valuation inputs for which no observable market data are available are derived from market conditions in accordance with internal rules. The model-based valuation of financial instruments is therefore subject to increased measurement uncertainty, especially when financial instruments are complex and inputs that are not observable on the market are used. For derivative financial instruments, valuation adjustments are also made for counterparty risks, financing costs and model uncertainties.

In light of the measurement uncertainties and the additional valuation adjustments the determination of fair values as part of the measurement of derivatives and debt instruments in the trading book was a key audit matter.

Auditor’s response

We analysed the processes in the areas of trading, risk controlling and accounting and tested the appropriateness and operating effectiveness of internal controls, especially in relation to the independent validation of the valuation inputs, models and adjustments.

The measurement methods and assumptions used to determine the fair value of derivatives and debt instruments correspond with our expectations of standard market methods. We reviewed the quoted prices used for debt instruments by comparing them with the price quotes of independent market data providers. Based on a sample of derivatives and debt instruments, we also performed a revaluation for selected product types as of the reporting date. In this context, we additionally analysed the valuation adjustments based on our revaluation and the development of the underlying fair values.

As part of the audit, we consulted internal specialists who have particular expertise in the valuation of financial instruments.

Our procedures did not lead to any reservations relating to the determination of fair values as part of the measurement of trading book derivatives and debt instruments.

Reference to related disclosures

With regard to the recognition and measurement principles applied for the fair value measurement of derivatives and debt instruments as well as the disclosures on valuation adjustments, please refer to the disclosures in Note (1) of the notes to the financial statements. For the disclosures on fair values, please refer to Notes (6) and (21).

Other information

The executive directors are responsible for the other information. The other information comprises the non-financial statement pursuant to Sec. 289b (1) HGB included in the management report. The other information also comprises the responsibility statement. Furthermore, the other information comprises additional parts of the annual financial report of which we received a version before issuing this auditor’s report, in particular the “Helaba Addresses” section, but not the annual financial statements, not the management report disclosures whose content is audited and not our auditor’s report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Institution’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Institution’s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Institution's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Institution's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Institution.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Institution's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the annual financial statements and the management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file "Helaba_JA+LB_ESEF-2021-12-31.zip" (SHA-256 checksum: d35297f15acc705b34e814610f7d9534a8655d0db90a9ae9b34b592485b4271b) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the attached file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January 2021 to 31 December 2021 contained in the "Report on the audit of the annual financial statements and of the management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the Exposure Draft of IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (ED IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Institution are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Institution are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Board of Public Owners on 31 March 2021. We were engaged by the Board of Managing Directors on 6 May 2021. We have been the auditor of Landesbank Hessen-Thüringen Girozentrale Frankfurt am Main/Erfurt without interruption since financial year 2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christoph Hultsch.

Eschborn/Frankfurt am Main, 2 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hultsch	Alt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Independent auditor's report on a limited assurance engagement

To Landesbank Hessen-Thüringen Girozentrale,
Frankfurt am Main/Erfurt

We have performed a limited assurance engagement on the non-financial statement of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt (hereinafter the "Institution") contained in the "Non-financial statement" section of the management report, and on the section "Basic Information about the Bank," incorporated by reference, of the management report for the period from 1 January to 31 December 2021 ("non-financial statement").

Not subject to our assurance engagement are other references to disclosures made outside the non-financial statement.

Responsibilities of the executive directors

The executive directors of the Institution are responsible for the preparation of the non-financial statement in accordance with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code].

These responsibilities of the Institution's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the non-financial statement) or error.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Institution's non-financial statement is not prepared, in all material respects, in accordance with Secs. 289c to 289e HGB by the executive directors. Not subject to our assurance engagement were other references to disclosures made outside the non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Institution's sustainability organization and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the non-financial statement about the preparation process, about the internal control system related to this process, and about disclosures in the non-financial statement

- Inquiries of employees regarding the selection of topics for the non-financial statement, the risk assessment and the policies of the Institution for the topics identified as material
- Inquiries of employees of the Institution responsible for data capture and consolidation as well as the preparation of the non-financial statement, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the non-financial statement
- Identification of likely risks of material misstatement in the non-financial statement
- Analytical procedures on selected disclosures in the non-financial statement
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data
- Evaluation of the presentation of the non-financial statement

Assurance conclusion

Based on our assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of the Institution for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with Secs. 289c to 289e HGB. We do not express an assurance conclusion on the other references to disclosures made outside the non-financial statement.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Institution's purposes and that the report is intended solely to inform the Institution about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Institution alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn / Frankfurt am Main, 2 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Meyer	Welz
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Management Report and Annual Financial Statements of Landesbausparkasse Hessen-Thüringen 2021

Management Report of Landesbausparkasse Hessen-Thüringen

Management Report of Landesbausparkasse Hessen-Thüringen

I. Basic Information

Legal and Organisational Structure

Landesbausparkasse Hessen-Thüringen (LBS) is a legally dependent unit of Landesbank Hessen-Thüringen (Helaba) that prepares financial statements on an independent basis. It forms part of Helaba's Retail & Asset Management segment.

LBS has a Bausparkasse Advisory Board created in accordance with the Principles for the Landesbausparkasse Hessen-Thüringen. This board, which consists of representatives of the Sparkassen in Hesse and Thuringia, is intended to promote co-operation between the Bausparkasse and the Sparkassen- und Giroverband Hessen-Thüringen and the Sparkassen in the operating territory.

Business Model

The LBS business model envisages the organisation as a regional provider of financial services in the real estate sphere. Its mission under the model, which acknowledges the status of LBS as an integral part of Helaba and of the S-Finanzgruppe, includes the delivery of demand-oriented support for customers in the areas of home loans and savings, finance, real estate and provision for old age.

Objectives and Strategies

LBS makes use of the regional sales network of the Sparkasse as well as its own field sales force. Joint business with the Sparkassen, a business area of great strategic significance for LBS, is crucial in enabling it to tap into the customer potential of the Sparkassen. LBS also works with other third-party brokers through FINMAS via its stake in FORUM Direktfinanz GmbH & Co.KG.

LBS has adopted a strategy consistently focused – across all activities – on safeguarding the success of the business over the long term by maintaining profitability and relevance in the market with a risk-conscious approach and value-oriented growth and ensuring a reasonable annual minimum profit after tax of €1 m during the current period of low interest rates. It also aims for a conservative risk profile that will enable it to continue strengthening its competitive edge and thereby reach a position, in the medium term, such that it can achieve its commercial objectives without need of income-boosting measures implemented through short-term planning. Risks are assumed with the objective of generating a reasonable and sustainable return – as has been achieved in the year under review – taking account of the risk-bearing capacity and the risk strategy.

Management System

The internal management system reflects LBS's focus on safeguarding the success of the business over the long term. The management variables applied in respect of operating business development are net interest income, net fee and commission income and general and administrative expenses, which together largely determine the operating result before taxes, and gross new business. LBS also makes use, in its planning, monitoring and oversight of business operations, of a comprehensive system of value-oriented indicators.

Sustainability

The sustainability of its business is a priority for LBS, which is particularly concerned about providing the effective, forward-looking services its customers will need to transition successfully to a carbon-neutral economy. LBS is involved in the Group-wide HelabaSustained programme. Sustainability and exclusion criteria for lending are currently being developed.

LBS launched its "LBS-EVOLution" reorganisation programme, which aims first and foremost to bring about a sustainable improvement in earnings, in 2017 in response to the generally low level of interest rates. The project came to an end as scheduled on 31 December 2021. The defined milestones (including concentrating activities at two LBS sites rather than the previous three, outsourcing large parts of liabilities-side home loan and savings business to LBS Westdeutsche Landesbausparkasse, Münster, and reducing headcount to 180 full-time-equivalent positions through additional process improvements and streamlining of the service range) were achieved.

With interest rates remaining at historically low levels, additional measures will be required to help realise the targeted sustainable improvement in earnings. LBS has developed a set of strategic goals to serve as a basis for devising and prioritising these measures, some of which are already being implemented.

II. Economic Report

Economic Development

The German economy recovered with vigour in the summer half-year. The main impetus came from the relaxation from May 2021 of the protective measures introduced in response to the COVID-19 pandemic. These moves proved especially beneficial for face-to-face service segments such as hospitality, the cultural sector and elements of bricks-and-mortar retail. The private household savings rate, which had risen to an exceptional level as a result of the pandemic, dropped back significantly as opportunities for consumption returned.

Calculations from the German Federal Statistical Office (Destatis) indicate that real gross domestic product (GDP) was about 2.8 % higher in 2021 than in 2020 (seasonally adjusted). Economic developments again depended to a great extent on coronavirus infection rates and the associated protective measures in 2021 according to the German Federal Statistical Office. The German economy managed to recover after the previous year's collapse despite the continuation of the pandemic and increasingly pronounced supply bottlenecks and material shortages, although economic output has yet to return to pre-crisis levels. GDP in 2021 was still 2.0 % lower than in 2019, the year before the onset of the pandemic.

The German residential real estate market has proven to be very robust once again in the recent crisis. The recession had no negative effect on rents and purchase prices. On the contrary: the persistently low level of interest rates for finance, the shortage of alternative investments and, in all probability, the greater value attached to home ownership at a time of widespread remote working actually ratcheted demand for residential real estate up another notch.

The principal drivers of the residential real estate market remain as strong as ever but the momentum in the market seems likely to drop away somewhat because the influx into urban areas, which has been so strong in recent years, is starting to give way to greater demand (powered in part by enhanced opportunities to work from home) for more affordable options in areas surrounding the metropolitan centres. The somewhat higher number of new homes being completed may well also help to ease demand.

Like investment in commercial construction, investment in residential construction fell short of expectations in the summer half-year of 2021, actually declining somewhat overall. Availability problems affecting important raw materials and supplies probably share some of the responsibility for this. Demand remained robust nevertheless, with a high level of new orders and building permits issued, and investment in residential construction should therefore pick up again once the supply bottlenecks have been overcome. The rate of growth is likely to be a little lower than previously anticipated, however, due to the recent sharp price rises. Conditions do however remain favourable, with the labour market recovering and interest rates comparatively low.

Sales in the structural and civil engineering sector were up 3.4 % in October 2021 as compared with October 2020. The total number of people employed rose by 1.0 % over the same period. Sales in the structural and civil engineering sector in the first ten months of 2021 were 1.0 % higher than in the prior-year period while the total number of people employed rose by 1.5 %.

Real estate continues to benefit from very low interest rates. This particular asset class has survived the crisis in good shape and will continue to recover in 2022. Structural changes such as online shopping and the increase in working from home have slowed the commercial sector, but the upwards trend in residential real estate persists due to consistently high demand and limited supply.

The German House Price Index (HPI) indicates that residential real estate prices rose on average by 12.0 % in the third quarter of 2021 compared with the same quarter of the previous year. This marks the second time in succession that residential real estate transactions have set a new price record since the current recording system began in 2000. Prices in the second quarter of 2021 were already 10.8 % up on the same period in the prior year. The figures from the German Federal Statistical Office (Destatis) also indicate that prices for both flats and single-family and two-family homes rose by 4.2 % as compared with the previous quarter. Prices rose particularly quickly both in the seven big metropolitan areas (Berlin, Hamburg, Munich, Cologne, Frankfurt, Stuttgart and Düsseldorf) and in sparsely populated rural districts. The prices of single-family and two-family homes and owner-occupied flats in the major urban areas, for example, rose by 14.5 % compared with the same quarter of the prior year, while the cost of single-family and two-family homes in sparsely populated rural districts increased by an even sharper 15.5 %. The price of owner-occupied flats in sparsely populated rural districts increased by 11.2 % over the same period. House and flat prices in more densely populated rural districts also rose significantly: single-family and two-family homes on average cost 12.0 % more than in the same quarter of the prior year, owner-occupied flats 12.3 % more. A total of 341,037 residential properties were approved between January and November 2021, a 2.8 % increase on the prior-year period. This increase affects almost all kinds of new builds (single-family homes: + 1.2 %, two-family homes: + 24.6 %, multiple-family homes: + 0.5 %).

LBS concludes that the key general economic factors – economic situation, labour market and demand for residential real estate – in Hesse and Thuringia together present a decidedly fertile environment for home loan and savings business and home finance. The inclusion of this type of asset in the German government's scheme to promote private retirement pension provision, which provides for the use of home savings contracts to purchase owner-occupied residential property, had a positive impact in the financial year. It was apparent, however, that the Sparkassen as sales partners were increasingly keeping home finance business in house.

Contract Portfolio

LBS serviced a home loan and savings volume of € 20,851 m (previous year: € 21,101 m) in the year under review representing 685,913 home savings contracts (previous year: 720,781). The year-on-year change in volume terms amounts to a 1.2 % decrease.

Contract Development

LBS concluded a total of 34,301 (previous year: 40,090) new home savings contracts with a total net value of € 1,874 m (previous year: € 2,004 m) in the year under review. This amounts to a year-on-year reduction of 6.5 % in volume terms but represents a better performance than the market as a whole, which contracted by 7.9 %. Gross new business therefore fell short of the forecast for 2021 by nearly 22 %. The average value of the home savings contracts concluded rose by 9.3 %.

LBS arranged 25,248 home savings contracts (previous year: 30,085) with a total net value of € 1,513 m (previous year: € 1,645 m) in Hesse and 9,053 home savings contracts (previous year: 10,005) with a total net value of € 361 m (previous year: € 359 m) in Thuringia.

The Sparkassen in Hesse and Thuringia have traditionally been the main sales partners for new contracts and although the proportion of business arranged by the Sparkassen (including joint business) remained high in the year under review at 83.5 % (previous year: 83.9 %), corresponding to home savings contracts with a value of € 1.6 bn, this figure was 0.4 percentage points lower than the previous year.

New business adjusted for the amounts actually paid in was down year-on-year in terms of both the number of contracts (2021: 34,462 home savings contracts, previous year: 37,494) and the total net volume (2021: € 1,714 m, previous year: € 1,748 m). There were 25,115 new contracts (previous year: 28,030) in an amount of € 1,372 m (previous year: € 1,420 m) paid in in Hesse and 9,347 new contracts (previous year: 9,464) in an amount of € 342 m (previous year: € 328 m) paid in in Thuringia, which represents a year-on-year fall of 3.4 % in Hesse and a rise of 4.3 % in Thuringia in terms of total net value. Home savings customers under the age of 25 accounted for 28.2 % of the first-time contracts concluded in the year under review.

Lending Business

Disbursements of loans outside the home savings collective rose by € 13.7 m (+ 10.1 %) year on year to € 149.6 m. At € 36.1 m, the value of home savings loans disbursed decreased compared with the prior year (2020: € 45.0 m).

Development of Allocations

The target valuation index that has to be reached in order for allocation by LBS has been constant at 224, which is the minimum valuation index specified in the general terms and conditions, for more than 25 years. Some 54,235 contracts representing a home loan and savings volume of € 1,118.6 m were allocated in the year under review.

Of the inflows to the allocation fund, € 773.3 m (+ 1.1 %) was attributable to savings deposits, including employer contributions to employee capital formation schemes, the "Wohnungsbauprämie" (a government subsidy paid on savings to be used for the construction, purchase or improvement of residential real estate) and interest credits, while € 50.0 m (– 10.2 %) was attributable to redemption payments. In total, an amount of € 823.3 m (+0.3 %) was added to the allocation fund. These inflows were offset by withdrawals in the amount of € 757.3 m (+5.5 %), meaning that the allocation fund had increased by € 66.0 m at the end of the year.

Results of Operations

Even with the current sustained period of low interest rates continuing to suppress earnings, LBS posted a better than forecast profit before taxes despite making less use than budgeted for of income-boosting measures implemented through short-term planning.

Interest income

Interest income was reduced by a decrease in the annual average portfolio of home savings loans, which shrank by € 11.9 m (–9.2 %). The average interest rate for home savings loans also declined in 2021, dropping 32 basis points to 2.97 % (previous year: 3.29 %). These falls in volume and interest rates reduced interest income from home savings loans. Interest income in lending business outside the home savings collective increased by € 0.1 m to € 18.1 m. The average portfolio subject to interest (interim and bridge-over loans including other home finance loans) increased by € 55.0 m (+ 6.6 %) year on year, but the average interest earned on loans outside the home savings collective dropped to 2.04 % (previous year: 2.16 %).

The increased capital market investment requirement impacted positively on interest received. The sustained period of historically weak returns in the money and capital markets, in contrast, had a negative impact. LBS generated interest from early repayment charges (settlement payments) due to the early repayment of time deposits in anticipation of continued low interest rates. Interest received from financial investments including these measures implemented through short-term planning decreased by € 10.2 m overall (–9.8 %). This development was partially offset by the € 8.5 m adjustment of interest for unutilised RWA made available within the Group by LBS. Overall interest income dropped by € 2.3 m to € 123.9 m.

Interest expense

The introduction of new home loan and savings tariffs over recent years has had a positive impact on interest expenses. The inflow of home savings deposits in 2021 pushed annual average holdings of home savings deposits up by € 70.3 m year on year to € 5.2 bn. This volume effect was, however, more than offset by the lower average interest rate for home savings deposits:

the average interest rate for 2021 was down 16 basis points year on year to 1.11 %. The contradictory volume and interest rate effects reduced the interest expense for home savings deposits by € 7.3 m to € 58.0 m. Net interest income was € 0.9 m higher than forecast overall at € 60.9 m.

The home savings collective interest margin, which is calculated as the difference between the average interest rates for home savings loans and home savings deposits, amounted in 2021 to 1.85 %.

Net fee and commission income / expense

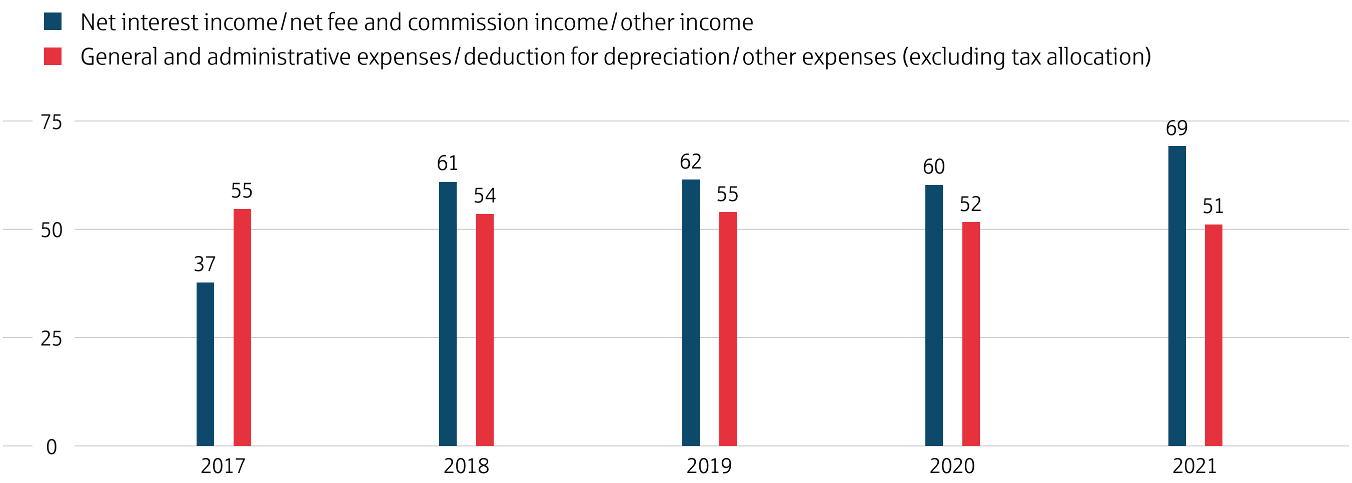
The net fee and commission income / expense variable improved by € 2.1 m to a net income of € 1.3 m and was thus higher than forecast. Commissions paid dropped by € 1.3 m (–4.5 %) due to the decrease in gross new business. Fee and commission income increased by € 0.7 m (+2.5 %) to € 28.9 m due to the higher arrangement fee of the new generation of tariffs. This was the first whole year in which the new fee applied.

General and administrative expenses

Net interest income, net fee and commission income / expense and other operating income together totalled € 68.8 m (+ 14.4 %), which figure was offset by € 50.9 m (– 1.5 %) for general and administrative expenses including depreciation, amortisation and write-downs of property and equipment and other operating expenses.

Significant income statement components

in € m



Interest received from other operating income increased by € 1.3 m overall (+25.1 %). Personnel expenses fell by € 0.2 m to € 17.2 m. Other operating expenses were unchanged at € 11.2 m. Depreciation and write-downs of fixed assets decreased slightly by € 0.1 m to € 1.0 m. This means that general and administrative expenses were below the figure forecast in the previous year.

Pretax earnings were up € + 16.5 m year on year at € 9.4 m, exceeding the figure of approximately € 6.5 m anticipated in the previous year's Report on Developments.

The cost-income ratio improved by 13.8 percentage points to 68.8 % (previous year: 82.6 %), remaining below the forecast figure for the year (80 to 85 %).

Financial Position

As a non-trading book institute, LBS allocates all of its business positions to the investment book. The German specialist bank principle requires LBS, as a Bausparkasse, to comply with the specific provisions of the German Building and Loan Associations Act (Bausparkassengesetz –BauSparkG) as well as the general stipulations of the German Banking Act (Kreditwesengesetz – KWG). Of particular relevance is section 4 (3) BauSparkG, which regulates the investment of available funds. The Bausparkasse is obliged to maintain sufficient levels of cash and cash equivalents to assure its liquidity. Any investment of available funds is accordingly made exclusively in order to form a liquidity reserve as part of a "buy-and-hold" strategy in accordance with the BauSparkG requirements. No investments are sold prior to maturity unless for the purpose of optimising the portfolio structure, actively managing interest rate risk, complying with specified limits imposed by management to limit market risk or for liquidity purposes.

Revenue reserves constitute the main item in the equity structure. The equity of LBS includes no silent participations or subordinated liable capital. Equity backing is adequate for further growth in lending business.

LBS calculates capital requirements using an internal ratings-based approach (IRBA). The total capital ratio in accordance with article 92 CRR fell in 2021, but is still high at 50.3 % (previous year: 51.1 %). The Tier 1 ratio likewise fell, dropping by 0.7 percentage points to 49.9 %.

Owing to the lifting of the cap, the liquidity coverage ratio (LCR) indicator as at 31 December 2021 was well above the 100 % mark required by the regulator and the minimum value of 120 % used by LBS for risk assessment at 1,299 %. LBS was in a position to meet its payment obligations at all times.

LBS prepares quarterly collective forecasts and an annual ongoing collective monitoring report in order to ensure that the home savings contracts concluded can always be fulfilled. The ongoing collective monitoring report and the corresponding collective management report, which contain a description of the initial position and scenarios with presentations of results and related analysis as well as an overall assessment, are transmitted to BaFin. According to the collective management report for 2020, funds sufficient for the allocation of home savings contracts were available at all times.

The financial position of LBS is sound. The Bausparkasse is capable of meeting its obligation with respect to the scheduled allocation of the home loan and savings amounts at any time.

Net Assets

Total assets fell by € 0.5 bn year on year to € 6.20 bn. Home savings deposits increased to € 5,236 m. Home finance loans rose by € 56.4 m to € 1,012.0 m, while financial investments declined by € 56.8 m to € 5,158.8 m. The proportion of total assets accounted for by home finance loans increased to 16.3 %. Interim and bridge-over loans increased by 8.4 % to € 902 m in the financial year and are largely funded with matching maturities. The net assets position of LBS is sound. The volume of business is virtually unchanged and overall there have been no notable changes in the asset structure.

III. Report on Opportunities, Risks and Expected Developments

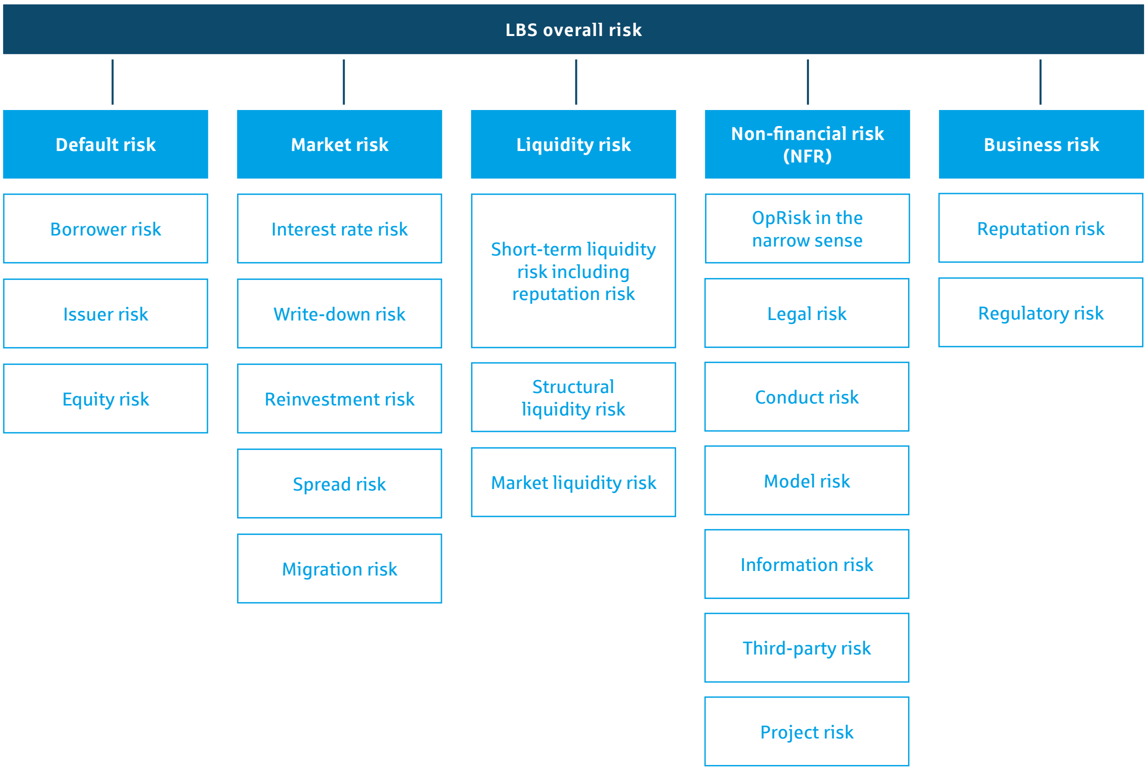
Risk Management

Strategic risk management at LBS aims (in accordance with its business strategy) to safeguard and, within defined limits, enhance the organisation's conservative risk profile. LBS has implemented numerous actions and general requirements in its default risk management activities to this end. These include introducing a cut-off limit, making mortgage collateral the main form of collateral and applying various limits for individual transactions, size and risk classes as well as using quotas and restrictions (such as the € 50,000 maximum for unsecured loans) as described in the German Bausparkassen Act (Bausparkassengesetz – BausparkG) and the German Bausparkassen Regulation (Bausparkassen-Verordnung – BausparkV).

The risk management process at LBS encompasses four successive phases: risk identification, risk assessment, risk containment and risk monitoring. Risks affecting LBS are identified continuously as an integral part of daily operations. Once identified, each risk is assigned to the relevant risk type. Risk assessment comprises the quantitative and qualitative measurement and evaluation of risks using suitable models and methods. Risk containment encompasses all of the measures implemented in order to assume, reduce, limit, avoid and transfer risks and keep risk exposure within the thresholds defined by management in the risk appetite framework (RAF) and within the limits or other relevant KPIs for default risk. Plans to adjust limits are assessed against the associated positive effects (opportunities), for example in relation to processes, business development and income and cost trends. Risk controlling includes comprehensive reporting to keep the people with the relevant authority within the organisation apprised of the existing risks / opportunities. The Risk Committee established for this purpose receives a comprehensive risk report every quarter depicting the overall risk position, the status of the RAF indicators, the risk-bearing capacity, the results of stress scenarios for the primary risks, any risk management measures adopted, any unusual factors arising in the period under review, developments compared with the previous quarter and (where applicable) the previous year, limit utilisations and changes in significant parameters underlying the processes used for risk assessment. Ad hoc reporting processes have been established for defined significant events and loss events to ensure that senior management, the Executive Board and Internal Audit are notified immediately. The responsibilities for the risk management process follow a "three lines of defence" policy.

LBS determines the applicable containment requirements in each case based on its primary risk types, namely default risk, market risk, liquidity risk and non-financial risk. Business risk is not defined as being of primary importance.

The broad risk types comprise the following specific risks:



Risk Strategy

Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities, the risk strategy lays down the principal elements of the approach adopted to dealing with risk, the objectives of risk containment and the measures employed to achieve these objectives at LBS. It is consistent with the Helaba risk strategy.

The risk strategy is modular in nature and, in conjunction with the general risk strategy, fills in the detail of the risks classified as being of primary importance in the sub-risk strategies for the risk types default risk, market risk, liquidity and funding risk and non-financial risk. Requirements also apply in respect of business risk, which is not classified as being of primary importance.

The risk strategy is aligned with the business strategy.

A supplementary risk manual documents definitions, organisation, tools for risk recording, evaluation and containment, risk reporting and the underlying written rules for the individual risk types. The manual also describes the risk management process and the risk management structure.

Risks may in principle be assumed only as permitted under the current risk strategy and only in pursuit of the corporate objectives – in particular in order to maintain the long-term earning power of LBS while protecting its assets as effectively as possible.

LBS has provided process guidelines and descriptions, manuals and specifications of requirements for employees to ensure the propriety of business operations and provide a robust foundation for the implementation of the risk strategy.

Default Risk

The assumption of default risk, which is one of the main business areas at LBS, is based on the sub-risk strategy for default risks.

Credit risks are assumed with the objective of generating a reasonable return bearing in mind the risk-bearing capacity. The sub-risk strategy for default risks is reviewed annually as well as on an ad hoc basis in the event of serious changes in the underlying conditions and brought into line with current circumstances.

Borrower Risk

The main focus of business at LBS is private home finance, which is pursued as standardised customer business. The total lending portfolio, including trading business and irrevocable loan commitments, amounts to € 6,251.9 m. Home savings loans make up € 111.2 m of this figure and loans concluded outside of the home savings collective make up € 925.4 m, meaning that traditional lending business accounts for € 1,036.5 m, or 16.7 %, of total assets (€ 6,195.4 m). A total of 90.6 % of home finance loans were extended to private persons who were not self-employed and the proportion of home finance loans secured by mortgage charges amounted to 66.8 %.

The special loan processing function (back office) decides on the granting of loans in risk-relevant lending business. In such cases, LBS applies the process-dependent simplification regulation pursuant to BTO 1.1 item 4 of the German Minimum Requirements for Risk Management (MaRisk) in the case of lending transactions initiated by third parties and refrains from obtaining an assessment from the front office. The risk arising from loans in retail business is classified using the LBS-KundenScoring model at customer level. Analyses of the default risk are prepared on the basis of fixed and / or dynamic evaluations of the LBS database as part of risk containment. LBS loans made under the "single-source financing" model are approved and managed by the Sparkassen in Hesse and Thuringia and by Sparkasse Worms-Alzey-Ried through a trust-type arrangement on the basis of the contracts concluded and associated supplementary guidelines bearing in mind the applicable regulatory requirements.

The LBS-KundenScoring pool model is used to estimate the probability of default figures. LBS applies its own calibration to the model, which has been approved for LBS as an IRBA rating system. The LGD is determined using a loss estimation pool model. LBS applies its own calibration and segmentation rules. The model is an approved component of LBS's IRBA rating system. Under the economic perspective, risk exposures for the internal calculation of risk-bearing capacity are determined using the Gordy model supplemented with a granularity adjustment. The IFRS 9 impairment model is used in the regulatory perspective.

The forecast probability of default figures for performing retail exposures as at 31 December 2021 (PD volume-weighted / based on number of customers) were 1.52 % / 1.05 % (31 December 2020: 1.46 % / 1.05 %). This corresponds to risk category 7 based on the number of customers at 31 December 2021 and otherwise to risk category 8. A loss given default figure of

22.0 % was determined as at 31 December 2021 (downturn LGD 31 December 2020: 22.4 %). The RWA figure in the overall perspective stands at € 308 m (IRBA and CRSA) as at 31 December 2021 (31 December 2020: € 292 m).

LBS applies the IFRS accounting treatment and calculation method for portfolio loan loss allowances. Forward-looking information is taken into account in the calculation of the lifetime ECL by generally including such information in the PD and LGD input parameters and by reviewing specific scenarios. Specific scenarios are circumstances in which an adjustment of the risk parameters is required because of exceptional macroeconomic circumstances. The review at 31 December 2021 identified no additional loss allowance requirement. Provisions for losses on loans and advances in accordance with section 340f HGB were recognised for special risks relating to credit institutions. All allowances and provisions for losses on loans and advances are reported separately under assets.

Specific loan loss allowances for home finance loans increased by € 0.1 m to € 1.8 m in the year under review. The default ratio, which equals the sum of direct write-offs and utilisation of loss allowances expressed in relation to the lending volume, amounted to 0.02 %. The largest new specific allowance recognised for a single exposure in 2021 was € 85,900. There were no defaults within the framework of trading transactions.

Impact of the COVID-19 pandemic

The impact of the COVID-19 pandemic was unremarkable measured in terms of the risk exposure from default risk:

Reporting period:	Risk exposure:
31.12.2020	€ 24.1 m
31.3.2021	€ 24.4 m
30.6.2021	€ 23.9 m
30.9.2021	€ 22.0 m
31.12.2021	€ 23.3 m

The continued stability of the real estate market meant there was no impact apparent on the collateral and portfolio structure.

Issuer Risk

Trading transactions within the meaning of MaRisk amounted to € 5.0 bn (nominal amount) and thus accounted for 80.7 % of total assets as at 31 December 2021. This entire amount was invested as overnight money and in time deposits at Helaba with original terms to maturity of up to 15 years.

LBS's highly conservative investment policy is reflected in the fact that, in order to minimise the risk associated with issuers defaulting, all of its financial investments as at 31 December 2021 are with Helaba. It has no intention at the moment to acquire promissory note loans or registered securities from other issuers.

Helaba positions are not considered when determining risk because LBS is a unit of Helaba.

Equity Risk

LBS holds a 14.0 % equity investment in Forum Direktfinanz GmbH & Co. KG (referred to below as "FORUM"). This collaboration enables it to make use of the FINMAS online brokerage platform for the arrangement of financing products and home savings contracts. Arrangement is handled exclusively by legally independent sub-brokers acting as brokers for FORUM. LBS has no other equity investments in companies.

The equity risk for the purposes of the calculation of risk-bearing capacity is assessed under the risk type of default risk. The risk exposures for the economic perspective are provided by Helaba's Risk Controlling unit. The carrying amount (€ 0.4 m) of the equity invested is taken as the basis for the regulatory perspective.

Market Risk

Market risk at LBS is limited specifically to risks attributable to the change in the position and structure of the yield curve (interest rate risk). Other relevant components of this item include write-down, reinvestment, spread and migration insofar as corresponding positions exist. LBS does not expose itself to share price risks and is prohibited by the BauSparkG from allowing any exposure to currency risks.

The interest rate risk refers to the commercial law (income statement-related) and economic (present value) risk.

Commercial Law Interest Rate Risk

Changes in market interest rates have an impact in the form of changes in behaviour within the home savings collective. The interest rate risk associated with the behaviour of the home savings collective relates to the possibility of changes in market interest rates causing the home savings collective not to behave as originally predicted. This would impact the forecast net interest income. LBS prepares a collective forecast regularly following each measurement date (end of quarter). The forecast period covers up to five years. The previous quarter forecasts are compared with the actual data and analysed in each case so that any changes in the behaviour patterns of home savings customers can be identified and analysed at an early stage.

Economic Interest Rate Risk

The business administration element of the interest rate risk describes the risk of a downward change in values occurring as a consequence of changes in capital market rates due to a lack of matching maturities between lending and funding. The risk is determined using modern historical simulation.

Regulatory interest rate shock

All interest rate portfolio cash flows are calculated and discounted to record, evaluate and contain this risk. The present value calculation in the case of ad hoc parallel shifts in the interest rate level is performed using the parameters specified by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). Rate-sensitive customer behaviour is recognised in the interest rate portfolio by way of a corresponding cash flow presentation of the cash outflows from the home savings collective (credit balances paid out after termination, credit balances paid out after allocation, home savings loans paid out to customers) and cash inflows to the home savings collective (savings deposits, loan repayments).

The interest rate risk under the standard interest rate shock scenario (+/–200 BP) lay in positive territory as of 31 December 2021, with the interest rate risk coefficient (the ad-hoc interest rate risk in relation to own funds) standing at 4.5 (target: max. 20.0). In the early warning indicator scenarios (ratio of ad-hoc interest rate risk to Tier 1 capital), there are interest rate risks in the “parallel up” and “short rates up” scenarios. The interest rate coefficients are 4.6 and 3.9 respectively (target: max. 15.0).

Write-Down Risk

As of 31 December 2021, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Reinvestment Risk

The reinvestment risk results from the maturity of financial investments. When investments mature, it may only be possible to invest the liquidity released at a lower rate, depending on capital market interest rate trends. The results are determined using the net interest income scenarios.

Commercial Law Spread Risk

As of 31 December 2021, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Economic Spread Risk

LBS determines the economic spread risk for its financial investments using the modern historic simulation method.

Commercial Law Migration Risk

As of 31 December 2021, LBS holds no fixed-interest securities that would be subject to measurement under commercial law.

Economic Migration Risk

LBS determines migration risk on the basis of the economic default risk model for issuers, with the maturity adjustment factor being taken into account. The portfolio as at 31 December 2021 comprises Helaba time deposits only, which are not relevant for the purposes of risk due to the status of LBS as a unit of Helaba.

Impact of the COVID-19 pandemic

The economic risk exposure associated with the Helaba time deposit positions decreased in 2021 as a result of the Helaba spreads in the Sparkassen curve shrinking again from mid-2020 (Q1/2021 € 59 m, Q2/2021 € 67 m, Q3/2021 € 44 m, Q4/2021 € 11 m as compared with Q4/2020 € 85 m).

Non-Financial Risk / Operational Risk

Non-financial risk at LBS encompasses the NFR sub-risk categories of legal risk, conduct risk, model risk, information risk, third-party risk and project risk as well as operational risk in the narrow sense. Operational risk in the narrow sense encompasses aspects of reputation risk and risks in relation to compliance, business continuity management, HR and taxes.

LBS defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. The systematic classification of operational risk is based on the Helaba risk model, which recognises four different classes of risk: “internal processes”, “people”, “systems” and “external events”.

Non-financial risks stem in particular from daily banking operations and are thus an inherent component of business activities. LBS monitors and assesses the prevailing sector-specific case law intensively. The most recently announced decisions do not have any implications for its own products.

The integrated holistic approach to the management of operational risk applied at LBS, which is based on the requirements of the German banking regulator, aims to measure and contain operational risks on the basis of risk scenarios and loss events. In the regulatory perspective, the risk exposures have the normative effect of reducing capital resources.

Impact of the COVID-19 pandemic

There was no noticeable change in the number of loss events across all the NFR sub-risk categories despite the COVID-19 pandemic. Two further loss events amounting to a total gross loss of € 6,000 occurred as a result of the COVID-19 pandemic (previous year: three loss events with a gross loss of € 25,000).

Liquidity and Funding Risk

Short-term and long-term liquidity planning constitutes the basis for ensuring solvency at all times and for avoiding unexpected losses attributable to the absence of and necessary procurement of funds to fulfil payment obligations.

Short-term liquidity risk

The short-term liquidity risk designates the risk that LBS will not be able, or will not be fully able, to meet its payment obligations (obligation to disburse loans, make interest payments, repay funding) as a result of a shortage of liquid funds, or that it will fall into non-compliance with the regulatory liquidity coverage ratio.

A model-supported approach is used to record, evaluate and contain risk within the framework of a short-term liquidity forecast, which focuses on the probable liquidity trend at least over the next nine to twelve months. The forecast takes into account all definitively known liquidity inflows and outflows (including maturities, interest payments and financial investments/borrowings) as well as experience-based liquidity parameters (including savings deposits/withdrawals and loan disbursements).

Regulatory requirement: the LCR stipulates that a liquidity buffer be held that covers at least the net cash outflows due within 30 days under market-wide and institution-specific stress conditions. LBS is exempt from the cap. The capital available for covering risks was adequate at all times, including under COVID-19 pandemic conditions.

Funding risk

The long-term liquidity outlook (funding risk) additionally takes in all cash inflows and outflows over a period of up to ten years. It considers liquidity inflows and outflows attributable to the home savings collective and to overnight and time deposits, funding obtained and repaid (including the associated interest income and expense) and payments related to operations. The funding risk is calculated using scenarios for which minimum survival periods are defined from a liquidity perspective.

The funding risk refers to a deterioration in the funding conditions available to LBS and the resulting difficulty of maintaining an adequate and cost-effective funding base.

LBS, as a legally dependent Bausparkasse, funds itself principally via deposits to the home savings collective and through Helaba.

The liquidity risk thus ultimately boils down to a credit rating risk. Any materialisation of risk (default, market price, operational or other risk) negatively impacts the rating and thus also access to the capital market, so the management of the other risks simultaneously impacts on the liquidity risk.

Market liquidity risk

The market liquidity risk involves the risk of inadequate market liquidity, meaning that it might not be possible for positions to be closed at prices that are fair or close to fair as a result of inadequate market depth or market disruptions. When investing in fixed-income securities, promissory note loans and registered bonds, LBS also considers the fungibility of the asset when selecting the issuer and the product, it being the case that funds are generally invested with the intention of not liquidating them ahead of schedule. The market liquidity risk is taken into account in liquidity forecasts as well as in the measurement of the structural liquidity risk.

Economic examination of liquidity risk

The liquidity risk is monitored by exploring scenario-based trends in the net liquidity balances (starting from the current overnight money position). All payments are considered over a time frame of ten years. The parameters of the calculation of risk-bearing capacity (ICAAP) and separate parameters reflecting drains on liquidity (ILAAP) are applied. The focus is on the survival horizon and on determining a cash effect and an effect on profit and loss in the calculation of risk-bearing capacity from any countermeasures required.

Regulatory examination of liquidity risk

The LCR and NSFR simulations cover a period of six months and three years respectively.

Business risk

LBS breaks business risk down into the individual risk types collective risk, market sales risk and changes in the law.

The collective risk is the risk that the home savings collective will behave other than in the predicted manner in response to changes in the market interest rate risk parameter. The market sales risk relates to the attractiveness of the home savings product, which can fade, with a corresponding negative impact on new business, in response to changes in the market interest rate risk parameter.

LBS does not classify business risk as being of primary importance because the two primary individual risk types – collective risk and market sales risk – are addressed under market risk, which is classified as being of primary importance. Both risk types are included in the calculation of the interest rate risk due to their dependence on the market interest rate.

Reputation Risk

Reputation risk is similarly not classified as being of primary importance at LBS because its material consequences (the termination of existing contracts and, in particular, a slump in new business) largely fall under the business risk heading and likewise directly affect the collective risk and market sales risk elements of market risk, a risk type that is defined as being of primary importance, and the liquidity risk. Reputation risk is consequently assigned to these risk types in the risk type system. Reputation risk encompasses reputation loss caused by direct actions as well as by the effects of operational losses. The reputation risk profile is mapped entirely under operational risk.

Risk-Bearing Capacity

Risk-bearing capacity is calculated in order to ensure that the primary risks always remain within the risk-taking potential of LBS and that going-concern status is thus continuously and permanently assured. This process involves quantifying and comparing possible risk exposures and the available risk-taking potential.

LBS employs both the regulatory perspective and the economic perspective to assess its risk-bearing capacity.

The regulatory perspective investigates the question of whether LBS will always have sufficient regulatory capital available over the defined medium-term period of at least three years (four income statement periods). This perspective accordingly includes medium-term capital planning. The assessment of regulatory risk-bearing capacity considers which risks could impact on LBS's equity directly (Pillar I risks) and which could impact indirectly (Pillar II risks resulting in income shortfalls or losses). The risk-taking potential is largely determined by regulatory own funds including buffer requirements. Other factors having a significant influence (changes to pension provisions, net profit for the year from planning) and additional limiting elements (management buffer) are also considered on a continuous basis. The scenarios provide a separate calculation of risk for each risk type. LBS applies a base scenario, an adverse scenario and two stress scenarios. The risk exposures for the individual risk types are added together to arrive at the aggregate total risk exposure. This entails an implicit assumption that all risk types correlate 1:1. A limit is imposed at the level of the CET 1 ratio and the leverage ratio, it being necessary to ensure they remain compliant with the minimum standards over the four income statement periods.

The risk-bearing capacity assessment in the economic perspective focuses on the long-term implications of risks. The risk-taking potential in this perspective is determined using a net present value model. The present value statement differs from the calculation of risk-bearing capacity in the regulatory perspective in that it applies a comprehensive approach considering all future cash flows from all transactions concluded up to the current reporting date in place of the regulatory perspective's strict time horizon of four income statement periods. Risks are quantified using the value-at-risk method, or methods related to it, based on the present value of assets and limited in a limit system. The risk exposure is determined in a base scenario and two stress scenarios.

The implications for the risk-bearing capacity in the regulatory and economic perspectives are presented and analysed. The results of the stress tests are indicated in risk reporting along with their potential impacts on the risk situation and the risk-taking potential.

The economic risk cover pool at 31 December 2021 amounted to € 345.3 m (utilisation 17.3 %). The total risk exposure in the economic perspective at the 31 December 2021 reporting date amounted to € 59.6 m.

The regulatory perspective focuses in particular on the development of the CET 1 ratio over the period between 31 December 2021 and 31 December 2025. The CET 1 ratio for this period amounts to 49.9 % to 32.6 %. The leverage ratio for the same period amounts to 24.6 % to 21.7 %. The regulatory risk-bearing capacity remained assured at all times.

LBS considers that it is managing risk in an appropriate manner. Its risk indicators are compliant

Outlook for 2022

Interest rates are expected to rise slightly in 2022 but will remain at a low level overall. The combination of persistently low interest rates and housing shortages in and around the major economic centres should in principle keep demand for residential space running high. Real estate prices will continue to rise at the same time, so affordable solutions with corresponding financing options will also be very much in demand. Although the introduction of macroprudential measures planned by BaFin (countercyclical capital buffer of 0.75 % and a sectoral systemic buffer of 2.0 %) may result in loans in the residential real estate market becoming more expensive, home savings contracts still offer people in pursuit of home finance or follow-up financing a readily calculable way to fund real estate investments and lock in the current low interest rates long-term to protect against future rate rises. Home loan and savings products accordingly remain an attractive option for much of the population, which regards a debt-free residential property to be the best form of provision for retirement.

The need to convert more properties to make them suitable for the increasing population of older people provides additional potential for growth. The comparatively low home ownership rate in Germany, government initiatives to promote saving (the employee savings bonus and a subsidy paid on savings to be used for the construction, purchase or improvement of residential real estate) and the inclusion of owner-occupied residential property in the state subsidy programme for private old-age provision ("Wohn-Riester") additionally promise very significant untapped potential in home savings business with current levels of interest.

The possibility still remains, however, that consumers will find alternative affordable ways to finance their real estate ambitions and that the loans in the old tariff generations will not be taken up. New and more onerous regulatory requirements may well come to have a significant negative impact on results alongside the low returns available in the capital market. Essential investment in process digitalisation may also have an impact.

LBS intends to continue meeting the challenges posed by persistently low interest rates by means of strict cost management (as set out in its multi-year planning), measures in the home savings collective to stabilise earnings, process optimisation activities to enhance efficiency and realise available earnings potential and targeted investment in further digitalisation and new communication and sales channels. The investments made in a common IT system (the OSPlus-LBS Bausparkasse system) and the internet branch of the Sparkassen should yield stronger earnings and improved productivity in the medium term. LBS expects 2022 to bring many opportunities to do good business with LBS products. The sales measures available have been expanded and improved with a particular focus on automation and on attracting customers via the digital channels.

Meanwhile the subject of sustainability is adding new momentum in the modernisation market. High levels of investment in the existing housing stock – implying substantial new lending activity – to bring older residential buildings up to an acceptable standard of energy efficiency will be necessary to achieve climate-neutral status by 2045. LBS has a good regional network within the Sparkassen-Finanzgruppe through which to assist customers with their financing needs. It is also involved in Helaba's overarching implementation programme (HelabaSustained).

LBS is targeting a significant year-on-year increase in gross new business in financial year 2022 on the basis that it will be possible to make good (not least through the optimisation of digital sales processes) the damage suffered in the prior years as a result of the COVID-19 pandemic. The combined effects of a further reduction in average interest rates for home savings loans, continued favourable funding costs, the ongoing income-boosting measures implemented through short-term planning (which measures will be pursued on a significantly reduced scale in 2022) and a continuation of the minimal interest rates policy at the ECB lead LBS to anticipate net interest income of a good € 52 m. The forecast figures reflect the home savings collective simulation, which usually covers a period of 20 years. The home savings collective simulation is based on the full contract portfolio, with changes in the behaviour patterns of home savings customers being considered over time. The forecast for future interest rate developments is prepared using Helaba's scenario requirements and the forward interest rates derived from the applicable interest rate structure as of the key date for forecasting. LBS expects the fundamental interest rate risk before countermeasures to remain in positive territory in financial year 2022 taking account of the planned new investments.

LBS anticipates slightly improved positive net fee and commission income as compared with the prior year as a result of the increase in new business. The non-personnel operating expenses and personnel expenses elements of general and administrative expenses are both likely to rise again in 2022 after the falls of the last two years triggered by the COVID-19 pandemic. The increase in non-personnel operating expenses will be driven to a significant extent by increased process digitalisation activities, while personnel expenses will be pushed up by factors including the pending new collective bargaining agreement for the banking sector and allocations to pension provisions (including interest expense). The cost-income ratio will end up in the 85 % to 90 % range as a result.

In summary, LBS expects a net profit before taxes in 2022 of approximately € 4.0 m. This represents a decrease relative to the 2021 figure, which was affected by positive one-off items.

Frankfurt am Main / Erfurt, 1 March 2022

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Statistical Annex to the Management Report

Allocation fund changes in 2021

A. Allocations	€ thousands
I. Amount carried forward from the previous year (surplus): amounts not yet disbursed	5,070,261
II. Allocations in the financial year	
1. Savings amounts (including offset homeowner allowances)	713,500
2. Repayment amounts[1] (including offset homeowner allowances)	50,000
3. Interest on home savings deposits	59,772
4. Home savings protection fund	–
5. Other	–
a) Borrowings and own funds	–
Total	**5,893,533**

B. Withdrawals	€ thousands
I. Withdrawals in the financial year	
1. Sums allocated, to the extent disbursed	
a) Home savings deposits	315,710
b) Home finance loans	36,138
2. Repayment of home savings deposits made on home savings contracts not yet allocated	405,400
3. Home savings protection fund	–
4. Other	–
a) Borrowings and own funds	–
II. Allocation surplus (amounts not yet disbursed) at the end of the financial year[2]	5,136,285
Total	**5,893,533**

[1] Repayment amounts only represent the portion of the repayment sum attributable to the principal.
[2] The allocation surplus includes, among other things:
a) the home savings deposits relating to allocated contracts that have not yet been disbursed in € thousands: 90,749
b) the home finance loans attributable to allocations that have not yet been disbursed in € thousands: 614

Movements in the Portfolio in 2021

Tariff group I (tariffs A, B, C, D)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	1,194	34,560	51	1,563	1,245	36,123
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	–	–	–	–	–	–
2. Transfer	2	71	–	–	2	71
3. Waiver of allocation and revocation of allocation	21	1,058	–	–	21	1,058
4. Partition	–	–	–	–	–	–
5. Allocation	–	–	34	1,460	34	1,460
6. Other	2	55	–	–	2	55
Total	25	1,184	34	1,460	59	2,644
C. Disposals in the financial year due to						
1. Allocation	34	1,460	–	–	34	1,460
2. Reduction	–	–	–	–	–	–
3. Cancellation	129	3,175	14	407	143	3,582
4. Transfer	2	71	–	–	2	71
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	14	287	14	287
7. Waiver of allocation and revocation of allocation	–	–	21	1,058	21	1,058
8. Other	2	56	–	1	2	57
Total	167	4,762	49	1,753	216	6,515
D. Net addition/disposal	–142	–3,578	–15	–293	–157	–3,871
E. Portfolio at the end of the financial year	1,052	30,982	36	1,270	1,088	32,252
thereof: Attributable to home savings customers outside of Germany	21	538	3	107	24	645
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					–	–
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					224	1,255
more than 10,000 up to € 25,000					370	5,304
more than 25,000 up to € 50,000					239	7,701
more than 50,000 up to € 150,000					209	14,639
more than 150,000 up to € 250,000					8	1,371
more than 250,000 up to € 500,000					2	712
more than 500,000					–	–
Total					1,052	30,982

IV. The average total net value at the end of the financial year was € 29,643.

Movements in the Portfolio in 2021

Tariff group II (Classic, Classic V, Vario 1, 2, 3 tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	7,937	200,249	489	18,632	8,426	218,881
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	8	168	–	–	8	168
2. Transfer	20	428	1	100	21	528
3. Waiver of allocation and revocation of allocation	182	4,603	–	–	182	4,603
4. Partition	5	–	–	–	5	–
5. Allocation	–	–	254	6,246	254	6,246
6. Other	15	324	1	63	16	387
Total	230	5,523	256	6,409	486	11,932
C. Disposals in the financial year due to						
1. Allocation	254	6,246	–	–	254	6,246
2. Reduction	–	25	–	–	–	25
3. Cancellation	969	20,143	101	2,062	1,070	22,205
4. Transfer	20	428	1	100	21	528
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	118	3,570	118	3,570
7. Waiver of allocation and revocation of allocation	–	–	182	4,603	182	4,603
8. Other	15	327	–	–	15	327
Total	1,258	27,169	402	10,335	1,660	37,504
D. Net addition/disposal	−1,028	−21,646	−146	−3,926	−1,174	−25,572
E. Portfolio at the end of the financial year	6,909	178,603	343	14,706	7,252	193,309
thereof: Attributable to home savings customers outside of Germany	75	2,001	1	36	76	2,037
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					–	–
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					1,015	6,502
more than 10,000 up to € 25,000					3,194	47,929
more than 25,000 up to € 50,000					1,744	56,666
more than 50,000 up to € 150,000					936	63,024
more than 150,000 up to € 250,000					16	2,811
more than 250,000 up to € 500,000					3	1,160
more than 500,000					1	511
Total					6,909	178,603

IV. The average total net value at the end of the financial year was € 26,656.

Movements in the Portfolio in 2021

Tariff group III (Classic S, L, Vario E, U, R tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	23,971	445,328	1,542	36,879	25,513	482,207
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	10	175	–	–	10	175
2. Transfer	65	1,243	2	35	67	1,278
3. Waiver of allocation and revocation of allocation	423	9,710	–	–	423	9,710
4. Partition	5	–	1	–	6	–
5. Allocation	–	–	825	13,908	825	13,908
6. Other	44	934	4	135	48	1,069
Total	547	12,062	832	14,078	1,379	26,140
C. Disposals in the financial year due to						
1. Allocation	825	13,908	–	–	825	13,908
2. Reduction	–	298	–	–	–	298
3. Cancellation	5,768	90,561	617	9,571	6,385	100,132
4. Transfer	65	1,243	2	35	67	1,278
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	567	13,990	567	13,990
7. Waiver of allocation and revocation of allocation	–	–	423	9,710	423	9,710
8. Other	44	936	3	73	47	1,009
Total	6,702	106,946	1,612	33,379	8,314	140,325
D. Net addition/disposal	–6,155	–94,884	–780	–19,301	–6,935	–114,185
E. Portfolio at the end of the financial year	17,816	350,444	762	17,578	18,578	368,022
thereof: Attributable to home savings customers outside of Germany	104	2,152	3	56	107	2,209
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					–	–
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					5,320	43,839
more than 10,000 up to € 25,000					9,232	149,103
more than 25,000 up to € 50,000					2,242	77,575
more than 50,000 up to € 150,000					997	70,848
more than 150,000 up to € 250,000					18	3,347
more than 250,000 up to € 500,000					5	1,798
more than 500,000					2	3,934
Total					17,816	350,444

IV. The average total net value at the end of the financial year was € 19,810.

Movements in the Portfolio in 2021

Tariff group IV (Classic S1, L1, N1, F1, Vario E1, U1, R1 tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**	**Number of contracts**	**Total net value in € thousands**
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	61,936	1,201,121	4,536	100,344	66,472	1,301,465
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	22	432	–	–	22	432
2. Transfer	136	2,996	5	85	141	3,081
3. Waiver of allocation and revocation of allocation	1,598	29,831	–	–	1,598	29,831
4. Partition	6	–	2	–	8	–
5. Allocation	–	–	2,517	47,955	2,517	47,955
6. Other	97	2,851	7	235	104	3,086
Total	1,859	36,110	2,531	48,275	4,390	84,385
C. Disposals in the financial year due to						
1. Allocation	2,517	47,955	–	–	2,517	47,955
2. Reduction	–	2,046	–	–	–	2,046
3. Cancellation	7,737	124,006	1,116	19,982	8,853	143,988
4. Transfer	136	2,996	5	85	141	3,081
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	1,229	27,967	1,229	27,967
7. Waiver of allocation and revocation of allocation	–	–	1,598	29,831	1,598	29,831
8. Other	97	2,852	6	225	103	3,077
Total	10,487	179,855	3,954	78,090	14,441	257,945
D. Net addition/disposal	−8,628	−143,745	−1,423	−29,815	−10,051	−173,560
E. Portfolio at the end of the financial year	53,308	1,057,376	3,113	70,529	56,421	1,127,905
thereof: Attributable to home savings customers outside of Germany	229	5,846	8	402	237	6,248
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					3	257
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					22,521	194,905
more than 10,000 up to € 25,000					22,421	399,041
more than 25,000 up to € 50,000					6,071	247,896
more than 50,000 up to € 150,000					2,132	178,521
more than 150,000 up to € 250,000					133	24,975
more than 250,000 up to € 500,000					27	9,129
more than 500,000					3	2,910
Total					53,308	1,057,376

IV. The average total net value at the end of the financial year was € 19,991.

Movements in the Portfolio in 2021

Tariff group V (Classic2007 S, B, F, N, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	189,469	3,778,403	11,876	264,942	201,345	4,043,345
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	551	38,474	–	–	551	38,474
2. Transfer	445	10,434	14	403	459	10,837
3. Waiver of allocation and revocation of allocation	18,188	275,380	–	–	18,188	275,380
4. Partition	30	–	2	–	32	–
5. Allocation	–	–	28,169	503,599	28,169	503,599
6. Other	302	17,379	32	555	334	17,934
Total	19,516	341,667	28,217	504,557	47,733	846,224
C. Disposals in the financial year due to						
1. Allocation	28,169	503,599	–	–	28,169	503,599
2. Reduction	–	53,427	–	150	–	53,577
3. Cancellation	8,877	241,806	9,974	227,338	18,851	469,144
4. Transfer	445	10,434	14	403	459	10,837
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	1,889	45,144	1,889	45,144
7. Waiver of allocation and revocation of allocation	–	–	18,188	275,380	18,188	275,380
8. Other	323	18,748	20	373	343	19,121
Total	37,814	828,014	30,085	548,788	67,899	1,376,802
D. Net addition/disposal	–18,298	–486,347	–1,868	–44,231	–20,166	–530,578
E. Portfolio at the end of the financial year	171,171	3,292,056	10,008	220,711	181,179	3,512,767
thereof: Attributable to home savings customers outside of Germany	445	10,414	19	618	464	11,032
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					23	1,163
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					96,133	960,571
more than 10,000 up to € 25,000					50,551	933,399
more than 25,000 up to € 50,000					17,868	717,928
more than 50,000 up to € 150,000					6,013	510,044
more than 150,000 up to € 250,000					482	92,212
more than 250,000 up to € 500,000					97	32,186
more than 500,000					27	45,716
Total					171,171	3,292,056

IV. The average total net value at the end of the financial year was € 19,388.

Movements in the Portfolio in 2021

Tariff group VI (Classic2012 S, B, F, FL, N, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	63,175	1,548,502	2,940	73,606	66,115	1,622,108
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	49	2,413	–	–	49	2,413
2. Transfer	137	4,082	6	161	143	4,243
3. Waiver of allocation and revocation of allocation	3,769	63,461	–	–	3,769	63,461
4. Partition	11	–	1	–	12	–
5. Allocation	–	–	6,722	136,733	6,722	136,733
6. Other	105	5,415	5	105	110	5,520
Total	4,071	75,371	6,734	136,999	10,805	212,370
C. Disposals in the financial year due to						
1. Allocation	6,722	136,733	–	–	6,722	136,733
2. Reduction	–	10,301	–	7	–	10,308
3. Cancellation	2,925	79,019	2,413	55,337	5,338	134,356
4. Transfer	137	4,082	6	161	143	4,243
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	421	11,956	421	11,956
7. Waiver of allocation and revocation of allocation	–	–	3,769	63,461	3,769	63,461
8. Other	113	5,620	1	15	114	5,635
Total	9,897	235,755	6,610	130,937	16,507	366,692
D. Net addition/disposal	–5,826	–160,384	124	6,062	–5,702	–154,322
E. Portfolio at the end of the financial year	57,349	1,388,118	3,064	79,668	60,413	1,467,786
thereof: Attributable to home savings customers outside of Germany	158	3,871	3	1,025	161	4,896
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					20	1,147
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					31,673	316,608
more than 10,000 up to € 25,000					13,843	259,759
more than 25,000 up to € 50,000					7,009	279,990
more than 50,000 up to € 150,000					4,242	365,343
more than 150,000 up to € 250,000					426	81,596
more than 250,000 up to € 500,000					126	43,086
more than 500,000					30	41,735
Total					57,349	1,388,118

IV. The average total net value at the end of the financial year was € 24,296.

Movements in the Portfolio in 2021

Tariff group VII (Classic2014 S, B, F, FL, N, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	102,462	2,853,391	3,273	85,756	105,735	2,939,147
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	46	2,420	–	–	46	2,420
2. Transfer	216	7,182	10	201	226	7,383
3. Waiver of allocation and revocation of allocation	5,865	129,191	–	–	5,865	129,191
4. Partition	14	–	–	–	14	–
5. Allocation	–	–	10,420	229,398	10,420	229,398
6. Other	81	3,411	7	210	88	3,621
Total	6,222	142,204	10,437	229,809	16,659	372,013
C. Disposals in the financial year due to						
1. Allocation	10,420	229,398	–	–	10,420	229,398
2. Reduction	–	21,076	–	37	–	21,113
3. Cancellation	5,098	140,674	2,482	58,931	7,580	199,605
4. Transfer	216	7,182	10	201	226	7,383
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	568	14,004	568	14,004
7. Waiver of allocation and revocation of allocation	–	–	5,865	129,191	5,865	129,191
8. Other	108	5,054	2	51	110	5,105
Total	15,842	403,384	8,927	202,415	24,769	605,799
D. Net addition/disposal	−9,620	−261,180	1,510	27,394	−8,110	−233,786
E. Portfolio at the end of the financial year	92,842	2,592,211	4,783	113,150	97,625	2,705,361
thereof: Attributable to home savings customers outside of Germany	207	7,094	6	177	213	7,271
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					60	2,876
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					49,361	493,405
more than 10,000 up to € 25,000					20,480	386,355
more than 25,000 up to € 50,000					12,740	517,598
more than 50,000 up to € 150,000					8,880	783,777
more than 150,000 up to € 250,000					963	185,412
more than 250,000 up to € 500,000					326	109,362
more than 500,000					92	116,302
Total					92,842	2,592,211

IV. The average total net value at the end of the financial year was € 27,712.

Movements in the Portfolio in 2021

Tariff group VIII (Classic2015 F, L, N, S, Classic Young tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	122,972	5,157,339	840	20,954	123,812	5,178,293
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	315	23,767	–	–	315	23,767
2. Transfer	182	10,744	–	–	182	10,744
3. Waiver of allocation and revocation of allocation	913	34,628	–	–	913	34,628
4. Partition	21	–	1	–	22	–
5. Allocation	–	–	2,408	83,625	2,408	83,625
6. Other	123	7,306	5	152	128	7,458
Total	1,554	76,445	2,414	83,777	3,968	160,222
C. Disposals in the financial year due to						
1. Allocation	2,408	83,625	–	–	2,408	83,625
2. Reduction	–	44,529	–	215	–	44,744
3. Cancellation	6,856	250,288	860	30,054	7,716	280,342
4. Transfer	182	10,744	–	–	182	10,744
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	144	3,367	144	3,367
7. Waiver of allocation and revocation of allocation	–	–	913	34,628	913	34,628
8. Other	165	9,612	3	44	168	9,656
Total	9,611	398,798	1,920	68,308	11,531	467,106
D. Net addition/disposal	−8,057	−322,353	494	15,469	−7,563	−306,884
E. Portfolio at the end of the financial year	114,915	4,834,986	1,334	36,423	116,249	4,871,409
thereof: Attributable to home savings customers outside of Germany	181	13,381	1	18	182	13,399
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					477	38,892
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					38,039	380,204
more than 10,000 up to € 25,000					28,172	547,038
more than 25,000 up to € 50,000					25,712	1,060,442
more than 50,000 up to € 150,000					19,350	1,727,673
more than 150,000 up to € 250,000					2,427	472,595
more than 250,000 up to € 500,000					982	331,641
more than 500,000					233	315,393
Total					114,915	4,834,986

IV. The average total net value at the end of the financial year was € 41,905.

Movements in the Portfolio in 2021

Tariff group IX (Xtra Young, Home M, L, XL, Comfort S, N and Flex tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	59,736	2,757,721	98	2,426	59,834	2,760,147
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	1,312	125,303	–	–	1,312	125,303
2. Transfer	80	5,148	–	–	80	5,148
3. Waiver of allocation and revocation of allocation	72	2,517	–	–	72	2,517
4. Partition	7	–	–	–	7	–
5. Allocation	–	–	284	8,667	284	8,667
6. Other	77	4,244	1	20	78	4,264
Total	1,548	137,212	285	8,687	1,833	145,899
C. Disposals in the financial year due to						
1. Allocation	284	8,667	–	–	284	8,667
2. Reduction	–	22,631	–	–	–	22,631
3. Cancellation	3,245	113,126	66	2,358	3,311	115,484
4. Transfer	80	5,148	–	–	80	5,148
5. Combination	–	–	–	–	–	–
6. Expiry of contract	–	–	23	495	23	495
7. Waiver of allocation and revocation of allocation	–	–	72	2,517	72	2,517
8. Other	98	5,589	1	20	99	5,609
Total	3,707	155,161	162	5,390	3,869	160,551
D. Net addition/disposal	–2,159	–17,949	123	3,297	–2,036	–14,652
E. Portfolio at the end of the financial year	57,577	2,739,772	221	5,723	57,798	2,745,495
thereof: Attributable to home savings customers outside of Germany	49	3,247	–	–	49	3,247
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					742	62,543
b) Contracts concluded in financial year 2021					–	–
III. Size classification of unallocated contracts						
up to € 10,000					21,337	213,315
more than 10,000 up to € 25,000					12,782	244,538
more than 25,000 up to € 50,000					12,557	530,273
more than 50,000 up to € 150,000					7,656	733,064
more than 150,000 up to € 250,000					1,974	390,126
more than 250,000 up to € 500,000					1,053	360,817
more than 500,000					218	267,639
Total					57,577	2,739,772

IV. The average total net value at the end of the financial year was € 47,502.

Movements in the Portfolio in 2021

Tariff group X (Xtra Home 2020 M, L, XL, Comfort S, N, Flex tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	13,271	540,478	1	10	13,272	540,488
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	29,918	1,394,700	–	–	29,918	1,394,700
2. Transfer	46	2,688	–	–	46	2,688
3. Waiver of allocation and revocation of allocation	2	27	–	–	2	27
4. Partition	2	–	–	–	2	–
5. Allocation	–	–	15	378	15	378
6. Other	182	11,130	–	–	182	11,130
Total	30,150	1,408,545	15	378	30,165	1,408,923
C. Disposals in the financial year due to						
1. Allocation	15	378	–	–	15	378
2. Reduction	–	6,865	–	–	–	6,865
3. Cancellation	1,242	49,213	3	78	1,245	49,291
4. Transfer	46	2,688	–	–	46	2,688
5. Combination	106	–	–	–	106	–
6. Expiry of contract	–	–	–	–	–	–
7. Waiver of allocation and revocation of allocation	–	–	2	27	2	27
8. Other	63	4,035	–	–	63	4,035
Total	1,472	63,179	5	105	1,477	63,284
D. Net addition/disposal	28,678	1,345,366	10	273	28,688	1,345,639
E. Portfolio at the end of the financial year	41,949	1,885,844	11	283	41,960	1,886,127
thereof: Attributable to home savings customers outside of Germany	24	2,142	–	–	24	2,142
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					1,389	117,615
b) Contracts concluded in financial year 2021					8,414	696,787
III. Size classification of unallocated contracts						
up to € 10,000					11,217	112,126
more than 10,000 up to € 25,000					13,404	251,621
more than 25,000 up to € 50,000					10,121	411,830
more than 50,000 up to € 150,000					5,152	488,839
more than 150,000 up to € 250,000					1,203	240,081
more than 250,000 up to € 500,000					714	245,393
more than 500,000					138	135,954
Total					41,949	1,885,844

IV. The average total net value at the end of the financial year was € 44,951.

Movements in the Portfolio in 2021

Tariff group "Riester" (FR, SR, R, Home MR, Home LR, Home XLR tariffs)

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	47,924	1,941,332	1,088	37,589	49,012	1,978,921
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	2,231	126,515	–	–	2,231	126,515
2. Transfer	3	149	–	–	3	149
3. Waiver of allocation and revocation of allocation	1,426	44,768	–	–	1,426	44,768
4. Partition	–	–	–	–	–	–
5. Allocation	–	–	2,587	86,621	2,587	86,621
6. Other	97	4,516	13	434	110	4,950
Total	3,757	175,948	2,600	87,055	6,357	263,003
C. Disposals in the financial year due to						
1. Allocation	2,587	86,621	–	–	2,587	86,621
2. Reduction	–	2,729	–	–	–	2,729
3. Cancellation	2,886	126,175	908	32,053	3,794	158,228
4. Transfer	3	149	–	–	3	149
5. Combination	1	–	–	–	1	–
6. Expiry of contract	–	–	105	3,877	105	3,877
7. Waiver of allocation and revocation of allocation	–	–	1,426	44,768	1,426	44,768
8. Other	97	4,503	6	186	103	4,689
Total	5,574	220,177	2,445	80,884	8,019	301,061
D. Net addition/disposal	–1,817	–44,229	155	6,171	–1,662	–38,058
E. Portfolio at the end of the financial year	46,107	1,897,103	1,243	43,760	47,350	1,940,863
thereof: Attributable to home savings customers outside of Germany	52	1,869	1	30	53	1,899
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					2,865	130,585
b) Contracts concluded in financial year 2021					1,100	75,830
III. Size classification of unallocated contracts						
up to € 10,000					3,894	38,719
more than 10,000 up to € 25,000					10,718	214,476
more than 25,000 up to € 50,000					19,837	799,488
more than 50,000 up to € 150,000					11,560	826,509
more than 150,000 up to € 250,000					96	17,352
more than 250,000 up to € 500,000					2	559
more than 500,000					–	–
Total					46,107	1,897,103

IV. The average total net value at the end of the financial year was € 40,990.

Movements in the Portfolio in 2021

All Tariffs

	Not allocated		Allocated		Total	
	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands	Number of contracts	Total net value in € thousands
I. Overview of movements in the portfolio of unallocated and allocated home savings contracts and contractual total net values						
A. Portfolio at the end of the previous year	694,047	20,458,424	26,734	642,701	720,781	21,101,125
B. Additions in the financial year due to						
1. New contracts taken out (cashed-in contracts)	34,462	1,714,367	–	–	34,462	1,714,367
2. Transfer	1,332	45,165	38	985	1,370	46,150
3. Waiver of allocation and revocation of allocation	32,459	595,174	–	–	32,459	595,174
4. Partition	101	–	7	–	108	–
5. Allocation	–	–	54,235	1,118,590	54,235	1,118,590
6. Other	1,125	57,565	75	1,909	1,200	59,474
Total	69,479	2,412,271	54,355	1,121,484	123,834	3,533,755
C. Disposals in the financial year due to						
1. Allocation	54,235	1,118,590	–	–	54,235	1,118,590
2. Reduction	–	163,927	–	409	–	164,336
3. Cancellation	45,732	1,238,186	18,554	438,171	64,286	1,676,357
4. Transfer	1,332	45,165	38	985	1,370	46,150
5. Combination	107	–	–	–	107	–
6. Expiry of contract	–	–	5,078	124,657	5,078	124,657
7. Waiver of allocation and revocation of allocation	–	–	32,459	595,174	32,459	595,174
8. Other	1,125	57,332	42	988	1,167	58,320
Total	102,531	2,623,200	56,171	1,160,384	158,702	3,783,584
D. Net addition/disposal	−33,052	−210,929	−1,816	−38,900	−34,868	−249,829
E. Portfolio at the end of the financial year	660,995	20,247,495	24,918	603,801	685,913	20,851,296
thereof: Attributable to home savings customers outside of Germany	1,545	52,555	45	2,469	1,590	55,024
II. Portfolio of contracts not yet cashed in						
a) Contracts concluded prior to 1.1.2021 (financial year)					5,579	355,078
b) Contracts concluded in financial year 2021					9,514	772,617
III. Size classification of unallocated contracts						
up to € 10,000					280,734	2,761,449
more than 10,000 up to € 25,000					185,167	3,438,563
more than 25,000 up to € 50,000					116,140	4,707,388
more than 50,000 up to € 150,000					67,127	5,762,281
more than 150,000 up to € 250,000					7,746	1,511,878
more than 250,000 up to € 500,000					3,337	1,135,843
more than 500,000					744	930,094
Total					660,995	20,247,495

IV. The average total net value at the end of the financial year was € 30,399.

Annual Financial Statements of Landesbausparkasse Hessen-Thüringen

Balance Sheet of Landesbausparkasse Hessen-Thüringen

as at 31 December 2021
– included in the bank's consolidated balance sheet –

Assets — **in € thousands**

				31.12.2021	31.12.2020
Cash reserve					
b) Balances with central banks			5		5
thereof: With Deutsche Bundesbank	5				(5)
				5	**5**
Loans and advances to banks					
b) Other loans and advances			5,158,769		5,205,340
thereof: Payable on demand	254,481				(262,723)
				5,158,769	**5,205,340**
Loans and advances to customers					
a) Home finance loans					
aa) From allocations (home savings loans)		106,039			119,841
ab) For interim and bridge-over financing		901,891			831,900
ac) Other		4,081			3,841
thereof: Secured by mortgage charges	693,452				(643,371)
			1,012,011		955,582
b) Other loans and advances			13,706		23,915
				1,025,717	**979,497**
Equity investments				**362**	**362**
Intangible assets					
b) Purchased concessions, industrial property rights and similar rights and assets, and licences in such rights and assets			4,786		5,799
				4,786	**5,799**
Property and equipment				**177**	**169**
Other assets				**5,578**	**4,772**
Prepaid expenses				**15**	**15**
Total assets				**6,195,409**	**6,195,597**

Equity and liabilities					in € thousands
				31.12.2021	31.12.2020
Liabilities due to banks					
a) Home savings deposits			70,003		61,190
thereof: On allocated contracts	–				(–)
b) Other liabilities			548,099		619,418
thereof: Payable on demand	10,083				(10,588)
				618,102	**680,608**
Liabilities due to customers					
a) Deposits from home savings business					
aa) Home savings deposits		5,165,632			5,122,282
thereof:					
On terminated contracts	45,561				(44,665)
On allocated contracts	90,749				(87,527)
			5,165,632		5,122,282
b) Other liabilities					
ba) Payable on demand		17,404			10,800
			17,404		10,800
				5,183,036	**5,133,082**
Other liabilities				**9,603**	**8,426**
Deferred income				**1,146**	**1,538**
Provisions					
a) Provisions for pensions and similar obligations			124,908		119,296
c) Other provisions			14,392		16,762
				139,300	**136,058**
Home savings protection fund				**11,200**	**11,200**
Fund for general banking risks				**25,000**	**25,000**
Equity					
c) Revenue reserves			208,022		198,744
				208,022	**198,744**
Total equity and liabilities				**6,195,409**	**6,194,656**
Contingent liabilities					
b) Liabilities from guarantees and indemnity agreements				548	224
Other obligations					
c) Irrevocable loan commitments				36,752	33,184

Income Statement of Landesbausparkasse Hessen-Thüringen

for the period 1 January to 31 December 2021 – included in the bank's consolidated income statement –

in € thousands

					2021	2020
Interest income from						
a) Lending and money market transactions						
aa) From home savings loans		3,505				4,286
ab) From interim and bridge-over loans		18,046				17,896
ac) From other home finance loans		52				56
ad) From other lending and money market transactions		102,270				103,970
			123,873			126,208
thereof: Negative interest income	159					(139)
				123,873		126,208
Interest expense						
a) On home savings deposits			58,037			65,336
b) Other interest expenses			4,923			5,203
thereof: Positive interest expense	4					(6)
				62,960		70,539
					60,913	**55,669**
Fee and commission income						
a) On contracts signed and arranged			23,133			22,157
b) From loans granted after allocation			10			2
c) From the commitment and administration of interim and bridge-over loans			3			4
d) Other fee and commission income			5,782			5,992
				28,928		28,155
Fee and commission expenses						
a) On contracts signed and arranged			22,890			24,365
b) Other fee and commission expense			4,726			4,553
				27,616		28,918
					1,312	**–763**
Other operating income					**6,562**	**5,246**
Carried forward:					**68,787**	**60,152**

in € thousands

				2021	2020
Carried forward:				**68,787**	**60,152**
General and administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		14,581			14,683
ab) Social security, post-employment and other benefit expenses		2,619			2,748
			17,200		17,431
thereof: Post-employment benefit expenses	147				(268)
b) Other administrative expenses			21,370		21,944
				38,570	**39,375**
Amortisation and write-downs of property and equipment and intangible assets				**1,048**	**1,060**
Other operating expenses				**18,428**	**15,049**
Write-downs of and allowances on loans and advances and certain securities as well as transfers to loan loss provisions				**1,463**	**1,419**
Result from ordinary activities				**9,278**	**3,249**
Net income for the year				**9,278**	**3,249**
Allocations to revenue reserves				**–9,278**	**–3,249**
Net retained profits				**–**	**–**

Notes to the Financial Statements of Landesbausparkasse Hessen-Thüringen

as at 31 December 2021

Basis of Preparation and Accounting Policies

Landesbausparkasse Hessen-Thüringen (LBS) is a legally dependent unit of Landesbank Hessen-Thüringen, Frankfurt am Main/Erfurt (Helaba), registered in the commercial registers of Frankfurt am Main, HRA 29821, and Jena, HRA 102181, and is obliged in accordance with Section 18 (3) of the German Building and Loan Associations Act (Bausparkassengesetz – BauSparkG) to prepare separate annual financial statements, which are included in the annual financial statements of Helaba. These annual financial statements have been prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) and the supplementary regulations of the German Accounting Regulation for Credit Institutions and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV), with due consideration being given to all permitted accounting policies. The balance sheet and income statement have been supplemented to include those items that are mandatory for Bausparkassen.

Items that are included in the statutory form but for which no entries are applicable have not been listed.

Receivables are reported at their nominal amount and liabilities at their settlement amount.

Equity investments are shown at cost. If impairment is expected to be permanent, they are written down to their lower fair value.

The loans and advances to customers that are exposed to default risk and the receivables from the field service included under other assets have been adequately recognised by way of specific allowances. The approach specified in the International Financial Reporting Standards is used for calculating global allowances. Provisions for losses on loans and advances in accordance with section 340f HGB were recognised for special risks relating to credit institutions. All allowances and provisions for losses on loans and advances are reported separately under assets.

Intangible assets and property and equipment are stated at cost, less straight-line amortisation and depreciation. Depreciation and amortisation are charged over the useful life of the asset.

LBS makes use of the option provided in Section 6 2a. first sentence of the German Income Tax Act (Einkommensteuergesetz – EStG) and capitalises assets worth more than € 250 and less than € 800. Other assets are recognised at their nominal value.

LBS reported prepaid expenses and deferred income for income and expenses recognised before the balance sheet date that represent income or expenses for a specific time after this date.

One security with a nominal value of € 15 m provided by Helaba as a loan and serving as a highly liquid asset (security loaned in unsecured form) is not reported on the balance sheet.

Provisions are recorded at the settlement amount as dictated by prudent business judgement. In accordance with section 253 (2) HGB, provisions with a remaining term of more than one year have been discounted at the rates published by the Bundesbank in accordance with their remaining term.

Pension obligations are determined on the reporting date by external actuarial experts. They are measured using the projected unit credit method, based on biometric assumptions (2018G mortality tables of Professor Dr. Heubeck), salary and pension increases expected in the future as well as the average market rate published by the Bundesbank for an assumed remaining maturity of 15 years.

The measurement parameters applied are shown in the table below:

	31.12.2021
Interest rate	1.87 %
Salary trend	2.00 %
Pension trend	1.60 % – 2.00 %
Employee turnover rate	3.00 %

Some pension obligations are covered by assets (securities) that are exempt from attachment by any other creditors. These assets can only be used to settle liabilities from retirement benefit obligations (plan assets). They are measured at fair value (repurchase price) pursuant to Section 253 (1) sentence 4 HGB and offset against the corresponding pension obligations. To the extent that the fair value of the assets exceeds the carrying amount of the provisions, the respective surplus amount is disclosed on the assets side as an excess of plan assets over post-employment benefit liability.

The application of Section 253 (6) HGB yielded a difference in the recognised pension obligations resulting from discounting using the average market rate for ten financial years instead of seven of € 10.6 m as at 31 December 2021.

The pension expense to be recognised in the income statement includes mainly provision expense and interest expense. The provision expense represents the increase in pension obligations attributable to the service provided by employees in the financial year; it is disclosed under general and administrative expenses. The interest expense is defined as the increase in the present value of the pension obligations that results from the settlement date approaching and the discounting period thus becoming shorter. The interest expense is netted against the return on plan assets. Both the interest expense and the return on plan assets are included in the other operating result.

Interest income also includes early termination fees paid to LBS in the amount of € 15.3 m (previous year: € 15.4 m) for positions under these transactions that were ended early.

The receivables not yet due from arrangement fees arising from “LBS-Wohn-Riester” agreements (tariff Classic Riester, type FR and SR) were discounted in line with matching maturities. The cash value of the fees is recognised in full in the year of contract conclusion. As of 31 December 2021, receivables not yet due from Riester arrangement fees were capitalised in the amount of € 3.3 m (previous year € 3.2 m).

In accordance with BFA 3, interest-based banking book transactions are measured at the lower of cost or net realisable value using the present value method, taking risk and administrative expenses into account. There is no need to recognise a provision for expected losses.

The figure for net remeasurement gains / losses includes a sum of € 0.8 m (previous year: € 0.8 m) representing expenses for insurance cover against loan defaults.

Disclosures and Comments Concerning the Balance Sheet and Income Statement

Receivables from Helaba amounted to € 5,158.8 m (previous year: € 5,184.7 m) and liabilities due to Helaba were € 538.0 m (previous year: € 608.8 m).

Classification by remaining maturity in € m

	31.12.2021	31.12.2020
Other loans and advances to banks		
Payable on demand	254.5	262.7
Up to three months	138.8	145.1
More than three months and up to one year	230.0	185.0
More than one year and up to five years	1,190.0	1,355.0
More than five years	3,345.5	3,257.5
Loans and advances to customers		
Up to three months	28.7	40.7
More than three months and up to one year	55.7	61.7
More than one year and up to five years	402.2	385.5
More than five years	539.1	491.6

Loans and advances to customers do not include any indefinite term loans and advances.

Remaining maturities from interim and bridge-over loans have been determined to the point of allocation.

Interest and principal payments that were past due by more than three monthly instalments, including payments to alternative repayment vehicles, amounted to € 1.0 m (previous year: € 0.9 m) with respect to home finance loans, including terminated exposures.

The HI-HPA fund shares from salary conversion under the occupational retirement pension scheme are offset as plan assets against the corresponding provisions pursuant to Section 246 (2) sentence 2 HGB.

The development of the acquisition or production cost (AK/HK) for intangible assets and property and equipment in financial year 2021 (FY) is shown below (in € thousands):

in € m

	Intangible assets	Property and equipment
	Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	
AK/HK at start of FY (total)	10,084	3,097
Additions, total AK/HK (FY)	–	43
Disposals, total AK/HK (FY)	–	26
Reclassifications, total AK/HK (FY)	–	–
AK/HK at end of FY (total)	**10,084**	**3,114**
Amortisation and depreciation at start of FY (total)	4,285	2,928
Amortisation and depreciation (FY)	1,013	35
Changes in total amortisation and depreciation in connection with disposals (total)	–	26
Amortisation and depreciation at end of FY (total)	**5,298**	**2,937**
As at 31.12.2021 (carrying amount)	**4,786**	**177**
As at 31.12.2020 (carrying amount)	5,799	169

Other assets mainly shows commission advances paid to and returns of commissions due from the field service and credit pledged to the protection scheme to protect deposits.

Other liabilities due to banks, excluding home savings deposits — in € m

	31.12.2021	31.12.2020
Payable on demand	10.1	10.6
Up to three months	31.2	8.8
More than three months and up to one year	64.0	64.4
More than one year and up to five years	320.7	323.7
More than five years	122.1	211.9

Borrowings in the amount of € 538.0 m (previous year: € 608.8 m) serve exclusively to fund business outside the home loan and savings collective.

Commission liabilities due to the field service in the amount of € 9.6 m (previous year: € 9.9 m) account for most of the other liabilities figure of € 9.6 m.

Deferred income (€ 1.1 m) includes a discount from receivables of € 1.1 m (previous year: € 1.2 m).

The purchase cost of assets offset against provisions pursuant to Section 246 (2) sentence 2 HGB amounted to € 1.8 m (previous year: € 1.9 m), and their fair value was € 2.1 m (previous year: € 2.1 m). The settlement amount of the offset liabilities amounted to € 2.3 m (previous year: € 2.2 m). Income of € 96,200 (previous year: € 37,200) was offset in the income statement against expenses of € 149,700 (previous year: € 126,400) from these assets and liabilities from salary conversion.

The largest single item under other provisions (€ 14.4 m) is the € 4.1 m provision for payments made upon early retirement. Other significant items under this heading include provisions for sales bonuses (€ 1.5 m).

The taxed home savings protection fund is designed to provide a long-term safeguard for the home savings collective. The value of the fund is unchanged at € 11.2 m.

Legally binding payment obligations are broken down as follows **in € m**

	31.12.2021	31.12.2020
From allocations	0.6	0.7
For interim and bridge-over financing	35.8	32.4
From other home finance loans	0.4	0.1
Total	**36.8**	**33.2**

LBS will in all probability be responsible for payment of nearly all these obligations.

LBS has an obligation to pay a lifelong monthly pension to 36 home loan and savings customers under a retirement pension home savings contract. The claim amounts to € 548,000 and LBS has concluded 36 pension insurance agreements for a corresponding insured sum with Provinzial NordWest Lebensversicherung AG to cover it.

Other operating income mainly comprises income from the correction of fees and commissions for previous years in the amount of € 3.0 m (previous year: € 2.5 m), income from the reversal of provisions in the amount of € 2.4 m (previous year: € 2.1 m) and income of € 0.9 m (previous year: € 0.0 m) from the derecognition of home savings deposits of customers whose whereabouts are unknown.

Other operating expenses mainly comprises the expense of € 10.5 m (previous year: € 9.9 m) from the compounding of pension provisions, expenses of € 0.5 m (previous year: € 0.7 m) from the correction of fees and commissions for previous years and compensation payments of € 0.1 m (previous year: € 0.3 m) to the field service. The € 7.2 m tax expense (previous year: € 3.8 m) settled by way of allocation with Helaba that is also included in this item is charged in full against the result from ordinary activities.

Acting in accordance with Section 18 (2) and (3) of the German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSiG) and on the basis of the resolution of the Landesbausparkassen protection scheme, LBS made use of the option to provide 30 % of the funds to be paid in the form of payment obligations once again in 2021. This reduced non-personnel operating expenses by € 0.8 m (previous year: € 1.0 m).

Other Disclosures

LBS holds 14.3 % of the shares in FORUM Direktfinanz GmbH & Co. KG, Münster (equity € 7,000, profit from financial year 2020: € 0.8 m).

Subject to the resolution on the use of net retained profits for 2021, which is still outstanding, an allocation of profits in the amount of € 9.3 m to revenue reserves is anticipated. The Supervisory Board will decide on the appropriation of profit at its meeting.

Please refer to the consolidated financial statements of Landesbank Hessen-Thüringen Girozentrale Frankfurt am Main / Erfurt for further information on auditors' fees according to section 285 no. 17 of the HGB. The fees include remuneration for statutory audits of financial statements as well as fees for other attestation services not prescribed by law.

The remuneration for the members of the executive bodies of Helaba who are also responsible for LBS was paid by the Bank. The members of the executive bodies and the remuneration paid to them are listed in the notes to Helaba's financial statements. Home finance loans to members of the Supervisory Board (persons within the meaning of Section 34 (2) sentence 1 alternative 2 RechKredV) amount to € 38,000 (previous year: € 51,000).

Remuneration paid to LBS Advisory Board members totalled € 25,000 (previous year: € 25,000).

LBS employed 193 people on average in 2021, 117 of them female and 76 male.

There has been a serious escalation in the conflict between Ukraine and Russia since the reporting date. Following the incursion of Russian troops into Ukraine on 24 February 2022, sanctions against Russia have been extended significantly, especially those targeting Russian banks. As yet there has been no direct impact as a result of this development on the business area of LBS, which is geared towards home savings contracts and home finance with private individuals in Hesse and Thuringia. Indirect effects of the sanctions on the assets, liabilities financial position and results of operations of LBS cannot currently be quantified reliably.

Frankfurt am Main / Erfurt, 1 March 2022

Landesbank Hessen-Thüringen Girozentrale

The Executive Board

Groß	Dr. Hosemann	Kemler
Nickel	Rhino	Schmid

Independent Auditor's Report

To Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen – Girozentrale – Frankfurt am Main / Erfurt), Frankfurt am Main / Erfurt

Audit Opinions

We have audited the annual financial statements of Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen – Girozentrale – Frankfurt am Main / Erfurt), Frankfurt am Main / Erfurt, which comprise the balance sheet as at 31 December 2021 and the income statement for the financial year from 1 January 2021 to 31 December 2021 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Landesbausparkasse Hessen-Thüringen (legally dependent division of Landesbank Hessen-Thüringen Girozentrale – Frankfurt am Main / Erfurt), for the financial year from 1 January 2021 to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021 and of its financial performance for the financial year from 01 January 2021 to 31 December 2021 in compliance with German generally accepted accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Other Information

The executive directors are responsible for the other information. The other information includes the disclosures received by us in draft form prior to issuing our auditor's report and contained in the "Advisory Board of Landesbausparkasse Hessen-Thüringen" and "Landesbank Hessen-Thüringen Addresses" sections of the Annual Report.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they have determined necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the annual management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Institution's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Institution.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German generally accepted accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, 1 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Frey	Alt
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Advisory Board of Landesbausparkasse Hessen-Thüringen

for financial year 2021

Chairman

Gerhard Grandke
Executive President of the Sparkassen- und Giroverband Hessen-Thüringen

Vice Chairman

Bernd Woide
Chief Administrative Officer
County District of Fulda

Members

Wolfgang Asche
Chairman of the Board of Managing Directors
Kreissparkasse Nordhausen

Michael Baumann
Member of the Board of Managing Directors
Nassauische Sparkasse
Wiesbaden

Thomas Fügmann
Chief Administrative Officer
County District of Saale-Orla

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Member of the Board of Managing Directors
Sparkasse Arnstadt-Ilmenau
Ilmenau

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Vice Chairman of the Board of Managing Directors
Kasseler Sparkasse

Josef Kraus
Chairman of the Board of Managing Directors
Sparkasse Laubach-Hungen

Frank Matiaske
Chief Administrative Officer
County District of Odenwald

Dr. Sven Matthiesen
Executive Managing Director
Frankfurter Sparkasse

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Member of the Board of Managing Directors
Sparkasse Jena-Saale-Holzland
Jena

Marc Semmel
Chairman of the Board of Managing Directors
Sparkasse Werra-Meissner
Eschwege

Torsten Priemer
Member of the Board of Managing Directors
Kreissparkasse Schlüchtern

Manfred Vögtlin
Vice Chairman of the Board of Managing Directors
Sparkasse Bensheim

Helaba Addresses

Helaba Addresses

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	Erfurt	Bonifaciusstrasse 19 99084 Erfurt Germany	T +49 3 61/2 17-70 07
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	Munich	Lenbachplatz 2a 80333 Munich Germany	T +49 89/5 99 88 49-0
Selected Subsidiaries	**Frankfurter Sparkasse**	Neue Mainzer Strasse 47–53 60311 Frankfurt am Main Germany	T +49 69/26 41-0
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	Frankfurter Bankgesellschaft (Deutschland) AG	Junghofstrasse 26 60311 Frankfurt am Main Germany	T +49 69/1 56 86-0
	Frankfurter Bankgesellschaft (Schweiz) AG	Börsenstrasse 16 8001 Zurich Switzerland	T +41 44/2 65 44 44
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	GGM Gesellschaft für Gebäude-Management mbH	Speicherstrasse 55 60327 Frankfurt am Main Germany	T +49 69/9 17 32-9 00

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Concept and design

3st kommunikation, Mainz

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