

2011

Half-Yearly Financial Report

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The Helaba Group

Helaba Ratings

(at: 25.8.2011)

	Moody's Investors Service	Fitch Ratings	Standard & Poor's
Long-term rating	Aa2**	A+*	A*
Short-term rating	P-1	F1+*	A-1*
Public Pfandbriefe	Aaa	AAA	AAA
Mortgage Pfandbriefe	-	AAA	-
Financial strength/viability rating	C-	a+*	-

* Joint group rating of the Sparkassen-Finanzgruppe Hessen-Thüringen.

** Rating watch negative.

Ratings for Helaba Liabilities that are Covered by Statutory Guarantee (Grandfathering)***

	Moody's Investors Service	Fitch Ratings	Standard & Poor's
Long-term rating	Aa1	AAA	AA
Public Pfandbriefe	Aaa	AAA	AAA
Mortgage Pfandbriefe	Aaa	AAA	AA

*** The statutory guarantee applies indefinitely to all liabilities in place on 18 July 2001. Coverage for liabilities created in the transitional period between 19 July 2001 and 18 July 2005 ceases on 18 July 2005 unless the term of the liabilities affected does not extend beyond 31 December 2015.

The Helaba Group in Figures

	1.1.–30.6.2011	1.1.–30.6.2010	Change	
	in € million	in € million	in € million	in %
Performance figures				
Net interest income before risk provisioning	488	492	-4	-0.8
Net commission income	131	131	-	-
Administrative expenses	-479	-516	37	7.2
Net profit before taxes	333	129	204	>100.0
Net profit before taxes (including IFRS 5 profit)	333	126	207	>100.0
Net profit after taxes	271	95	176	>100.0
Return on equity before taxes¹⁾	in % 12.6	5.2		
Cost/income ratio¹⁾	in % 52.6	66.2		
	30.6.2011	31.12.2010	Change	
	in € million	in € million	in € million	in %
Balance sheet figures				
Loans and advances to banks	13,097	14,412	-1,315	-9.1
Loans and advances to customers	83,068	87,698	-4,630	-5.3
Trading assets	36,289	39,176	-2,887	-7.4
Noncurrent financial assets and shares in companies valued using the equity method	19,102	17,750	1,352	7.6
Liabilities to banks	30,777	31,679	-902	-2.8
Liabilities to customers	39,487	40,896	-1,409	-3.4
Securitised liabilities	37,430	40,389	-2,959	-7.3
Trading liabilities	35,725	38,529	-2,804	-7.3
Equity	5,484	5,203	281	5.4
Total assets	157,724	166,244	-8,520	-5.1
	30.6.2011	31.12.2010	Change	
	in € million	in € million	in € million	in %
Key indicators for regulatory purposes				
Risk-weighted assets	52,500	57,175	-4,675	-8.2
Core capital ratio	in % 11.1	9.6		
Total capital ratio	in % 16.8	14.4		

¹⁾ Previous year figures adjusted.

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Helaba Reports Best Semi-Annual Performance Ever

Higher Earnings Expected

Ladies and Gentlemen,

Helaba Landesbank Hessen-Thüringen (Helaba) ended the first six months of the year on the basis of the semi-annual accounts with an IFRS group pre-tax profit of € 333 m. This is an increase of € 207 m on the previous year's first half. The after-tax result amounts to € 271 m (previous year: € 95 m). Helaba has generated its best semi-annual result in its history. It is characterised by two factors. The positive economic environment supported a strong increase of earnings from operating activities in customer business. The earnings components that are more strongly affected by markings-to-market also had a positive effect during the first half of the year, in particular on net trading income. Due to the uncertainty surrounding high sovereign debt in some Euro countries and in the USA further developments have to be assessed as highly ambiguous. I am nevertheless confident that we will attain our increased earnings target by the end of this year.

**Net interest income after risk provisions and net trading income are increasing;
bank levy adversely affects general administrative expenses**

Net interest income, amounting to € 488 m, remained nearly at the previous year's level (€ 492 m). Net interest income increased both in the real estate business and at Frankfurter Sparkasse. Loan loss provisions declined again. Net interest income after loan loss provisions improved, by € 31 m, to € 389 m. Net commission income, amounting to € 131 m, is also at the previous year's level. Net trading income rose strongly, by € 140 m, to € 173 m. Drivers of success in the first half of 2011 were not only the positive development of spreads but in particular the excellent customer business in securities and derivatives. Net income from non-current financial assets, amounting to € -20 m, is adversely affected by the write-downs on Greek government bonds in an amount of € 30 m. This corresponds to a value adjustment in an amount of 34 % of the nominal volume of € 86 m. General administrative expenses declined due to the deconsolidation of the HANNOVER LEASING Group from € 516 m to € 479 m. When this effect is left out of consideration, expenses are up by € 22 m. This is nearly exclusively due to the bank levy, which has been taken into account pro rata temporis in an amount of € 20 m.

Balance sheet total declines – systematic reduction of off-balance-sheet risks

The consolidated balance sheet total has declined to € 157.7 bn. This is a decrease of € 8.5 bn as compared with 31 December 2010. Loans and advances to banks and assets held for trading have been systematically reduced over the past several years already. As before, the balance sheet structure on the assets side remains characterised by loans and advances to customers and the S-Group Business which account for a share of 60 %. The volume of off-balance-sheet obligations is down by 13.4 % to € 22.5 bn. This is due to the selective reduction of risk positions, in particular at the New York branch.

The medium- and long-term new business volume, amounting to € 6.4 bn, significantly exceeded the previous year's figure of € 5.0 bn. The Bank assumes that the target of € 12.3 bn planned for the new business volume in 2011 will be slightly exceeded.

In the first half of the year, Helaba raised medium- and long-term funding in a volume of € 6.1 bn. Of this total, unsecured issues accounted for € 3.9 bn and Public Pfandbriefe and Mortgage Pfandbriefe accounted for € 2.2 bn. In the second quarter, the Bank issued a public jumbo Pfandbrief in a volume of € 1 bn. It was placed, with a highly attractive spread, primarily with international



institutional investors. Customer deposits of Frankfurter Sparkasse and of 1822direkt continue to contribute to the broadening and diversification of the Group's funding basis.

With a tier 1 capital ratio of 11.1 % (31 December 2010: 9.6 %) and a total capital ratio of 16.8 % (31 December 2010: 14.4 %), the Helaba Group is sufficiently endowed with liable capital. In the second half of the year 2011, the hardening of the silent participations held by the State of Hesse in the amount of € 1.92 bn as "core tier 1 capital", which was publicly and with legally binding effect announced by the owners of Helaba, will be implemented. Helaba will thus comply with the capital requirements under Basel III early on and without availing itself of transitional periods.

Outlook: higher earnings expected

As regards the business and earnings development in the year 2011, I remain cautiously optimistic. It is true that the early indicators are heralding an economic slowdown after a strong upswing at the beginning of the year. The German economy will nevertheless continue to grow. Despite the debt crisis that is persisting in some Euro countries and the market volatilities associated with the downgrading of the USA, which render a forecast for the year difficult, I continue to see Helaba's performance on a positive course. For the whole of 2011, I expect group profit – as planned – to exceed the previous year's result.

Yours sincerely

A handwritten signature in black ink that reads "Hans-Dieter Brenner". The signature is written in a cursive, slightly stylized script.

Hans-Dieter Brenner
Chairman of the Board of Managing Directors

Group Interim Management Report

Group Interim Management Report

Business Activity

Helaba has a stable strategic business model with a long-term focus. The Bank is tightly woven into the real economy, as evidenced by its commercial alliance with the Sparkassen savings banks in Hesse and Thuringia and the fact that over 50 % of its total assets is attributable to loans and advances to customers. The economic climate in Germany continues to be dynamic, and there has been a further positive development in the activities of Helaba in the field of operational client business. This is applicable for Wholesale Business and investment banking as well as private customers and SME business.

Pre-tax consolidated net income of Helaba amounted to € 333 m for the first six months of 2011. This is equivalent to an increase of € 204 m compared with the first half of 2010. After tax and after the result of discontinued operations, consolidated net income of € 271 m is reported (previous year period: € 95 m). The customer-related contributions to operating results reflect the positive economic climate. The components of result which are affected to a greater extent by market valuations have had a positive impact as of 30 June 2011 particularly on net trading income due to various factors, including the conservative risk profile of Helaba. However, further development is very uncertain. This uncertainty has become much more pronounced recently. Now that Greece, Ireland and Portugal are reliant on emergency loans of the IMF and the EU rescue fund, and as there are plans for the involvement of private investors in the case of Greece, the market is now also starting to lose confidence in the ability of other countries to cope with the debt crisis without external aid. The budget deficit and the rapid increase in debt in the USA are also providing cause for concern.

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

In the segment Wholesale Business, Helaba focuses its activities on the six core business units Real Estate, Corporate Finance, Financial Institutions and Public Finance, Global Markets, Asset Management and Transaction Business. In view of its risk policy and the changes, also due to new regulatory requirements, in the risk/reward profiles of divisions and individual transactions, Helaba in the first half of 2011 continued its policy, which has been initiated since the financial market crisis, of reviewing and adjusting business portfolios. Customer and S-Group orientation continued to be the overriding emphasis of the business policy of Helaba.

In the Private Customers and SME Business segment, the S-Group bank function of Helaba as a central product supplier and services platform is based in the S-Group Sparkassen in Hesse and Thuringia. All products and customers in the joint business area are covered by the business model of the economic entity with the S-Group Sparkassen. This division of labour is reflected in an S-Group ratio of 77 % (+2 % compared with the previous year). Helaba is expanding its market position in nationwide S-Group Business with Sparkassen. For this purpose, new sales offices will be opened in Düsseldorf, Stuttgart and Munich in the second half of 2011. Via the legally dependent

Landesbausparkasse Hessen-Thüringen, Helaba holds a leading position in Bausparkassen business in both of these federal states. Frankfurter Sparkasse, a wholly owned subsidiary of Helaba, is the market leader in retail banking in the Frankfurt am Main region. Via Frankfurter Sparkasse and its sales company 1822direkt, the Helaba Group also has a significant base in national direct banking business.

In the Public Development and Infrastructure Business segment, Helaba performs public development tasks, particularly in the areas of housing and municipal development, infrastructure, the economy, agriculture and the environment via “Wirtschafts- und Infrastrukturbank Hessen” (WIBank) on behalf of the Federal State of Hesse. WIBank exercises guarantor liability of the Federal State of Hesse, and operates in accordance with the principle of competition neutrality and is tax exempt. In the field of economic development, Helaba holds equity interests in numerous other development institutions in Hesse and Thuringia.

Helaba is represented in the EU with offices in London, Dublin, Paris and Madrid. It also has a direct market presence in the USA via its New York branch, its international representative offices in Moscow and Shanghai and also via the subsidiary Frankfurter Bankgesellschaft (Schweiz) AG in Zürich.

In the first half of 2011, the volume of new medium-term and long-term business which was concluded throughout the Group amounted to € 6.4 bn (previous year period: € 5.0 bn). New business focuses on real estate lending business (€ 2.9 bn) and also on corporate finance business (€ 1.5 bn). In addition, Helaba offered its capital market clients active support in placing debt instruments and bonds.

In the first half of 2011, Helaba raised € 6.1 bn in medium- and long-term funds on the capital market. Of this figure, € 3.9 bn was attributable to unsecured issue products, and € 2.2 bn was attributable to public and mortgage Pfandbriefe. In the second quarter of 2011, Helaba issued a public jumbo Pfandbrief with a volume of € 1 bn; this was placed with a maturity of five years and a very attractive spread, and a considerable proportion of the issue was placed with international institutional investors. A public Pfandbrief for USD 500 m with a maturity of two years was also issued for the first time. Private customer deposits, particularly via the subsidiary Frankfurter Sparkasse, represented a further diversification of the Group's sources of funding.

At the rating agencies Standard & Poor's and Fitch, the ratings for long-term unsecured liabilities of Helaba (“A” and “A+”) and for short-term liabilities (“A-1” and “F-1+”; with a stable outlook in each case) were unchanged in the first half of 2011. As part of a sector-wide review of the support mechanisms for systemic risks, Moody's placed the “Aa2” rating for unsecured long-term liabilities on “rating watch negative”, but stated that the probability of a downgrade by more than one notch is minor. The rating for short-term liabilities was confirmed at “P-1”. In the second quarter of 2011, the rating agency Fitch upgraded the individual rating of the Sparkassen-Finanzgruppe Hessen-Thüringen (Helaba and 50 Sparkassen) to “B”. In July 2011, Fitch replaced all individual ratings by

so-called viability ratings as part of a worldwide changeover. The Sparkassen-Finanzgruppe Hessen-Thüringen was awarded a viability rating of “a+” by Fitch, and is thus among the top 10 % of all banks worldwide rated by Fitch.

At present, Helaba has the following ratings for liabilities which are not subject to a statutory guarantee:

	Moody's Investors Service	Fitch Ratings	Standard & Poor's
Long-term (uncovered)	Aa2**	A+*	A*
Short-term (uncovered)	P-1	F1+*	A-1*
Public Pfandbriefe	Aaa	AAA	AAA
Mortgage Pfandbriefe	-	AAA	-
Financial strength/viability rating	C-	a+*	-

* Joint group rating of the Sparkassen-Finanzgruppe Hessen-Thüringen.

** Rating watch negative.

Macroeconomic and sector-specific conditions

The German economy made a very dynamic start to 2011, but was not able to maintain this high rate of growth in the second quarter. Nevertheless, in absolute terms, gross domestic product (GDP) has returned to the level seen before the outbreak of the financial and economic crisis. The ifo business climate index has been located at a very high level until now, which means that an expansion is also expected for the remainder of the year. At the same time, the economic leading indicators are likely to continue to decline in the course of the next few months, and are thus pointing to somewhat slower growth. A stabilising factor is that domestic demand, and no longer exclusively external trade, is now also making a contribution to economic growth. Above-average levels of capacity utilisation, strong profits and the continuation of expansionary monetary policy are indicating further investments in capital goods. Investments in the construction sector will be boosted further by the policy of subsidising energy restructuring measures and new construction. Consumption is benefiting from improved employment levels despite higher consumer prices. External trade continues to provide a positive impetus, although there are signs of the situation settling down. It is foreseeable that GDP will increase by around 3 % (price-adjusted) in the whole of 2011.

As part of the process of translating the Basel III recommendations published by the Basel Committee of Central Bank Governors in December 2010 for a global regulatory framework for more robust banks and banking systems into European law, the EU Committee published the draft of the Bank and Capital Adequacy Guideline/Regulation (CRD IV) in mid-July 2011. Further regulatory measures, for instance additional capital requirements for system-relevant credit institutions, are also being discussed. The new regulatory requirement applicable to capital and liquidity backing are having a considerable impact on the competitive structures of the banking industry, because the institutions are already positioning their business strategies accordingly ahead of the gradual process of implementation which will commence in 2013. The final agreement regarding the future EU deposit protection scheme which is expected in the second half of 2011 will have the effect of increasing costs. According to the current status of the trialogue proceedings at the EU level, it can be assumed that the system of bank protection can also be retained in future in the German Sparkassen organisation. However, the requirements relating to the volumes to be maintained in the protection fund will become more stringent. Helaba will also be considerably affected by the bank tax for financing a fund for restructuring credit institutions which has been adopted by the German legislative authorities and which will be payable for the first time in the first quarter of 2011. In the first half, a figure of € 20 m recognised a proportionate amount of this tax; because this figure is not allowable for tax purposes, it will have a negative impact on result after tax.

Stress test of the European Bank Authority (EBA)

Helaba has taken part in the Europe-wide stress test for 91 credit institutions which was coordinated by the European Banking Authority (EBA). Because of differences of opinion between the EBA and Helaba regarding the relevance of the hidden deposits of the Federal State of Hesse, Helaba did not agree to publication by the EBA, and independently published the data including these hidden deposits.

The “hard” core capital ratio (core tier 1 ratio) calculated for Helaba in the adverse scenario amounts to 6.8% at the end of 2012. This result includes the measures for adjusting the hidden deposits of the Federal State of Hesse to the Basel III criteria which were the subject of a binding agreement on 28 April 2011 and which had been publicly announced. Accordingly, the stress test result of Helaba is considerably higher than the minimum level of 5% defined by the EBA. The Helaba test result clearly shows that Helaba is able to cope with the market turmoil assumed in the stress scenario.

Business Developments in the First Six Months of 2011

Results of operations

Helaba generated earnings before taxes of € 333 m in the first half of 2011, which is considerably higher than the corresponding previous year figure of € 129 m. This was attributable to sound operations, lower provisions for losses on loans and advances and net trading income which was considerably higher than budget. Write-downs in relation to Greek government bonds have been recognised in full. The uncertainty surrounding the high level of government debt in some EU countries and also in the USA which has been increasing since the first half of 2010 have resulted in volatile credit spread and exchange rate effects which are reflected in valuations. The individual items in the income statement have developed as follows:

Net interest income is stated as € 488 m, and is thus roughly unchanged compared with the previous year (€ 492 m). New business was not able to compensate fully for scheduled and unscheduled repayments. However, satisfactory margins compensated for the volume effect. Net interest income of Frankfurter Sparkasse has increased compared with the previous year, and now accounts for more than approx. 30 % of total net interest income. Net interest income is generated groupwide mainly in the Real Estate, Frankfurter Sparkasse and Corporate Finance segments. Net interest income increased in the Real Estate and Frankfurter Sparkasse segments.

Provisions for losses on loans and advances amounted to € -99 m (previous year: € -134 m). Net additions of € 77 m were made in relation to individual allowances and global individual allowances (previous year period: € 113 m). The portfolio allowances for exposures which are not acutely threatened by default were increased by € 5 m (previous year period: net reversal of € 1 m). The balance of direct write-downs, additions to provisions for risks of lending and amounts received in relation to previously written-down receivables amounted to € 17 m (previous year period: € 22 m).

Net interest income after provisions for losses on loans and advances has increased to € 389 m compared with € 358 m in the first half of the previous year.

Net commission income is stated as € 131 m, unchanged compared with the first half of the previous year. Higher commissions of WIBank for managing public sector subsidy and development programmes compensated for the decline in commissions from placing and transfer obligations which declined compared with the previous year due to the deconsolidation of HANNOVER LEASING at the end of 2010.

Net trading income amounted to € 173 m (previous year period: € 33 m). There has been a positive development particularly in trading with securities and derivatives. This very good result was due to various factors, including the development in credit spreads in the first half of the year; with the exception of the PIIGS countries, these credit spreads narrowed. In the field of customer operations, public sector and Sparkassen business expanded. Currency operations benefited from

stronger demand in the context of the volatile movements in the exchange rate of the Euro. There has also been a positive development in primary market activities in borrowers' note loans, corporate and state bonds as well as selected covered bonds.

In the same way as net trading income, the result of derivatives and financial instruments of the fair value option not held for trading (€ 46 m) has also been affected by the market valuation. Whereas the result in the first half of the previous year (€ -54 m) was very much affected by valuation losses attributable to credit derivatives in the bank book, there are now signs of an opposite effect. Credit derivatives have produced a result of € 37 m (previous year period: € -73 m). The result of hedges, in which the ineffective part of micro hedges is shown, is stated as € -8 m (previous year period: € 4 m).

The result from financial investments of € -27 m (previous year period: € 3 m) reflects the write-down of € -29 m recognised in relation to Greek government bonds. The realised disposal gains and losses from available-for-sale securities have increased from € 1 m to € 3 m. Associates and joint ventures which are accounted for using the equity method have made a contribution to earnings of € 7 m (previous year period: € -4 m).

The decline in other operating results from € 174 m to € 101 m is due to the deconsolidation of HANNOVER LEASING at the end of 2010. This item includes the result of investment property, which consists of the balance of rental income, results of disposals, operating costs and depreciation, and has remained constant at € 71 m.

General administrative expenses consist of personnel expenses (€ -254 m; previous year period: € -266 m), other administration expenses (€ -211 m; previous year period: € -197 m) and depreciation (€ -14 m; previous year period: € -53 m). General administrative expenses were also affected compared with the previous year figure as a result of the deconsolidation of HANNOVER LEASING. Adjusted by this factor, general administrative expenses increased from € 457 m to € 479 m. Of this increase, € 20 m is attributable to the proportionate impact recognised in relation to the bank tax.

Earnings before tax amounted to € 333 m (previous year period: € 129 m). The segments Real Estate, Corporate Finance, Financial Markets and Frankfurter Sparkasse have boosted earnings considerably compared with the first half of the previous year.

After deducting the income tax expense (€ -62 m; previous year period: € -31 m), the result after tax of continued operations amounted to € 271 m (previous year period: € 98 m). In the previous year, a result after tax of discontinued operations of € -3 m was recognised, in relation to an investment which was accounted for using the equity method and which was available for sale. This means that a figure of € 95 m is opposed to the consolidated net income of € 271 m of the first half of the previous year. Of this figure, € 1 m is attributable to external shareholders of consolidated subsidiaries (previous year period: € -1 m).

Balance sheet

Consolidated total assets of Helaba declined by € 166.2 bn to € 157.7 bn in the first half of 2011. More than 50 % of total assets reported on the balance sheet represent loans and advances to customers. Loans and advances to customers declined by € 4.6 bn (5 %) to € 83.1 bn, mainly due to exchange rate effects and unscheduled repayments. The decline in loans and advances to banks from € 14.4 bn to € 13.1 bn is mainly attributable to a reduction of overnight funds and time deposits. Assets held for trading which are measured with their fair value have been reduced as part of a specific strategy for several years, and were reported as € 36.3 bn as of the reference date (31 December 2010: € 39.2 bn). In preparation for new regulatory tasks, the bonds shown under financial assets for liquidity purposes increased from € 16.8 bn to € 18.4 bn. The investments also shown under financial assets were reduced from € 0.7 bn to € 0.5 bn. This is mainly due to the capital repayment of an investment in connection with the shares in DekaBank which were sold in mid-June. Financial assets have accordingly increased overall from € 17.7 bn to € 19.0 bn.

On the liabilities side of the balance sheet, loans and advances to banks and loans and advances to customers have declined by a total of € 2.3 bn to € 70.3 bn. The decline of € 3.0 bn in securitised liabilities, to € 37.4 bn, relates to uncovered bearer bonds as well as money market paper. Liabilities held for trading were reduced by € 2.8 bn to € 35.7 bn; of this decline, € 4.3 bn was attributable to issued money market paper and € 1.1 bn was attributable to negative market values of derivatives. On the other hand, time deposits of trading have increased.

Subordinate capital declined slightly from € 4.5 bn at the end of 2010 to € 4.4 bn.

Equity

At 30 June 2011, the Group's equity amounted to € 5.5 bn (31 December 2010: € 5.2 bn). The increase is mainly attributable to the total result of the first half of 2011 of € 319 m. The retained earnings include actuarial profits and losses from pension obligations after deferred taxes of € 41 m recognised directly in equity (31 December 2010: € 58 m). After deferred taxes, the revaluation reserve recognised directly in equity increased by € 61 m to € -30 m. Exchange rate factors resulted in the currency translation reserve declining to € -1 m. The cash flow hedge reserve increased by € 5 m to € -8 m. The dividend payment to the owners amounted to € 38 m in the period under review.

With a core capital ratio of 11.1% (31 December 2010: 9.6%) and a total ratio of 16.8% (31 December 2010: 14.4%), the Group has adequate backing of liable own funds.

Exposure of the Group to other selected European countries as of 30 June 2011

The following table shows the exposure of the Helaba Group to state issuers of selected European countries. The table includes the exposures which are recognised at fair value under IFRS. This relates to the bonds and credit derivatives shown under assets held for trading (trading book) as well as the bonds shown under financial assets (Afs) and the credit derivatives shown under the derivatives not held for trading (bank book).

in € m

	Nominal amount of state bonds		Fair value of state bonds		Nominal amount of credit derivatives		Fair value of credit derivatives	
	Trading book	Bank book	Trading book	Bank book	Trading book	Bank book	Trading book	Bank book
Portugal	50	10	47	9	-	3	-	-
Ireland	-	-	-	-	35	-	-6	-
Italy	105	166	104	166	24	35	-1	-2
Greece	-	86	-	53	-	-	-	-
Spain	400	111	381	108	-	52	-	-10
Total	555	373	532	336	59	90	-7	-12

The remaining terms of these exposures are medium-term (67%; 1–5 years) and long-term (33%; >5 years). There is also a mainly long-term exposure measured at amortised cost in relation to sovereign borrowers (with a carrying amount of € 1,323 m); this is shown under loans and advances to customers (only Spain).

The government bonds of Greece with a nominal volume of € 86 m in the portfolio have been written down completely to their market values at the Helaba Group. The amortised costs amounted to € 82 m as of 30 June 2011, the market values amounted to € 53 m as of the reference date. Helaba doubts that these bonds will be repaid completely and in line with the originally agreed terms. On 30 June 2011, the German finance industry stated that it was fundamentally prepared to make a contribution to support measures for Greece. Although no agreement has yet been reached with regard to the form of such measures, Helaba expects that the private investors will have to make concessions as part of such a support action. The bonds are classified as available-for-sale financial assets (AfS). They had accordingly been measured at fair value. The treatment of the impairment has resulted in an expense of € 29 m being recognised in the income statement. The negative revaluation reserve resulting from these securities has been reversed in the same amount (recycling), so that – apart from the change in market value in the first half – there has been no change in shareholders' equity.

In addition, there are also unutilised credit lines of € 15 m with Greek banks in connection with payment transactions (EBA clearing).

There is an indirect risk in relation to Greece in the form of bonds of British subsidiaries of Greek banks, of which a total nominal amount of € 53 m is included in the portfolio with a market value of € 42 m. Of this figure, € 48 m (nominal) is recognised in the income statement as a result of being classified under trading. € 5 m is measured directly in equity under the category AfS. There is no need for any impairments to be recognised in view of the short remaining term.

Securitisation transactions

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

As of 30 June 2011, the total exposure of the Group to ABS securities is broken down according to product types and rating classes as follows:

30 June 2011	Carrying amount in € m	Volumes according to rating classes				
		AAA	AA	A	BBB	BB and below
RMBS	500	48.3 %	35.4 %	13.8 %	2.1 %	0.4 %
CMBS	314	–	51.2 %	28.8 %	20.0 %	–
CDO/CLO	450	32.8 %	18.9 %	30.7 %	7.6 %	10.0 %
Other ABS	124	36.2 %	10.8 %	29.1 %	23.9 %	–
ABS, total	1,388	31.3 %	31.5 %	24.0 %	9.8 %	3.4 %

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

31 Dec 2010	Carrying amount in € m	Volumes according to rating classes				
		AAA	AA	A	BBB	BB and below
RMBS	559	57.6 %	30.1 %	9.6 %	2.4 %	0.3 %
CMBS	366	6.7 %	51.9 %	24.9 %	15.7 %	0.8 %
CDO/CLO	568	26.6 %	15.9 %	42.0 %	6.3 %	9.2 %
Other ABS	158	43.5 %	12.7 %	13.4 %	30.4 %	–
ABS, total	1,651	34.4 %	28.3 %	24.5 %	9.4 %	3.4 %

The ABS securities were measured at fair value until 30 June 2008, and were shown under assets held for trading or financial assets. These securities have since been mostly reclassified, and are shown under loans and advances to customers as of the balance sheet date. Further details are set out in Note (41).

Within the framework of securitisation transactions, liquidity lines are extended; these have been partially drawn down. As of 30 June 2011, liquidity lines of € 0.2 bn exist for external securitisation platforms (31 December 2010: € 0.2 bn); of this figure, € 0.1 bn had been drawn down as of 30 June 2011 (31 December 2010: € 0.1 bn). The liquidity line made available for OPUSALPHA amounts to € 1.2 bn (31 December 2010: € 1.2 bn); of this figure, € 1.0 bn have been drawn down (31 December 2010: € 1.0 bn).

Opportunity and Risk Report

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

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

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

Risk Types

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

- Counterparty default risk
- Market price risk
- Liquidity risk
- Operational risk
- Real estate project planning risk
- Fund placement risk
- Equity participation risks

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

Risk-Bearing Capacity

With these procedures for measuring and managing risks, Helaba ensures that the main quantifiable risks which result in losses affecting shareholders' equity if they materialise are constantly covered by the risk cover funds and that risk-bearing capacity is thus guaranteed at all times.

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

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

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

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

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

The risk-bearing capacity assessment for the Group which covers all risk types continues to show considerable surplus cover of the quantified risk potential due to the existing risk cover funds at the end of the second quarter of 2011 and also documents the conservative risk attitude of Helaba.

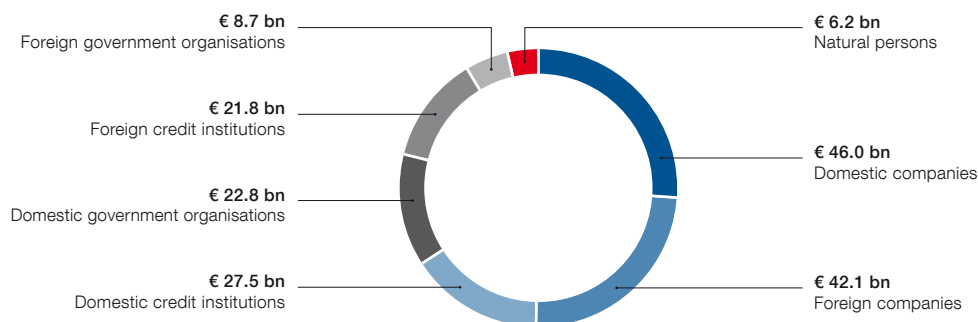
In the basic scenario, the average loss risks can be completely covered by the sustainable operating result, and there is an additional capital cushion of € 0.3 bn (31 December 2010: € 0.2 bn). The capital cushion compared with the regulatory capital requirement is € 4.6 bn (31 December 2010: € 3.7 bn). Compared with the economic potential risks in the internal capital requirement, there is a capital cushion of € 5.9 bn (31 December 2010: € 4.9 bn).

As of 30 June 2011, the regulatory total capital ratio is 16.8% (31 December 2010: 14.4%) and the core capital ratio is 11.1% (31 December 2010: 9.6%) in the Helaba Group. Even in conjunction with a simulated occurrence of the stress scenarios, the capital ratios attained by Helaba are considerably higher than the regulatory minimum requirements.

Risks of Counterparty Default

Chart 1 shows the total volume of lending as of 30 June 2011 which consists of drawings and un-utilised committed credit lines of the narrow consolidation group (Helaba Bank including the subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG) totalling € 175.1 bn (31 December 2010: € 186.4 bn), broken down according to customer groups.

Total lending volume by customer group (narrow consolidation group)
(Chart 1)



Creditworthiness/risk appraisal

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

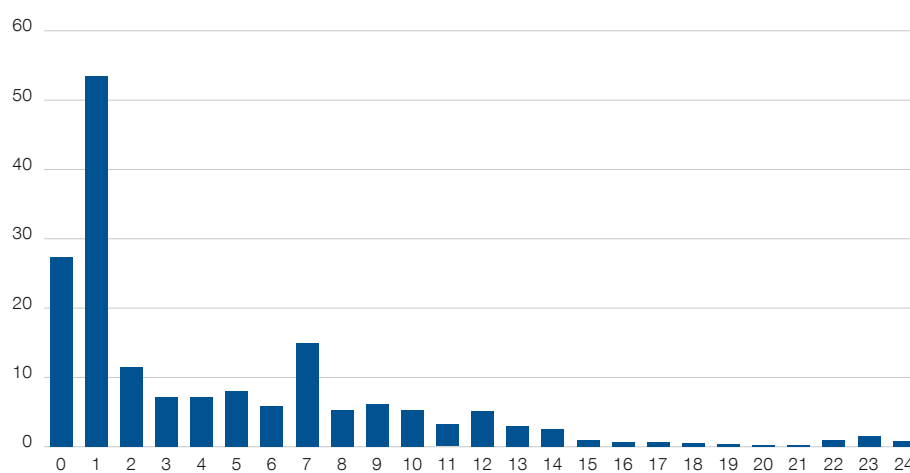
Because the calculation of the customer- or transaction-specific probability of default PD alone does not permit an assessment to be made of the loss risk potential of a transaction, due consideration is given to further relevant factors which reduce or increase risk for a particular credit transaction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

In the narrow consolidation group, the total lending volume of € 175.1 bn (31 December 2010: € 186.4 bn) is broken down into risk rating classes as detailed in chart 2.

Total volume of lending according to risk rating classes (narrow consolidation group)

(Chart 2)

in € bn



Provisions for loans and advances

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

Country risks

The country risk of € 50.2 bn in the narrow group of consolidated companies (31 December 2010: € 53.9 m) has a regional focus on Europe (82.7 %) and North America (14.3 %). As of 30 June 2011, 93.1% (31 December 2010: 92.8%) is classified under the country rating classes 0 and 1. A further 5.9% (31 December 2010: 6.2%) is generated in the rating classes 2–9. Rating class 14 and worse is applicable only for 0.1% (31 December 2010: 0.1%).

Market Price Risks

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

Chart 3 contains all of the market risks as of 30 June 2011 entered into (including correlation effects between the portfolios) as of the balance sheet date as well as a breakdown by trading book and bank book. The linear interest rate risk accounts for most of the market price risk types. For the overall portfolio of the narrow Group of consolidated companies, euro positions account for 79 % of the linear interest rate risk, and US dollar positions account for 12 %. In the field of equities, the focus is on securities listed in the DAX and DJ EURO STOXX 50. The main foreign currency risks are attributable to US Dollar, Swiss Franc, Japanese Yen and Sterling positions.

Group MaR by risk type

(Chart 3)

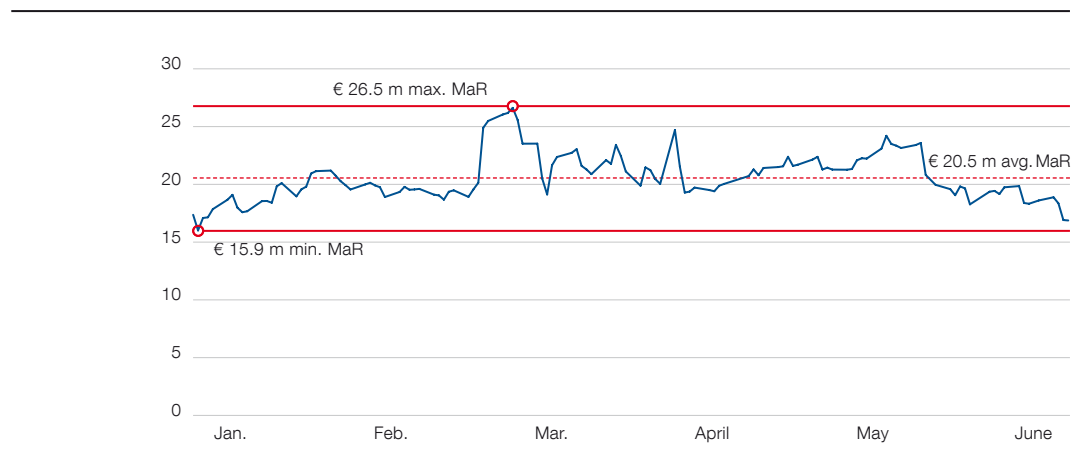
in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Total	90.1	65.6	76.3	57.3	1.2	0.9	12.6	7.4
Trading book	17.7	16.9	16.7	16.1	0.4	0.4	0.7	0.4
Bank book	86.4	60.8	73.0	52.5	0.8	1.0	12.6	7.3

Market price risks in the trading book

All market price risks are calculated daily on the basis of the end-of-day position of the previous trading day and the current market parameters. Helaba also uses the parameters prescribed by the regulatory authorities for internal risk management. Chart 4 shows the MaR of the trading book (Helaba, including subsidiary Helaba Dublin) for H1 2011. In the whole of 2010, the average MaR was € 20.0 m, the maximum figure was € 26.5 m and the minimum figure was € 13.1 m.

Daily market risk of the trading book in the first half of 2011
(Chart 4)



Market price risks in the banking book

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

The interest rate risks in Helaba's banking book comprise asset/liability management positions, the strategic positions taken by the Asset/Liability Management Committee, and the net balance of non-interest-bearing funds. The quantification of interest rate risks in the banking book is also part of the requirements under Basel II. This requires a risk calculation on the basis of standardised interest shocks. For translation into national law, the German banking regulatory authorities currently specify an increase of 130 basis points and a reduction of 190 basis points in the interest rate curve. Such an interest shock would have had a negative change of € 139.1 m in the banking book for the Helaba Group at 30 June 2011 (31 December 2010: € 77.4 m). Helaba carries out the rate shock test at least once every quarter.

Liquidity Risks

The need to ensure liquidity enjoys first priority at Helaba. Accordingly, a wide range of tools is available for recording, managing and monitoring the liquidity risks; these tools are constantly being developed further. In recent years, the existing processes, tools and responsibilities for management of liquidity risks have also demonstrated their worth during the global financial markets crisis and the resultant turmoil on the money and capital markets. Helaba's liquidity was again fully secured at all times in H1 2011.

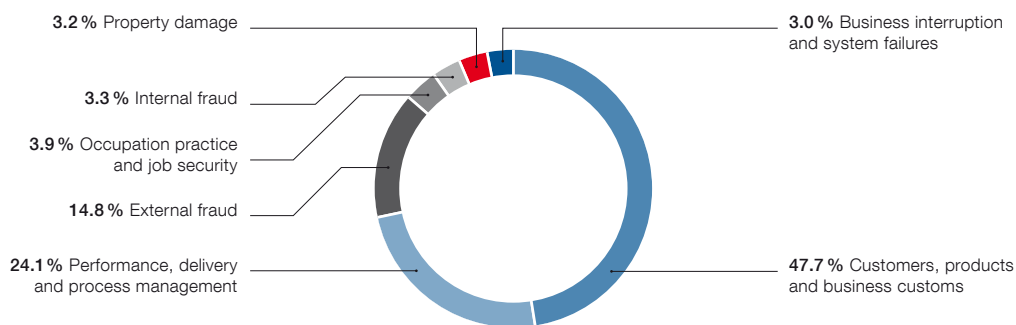
In February 2011, Helaba was the second bank in Germany to receive approval from the BaFin for its own liquidity risk measurement and management procedure in accordance with Section 10 of the Liquidity Regulation (Liquiditätsverordnung; LiqV). Accordingly, instead of monthly notification using the LiqV standard method, Helaba is permitted to use its own method for establishing the short-term liquidity status for regulatory reporting. The short-term liquidity status compares the cumulative liquidity balance (liquidity requirement) with the available liquidity, with due consideration being given to various stress scenario aspects. As of 30 June 2011, utilisation in the most critical scenario (solvency) for the next 30 trading days is 29%. Helaba always complied in full with the regulatory liquidity requirements in H1 2011.

Operational Risks

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

Chart 5 below presents the risk profile of the narrow group of consolidated companies plus further subsidiaries during H1 2011:

Expected loss as of 30 June 2011 after loss events
(Chart 5)



The expected loss as of 30 June 2011 was € 28.1 m (31 December 2010: € 27.0 m, including credit risks induced by operational risks).

Real Estate Project Management Risks

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

The risks attributable to real estate projects declined in the first half of 2011. The risks are still completely covered by the expected income from this business.

Fund-Placing Risks

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

Limits for the overall portfolio and individual asset classes have been defined to limit the risks arising from placing obligations. There were no limit violations in the period under review.

Equity Participation Risks

There have been only minor changes in the composition of equity participations in H1 2011. The total carrying amount of the equity participation portfolio declined considerably mainly as a result of a capital repayment of an intermediate holding in conjunction with the disposal of shares in DekaBank in the first half of 2011 and also as a result of the disposal of a share in a listed company in the finance sector.

Report of Events after the Balance Sheet Date

On 8 July 2011, the Bundesrat (Upper House) approved the Restructuring Fund Regulation (Restrukturierungsfonds-Verordnung; RStruktFV), which governs details of measuring the so-called bank tax. Helaba is assuming that the provision of € 20 m which it has created will be adequate to cover the proportionate annual payment.

On 21 July 2011, the private sector agreed to make a contribution to support Greece (so-called IIF Financing Offer); this agreement involves a voluntary swap of existing Greek government bonds for up to four long-term financial instruments combined with a debt buy-back programme. Helaba is assessing the possible effects. Because the Greek government bonds in the portfolio were written-down to their current market values as of 30 June 2011, the cash losses calculated to be only 21% means that there are likely to be recoveries in value which would lead to write-ups.

Forecast Report

Economic conditions

The global economy slowed down appreciably in the first half of 2011. This was due to the high price of oil, inflationary pressure (particularly in the emerging countries), the European debt crisis as well as the consequences of the natural catastrophe in Japan. The economic differences in the Eurozone continue to increase. Whereas Germany is reporting dynamic economic growth for 2011, some countries on the periphery of the EU are having to cope with the problems of recession. The risks are now perceived to a greater extent as a result of the falls in share prices on the equity markets seen in the months of July and August. The consolidation process enforced by the debt crisis will have a negative impact on the economic prospects of the Eurozone for the foreseeable future. The weakened countries in the Eurozone will receive support by way of an extension of the EU rescue package. The European Central Bank raised interest rates in the first half of the year; however, because of the continuing debt crisis, the cycle of rate hikes has presumably come to an end again. The US Federal Reserve Bank has announced that it also intends to maintain its zero rate policy for the next two years. The compromise regarding the increase in the US debt ceiling which was reached at the beginning of August so far envisages only minimal spending cuts for next year, which means that this will initially hardly have any negative impact on the economy. However, this also means that the high level of debt will not be reduced. Accordingly, Standard & Poor's has downgraded the US rating from AAA to AA+. As long as the other major rating agencies do not follow suit, the effects of higher risk premiums for the USA will probably be limited. The risks of inflation in the industrialised countries will remain within manageable proportions because the growth of the global economy is slowing down.

Probable development of the Helaba-Group

As far as can be seen at present, despite the continuation of the high levels in volatility on the financial markets reflecting the government debt crisis, Helaba expects to report consolidated net income which, for the whole of 2011, will be considerably higher than the corresponding previous year figure and will also be higher than the originally budgeted figure. This forecast for net income is based on the stable development of operations, considerably lower provisions for losses on loans and advances in lending business as well as disposal gains in relation to investments. It is Helaba's assumption that the target of a closing volume of € 12.3 bn in new medium- and long-term business as stipulated in the 2011 annual budget will be generated. The core capital ratio and the total ratio are expected to be slightly lower than the levels reported for mid-2011, namely 11.1% and 16.8% respectively. In the remainder of the year, the conversion of the hidden deposits of the Federal State of Hesse and the Sparkassen in Hesse and Thuringia, which has already been the subject of a public and binding announcement of the owners of Helaba, into "other core capital" (core tier 1) will take place in line with the requirements of EU aid law. Helaba will thus comply with the capital requirements of Basel III or CRD IV at an early stage without taking advantage of transitional periods. On the basis of the development in results in the first half and also based on the forecast results for the whole of 2011, it is expected that all hidden deposits, profit-sharing rights and subordinated funds will be completely serviced for the financial year 2011.

Overall assessment

Within the context of the continuing strong economic growth in Germany, Helaba has reported a very positive development in results in the first half of 2011 despite the continuing debt crisis facing some member countries of the Eurozone and also the high volatility on the financial markets. The growth reported for the first quarter continued in the second quarter. Even if the political discussions at the level of the EU regarding proposed solutions for remedying the debt crisis may result in further market turmoil, Helaba considers that its results are still moving in a positive direction as a result of stable development of client business.

On the basis of its successful business model of an integrated universal bank with Public Development and Infrastructure Business, Helaba has a fundamentally positive attitude towards forward-looking consolidation efforts in the Landesbank and Sparkassen sector. The ongoing discussions in the German Sparkassen organisation with regard to the plans to spin off the S-Group activities from WestLB are being constructively followed. Helaba is assuming that the EU requirements regarding deposit protection will be implemented within the framework of the existing joint liability of Landesbanken and Sparkassen which is based on the institution guarantee principle.

Based on its successful and very customer-oriented strategic business model, Helaba will liaise closely with its owners and adopt further measures for strengthening its business profile in its core areas of operation in the second half of 2011.

Frankfurt am Main/Erfurt, 23 August 2011

Landesbank Hessen-Thüringen Girozentrale

The Board of Managing Directors

Brenner	Berger	Gröb	Dr. Hosemann
Krick	Raupach	Dr. Schraad	

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Income Statement

for the period from 1 January to 30 June 2011

	Notes	1.1.–30.6.	1.1.–30.6.	Change	
		2011	2010	in € m	in %
Interest income		2,539	2,727	-188	-6.9
Interest expenses		-2,051	-2,235	184	8.2
Net interest income	(3)	488	492	-4	-0.8
Provisions for loans and advances	(4)	-99	-134	35	26.1
Net income after provisions for loans and advances		389	358	31	8.7
Commission income		203	196	7	3.6
Commission expenses		-72	-65	-7	-10.8
Net commission income	(5)	131	131	-	-
Net trading income	(6)	173	33	140	>100.0
Result of derivatives and financial instruments of the fair value option not held for trading	(7)	46	-54	100	>100.0
Result of hedges	(8)	-8	4	-12	>-100.0
Result from financial investments	(9)	-27	3	-30	>-100.0
Result from companies accounted for using the equity method	(10)	7	-4	11	>100.0
Other operating result	(11)	101	174	-73	-42.0
General administrative expenses	(12)	-479	-516	37	7.2
Earnings before tax		333	129	204	>100.0
Taxes on income		-62	-31	-31	-100.0
Result of continued operations		271	98	173	>100.0
Result after tax of discontinued operations	(14)	-	-3	3	100.0
Consolidated net income		271	95	176	>100.0
thereof: attributable to external shareholders		1	-1	2	>100.0
thereof: attributable to shareholders of the parent company		270	96	174	>100.0

Statement of Comprehensive Income

for the period from 1 January to 30 June 2011

Notes	1.1.–30.6. 2011	1.1.–30.6. 2010	Change	
	in € m	in € m	in € m	in %
Consolidated net income according to the income statement	271	95	176	>100.0
Gains and losses from available-for-sale financial assets				
Valuation gains (+)/losses (-) from available-for-sale financial assets	25	123	-98	-79.7
Gains (+)/losses (-) reclassified to the income statement upon disposal or impairment of the assets	37	-3	40	>100.0
Pro rata result of companies accounted for using the equity method recognised directly in equity				
Gains (+)/losses (-) from companies accounted for using the equity method recognised directly in equity	1	-	1	-
Change from currency translation				
Gains (+)/losses (-) from currency translation of foreign operations	1	13	-12	-92.3
Gains and losses from hedging cash flows				
Valuation gains (+)/losses (-) from hedging instruments in cash flow hedges	2	-8	10	>100.0
Actuarial gains (+)/losses (-) from pension obligations	-24	-131	107	81.7
Other earnings before taxes	42	-6	48	>100.0
Taxes on income on gains/losses not recognised in the income statement (13)	6	3	3	100.0
Other result after taxes	48	-3	51	>100.0
Total result for the reporting period	319	92	227	>100.0
thereof: attributable to minorities	1	-3	4	>100.0
thereof: attributable to the shareholders of the parent company	318	95	223	>100.0

Balance Sheet

as of 30 June 2011

Assets

	Notes	30.6.2011	31.12.2010	Change	
		in € m	in € m	in € m	in %
Cash reserve	(16)	234	436	-202	-46.3
Loans and advances to banks	(17)	13,097	14,412	-1,315	-9.1
Loans and advances to customers	(18)	83,068	87,698	-4,630	-5.3
Impairments on receivables	(19)	-1,232	-1,253	21	1.7
Assets held for trading	(20)	36,289	39,176	-2,887	-7.4
Positive market value of derivatives not held for trading	(21)	2,756	3,702	-946	-25.6
Financial assets	(22)	19,030	17,687	1,343	7.6
Shares in companies accounted for using the equity method	(23)	72	63	9	14.3
Investment property	(24)	2,419	2,441	-22	-0.9
Property, plant and equipment	(25)	317	317	-	-
Intangible assets	(26)	162	164	-2	-1.2
Income tax assets		447	452	-5	-1.1
Available-for-sale non-current assets and disposal groups	(27)	12	-	12	-
Other assets	(28)	1,053	949	104	11.0
Total assets		157,724	166,244	-8,520	-5.1

Liabilities

	Notes	30.6.2011	31.12.2010	Change	
		in € m	in € m	in € m	in %
Liabilities due to banks	(29)	30,777	31,679	-902	-2.8
Liabilities due to customers	(30)	39,487	40,896	-1,409	-3.4
Securitised liabilities	(31)	37,430	40,389	-2,959	-7.3
Liabilities held for trading	(32)	35,725	38,529	-2,804	-7.3
Negative market value of derivatives not held for trading	(33)	2,428	3,148	-720	-22.9
Provisions	(34)	1,221	1,190	31	2.6
Income tax liabilities		220	238	-18	-7.6
Other liabilities	(35)	566	484	82	16.9
Subordinate capital	(36)	4,386	4,488	-102	-2.3
Shareholders' equity	(37)	5,484	5,203	281	5.4
Subscribed capital		477	477	-	-
Hidden deposits		1,920	1,920	-	-
Additional paid-in capital		658	658	-	-
Retained earnings		2,478	2,263	215	9.5
Revaluation reserve		-30	-91	61	67.0
Currency translation reserve		-1	-	-1	-
Reserve from cash flow hedges		-8	-13	5	38.5
Minority interests in shareholders' equity		-10	-11	1	9.1
Total liabilities		157,724	166,244	-8,520	-5.1

Statement of Changes in Equity

for the period from 1 January to 30 June 2011

in € m

	Shareholders' equity attributable to the shareholders of the parent company								Minority interests in shareholders' equity	Total shareholders' equity
	Subscribed capital	Hidden deposits	Additional paid-in capital	Retained earnings	Revaluation reserve	Reserve from currency translation	Reserve for valuation results of cash flow hedges	Subtotal		
Shareholders' equity as of 1 Jan. 2010	477	1,920	658	2,066	-196	-7	-9	4,909	-3	4,906
Changes in the group of consolidated companies				2				2		2
Dividend payment				-14				-14		-14
Total result of the reporting period				3	85	12	-5	95	-3	92
Shareholders' equity as of 30 June 2010	477	1,920	658	2,057	-111	5	-14	4,992	-6	4,986
Changes in the group of consolidated companies				-5				-5	-6	-11
Servicing of hidden deposits				-28				-28		-28
Total result of the reporting period				239	20	-5	1	255	1	256
Shareholders' equity as of 31 Dec. 2010	477	1,920	658	2,263	-91	-	-13	5,214	-11	5,203
Dividend payment				-38				-38	-	-38
Total result of the reporting period				253	61	-1	5	318	1	319
Shareholders' equity as of 30 June 2011	477	1,920	658	2,478	-30	-1	-8	5,494	-10	5,484

Cash Flow Statement (condensed)

for the period from 1 January to 30 June 2011

in € m

	2011	2010 ¹⁾
Cash and cash equivalents as of 1 Jan.	436	659
Cash flow from operating activities	1,317	1,906
Cash flow from investing activities	-1,442	-265
Cash flow from financing activities	-79	-63
Effects of exchange rate changes, valuation changes and changes in the group of consolidated companies	2	3
Cash and cash equivalents as of 30 June	234	2,240
thereof:		
Cash in hand	54	55
Cash at central banks	180	2,185

¹⁾ Previous year figures adjusted.

The cash flow statement shows the composition of and changes to cash and cash equivalents in the first half of the financial year. Cash and cash equivalents correspond to the cash reserve, which comprises cash in hand and cash at central banks. The changes in cash and cash equivalents are attributable to operating activities, investing activities and financing activities.

Notes

Accounting and Valuation Methods

(1) General Information

Basis of consolidated accounting

The consolidated interim financial statements of the Helaba Group for the period ended 30 June 2011 have been prepared in accordance with Section 315a (1) HGB and the Directive (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 (IAS Directive) in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU. They also take into consideration the requirements of IAS 34 Interim Financial Reporting. The cash flow statement is presented in a condensed version; only selected information is disclosed in the notes.

Generally, the same accounting policies applied in the preparation of the consolidated financial statements for the period ended 31 December 2010 have been applied in the preparation of the interim financial statements. In the interim financial statements for the financial year 2011 the following standards and interpretations which have been adopted by the EU were for the first time subject to mandatory adoption:

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

The International Financial Reporting Standards (IFRS) and interpretations which are mandatory as of 30 June 2011 have been applied in full.

Amendments to disclosure, amendments in accordance with IAS 8

As of 31 December 2010, under the measurement of derivatives, default risks of counterparties were for the first time also taken into consideration by way of so-called counterparty default adjustments (CDA) and credit valuation adjustments (CVA). This adjustment of the valuation model is an amendment of an estimate in accordance with IAS 8.32 et seq., which has not resulted in any adjustments of previous year figures.

(2) Group of Consolidated Companies

The group of consolidated companies of the Helaba Group comprises a total of 110 companies in addition to Helaba as the parent company (31 December 2010: 106). 85 (31 December 2010: 84) companies are included in the Group by way of full consolidation, and 25 (31 December 2010: 22) companies are accounted for using the equity method. The fully consolidated companies are subsidiaries and special-purpose vehicles, including investment assets.

44 subsidiaries, 16 joint ventures and 26 associated companies are of minor significance for the presentation of the net assets, financial position and results of operations of the Helaba Group, and are not included in the consolidated financial statements. The shares in these companies are shown under financial assets.

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

Projektentwicklungs-GmbH & Co. Schule an der Wascherde KG has been fully consolidated in the Group after being established in April 2011.

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

The three joint ventures Einkaufszentrum Wittenberg GmbH, Leipzig, Multi Park Mönchhof Dritte GmbH & Co. KG, Walldorf and OFB & Procom Rüdeseheim GmbH & Co. KG, Frankfurt am Main, are included for the first time using the equity method. Einkaufszentrum Wittenberg GmbH is an acquisition, and the other companies are new companies which have been established. Initial incorporation has not resulted in any effects from capital consolidation.

Notes to the Income Statement

(3) Net Interest Income

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Interest income attributable to		
Credit and money market business	1,712	1,777
Fixed-income securities	180	140
Hedging derivatives of hedge accounting	212	259
Derivatives not held for trading	352	461
Financial instruments of FVO	35	35
Building savings and loan business	25	29
Finance leases	–	7
Current income attributable to		
Equities and other variable-income securities	9	1
Shares in affiliated companies	1	1
Investments	13	17
Interest income	2,539	2,727
Interest expenses attributable to		
Liabilities due to banks and customers ¹⁾	–946	–995
Securitised liabilities	–431	–466
Subordinate capital	–85	–88
Hedging derivatives from hedge accounting	–117	–123
Derivatives not held for trading	–296	–398
Financial instruments of FVO	–110	–100
Building savings and loan business	–36	–37
Provisions ¹⁾	–30	–28
Interest expenses	–2,051	–2,235
Total	488	492

¹⁾ Compounding of provisions shown separately, previous year figures adjusted.

(4) Provisions for Losses on Loans and Advances

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Additions	–186	–180
Impairments on receivables	–166	–161
Provisions for risks attributable to lending	–20	–19
Reversals	87	57
Impairments on receivables	84	49
Provisions for risks attributable to lending	3	8
Direct impairments on receivables	–3	–19
Inflows received in relation to previously written-off receivables	3	8
Total	–99	–134

(5) Net Commission Income

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Credit and guarantee business	17	17
Payments and foreign trade	32	34
Asset management and fund conception	28	27
Security and security deposit business	21	21
Placing and underwriting obligations	10	15
Management of public grant and development programmes	15	10
Building savings and loan business	-3	-2
Trust business	2	4
Other	9	5
Total	131	131

(6) Net Trading Income

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Equity-related business	1	2
Equities	148	164
Equity-related derivatives	-147	-162
Interest-related business	146	74
Non-derivative interest-based business	143	376
Interest derivatives	3	-302
Currency-related business	30	-24
Foreign exchange	69	-110
FX-related derivatives	-39	86
Result from credit derivatives	7	-7
Commission income	-11	-12
Total	173	33

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

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

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

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

	in € m	
	1.1.–30.6.2011	1.1.–30.6.2010
Results of derivatives not held for trading	-4	-6
Result of financial instruments of FVO	50	-48
Total	46	-54

This figure includes the results of economic hedges (underlyings and derivatives). It also includes the realised and non-realised results of additional financial instruments designated voluntarily at fair value. Interest and dividend income from financial instruments of the FVO are recognised in net interest income. Of the figure shown for the result of derivatives not held for trading, credit derivatives account for € 37 m (previous year period: € 73 m). The result attributable to financial instruments of the FVO held by consolidated special and public funds and non-trading derivatives amounts to € 10 m (previous year period: € 3 m).

(8) Result of Hedges

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

	in € m	
	1.1.–30.6.2011	1.1.–30.6.2010
Valuation result of hedging instruments	-247	195
Valuation result of hedged items	239	-191
Total	-8	4

(9) Net Income from Investments

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

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Disposal result of AfS financial assets	3	1
Investments	4	1
Bonds and other fixed-income securities	-1	-
Equities and other variable-income securities	-	-
Valuation result of AfS financial assets	-30	2
Impairments	-30	-3
Write-ups	-	5
Total	-27	3

Of the figure shown for impairments, € 29 m is attributable to Greek government bonds.

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

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

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Result of associated companies accounted for using the equity method	7	-4
Total	7	-4

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

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

As in the previous period, no impairments were recognised in relation to the equity value during the reporting period. There were also no capital gains from the disposal of companies accounted for using the equity method.

(11) Other Operating Result

in € m

	1.1.–30.6.2011	1.1.–30.6.2010 ¹⁾
Other operating income	224	309
Rental and leasing income (operating leases)	177	232
Income from the disposal of non-financial assets	10	12
Income from the reversal of provisions	3	8
Income from non-banking services	12	21
Income from receiving liability differences	–	2
Income from the deconsolidation of subsidiaries	–	2
Income from technical equipment, plant and machinery	–	2
Sundry other operating income	22	30
Other operating expenses	–123	–135
Operating costs of property not used for owner occupancy	–76	–78
Costs of disposal of non-financial assets	–	–1
Depreciation on non-financial assets	–19	–21
Depreciation of goodwill	–	–2
Sundry other operating expenses	–28	–33
Total	101	174

¹⁾ Previous year figures adjusted.

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

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

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Income from investment property	165	167
Rental income	159	161
Income from disposals	6	6
Expenses of investment property	–94	–96
Operating costs of investment property	–74	–74
thereof: from rental property	–74	–74
Depreciation	–19	–21
Other expenses	–1	–1
Total	71	71

(12) General Administrative Expenses

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Personnel expenses	-254	-266
Wages and salaries	-210	-215
Social security	-30	-33
Costs of retirement pensions and benefits	-14	-18
Other general administrative expenses	-211	-197
Depreciation and impairments	-14	-53
On property, plant and equipment	-8	-43
On software and intangible assets	-6	-10
Total	-479	-516

The other general administrative expenses are broken down as follows:

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Buildings and premises	-35	-35
IT costs	-61	-60
Mandatory contributions, audit and consultancy fees	-71	-51
Costs of advertising, public relations and representation	-15	-17
Costs of business operations	-29	-34
Total	-211	-197

(13) Taxes on Income

The following table sets out a breakdown of the profits and losses recognised directly in equity as well as the related deferred taxes.

in € m

	Before taxes		Taxes		After taxes	
	1.1.–30.6.2011	1.1.–30.6.2010	1.1.–30.6.2011	1.1.–30.6.2010	1.1.–30.6.2011	1.1.–30.6.2010
Gains and losses from available-for-sale financial assets	62	120	-1	-35	61	85
Pro rata result of companies accounted for using the equity method recognised directly in equity	1	-	-	-	1	-
Change from currency translation	1	13	-	-1	1	12
Gains and losses from cash flow hedging	2	-8	-	1	2	-7
Actuarial gains and losses from pension obligations	-24	-131	7	38	-17	-93
Total	42	-6	6	3	48	-3

(14) Results after Tax of Discontinued Operations

in € m

	1.1.–30.6.2011	1.1.–30.6.2010
Result of discontinued operations	–	–3
Total	–	–3

(15) Segment Reporting

in € m

	Real Estate		Corporate Finance		Financial Markets		Asset Management	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010	30.6.2011	30.6.2010	30.6.2011	30.6.2010
Net interest income	165	155	128	129	27	50	17	17
Provisions for losses on loans and advances	–84	–91	4	–23	–	3	–4	–3
Net interest income after provisions for losses on loans and advances	81	64	132	106	27	53	13	14
Net commission income	8	11	9	12	16	16	27	25
Net trading income	–	–	5	–4	161	31	–	–
Result of derivatives and financial instruments of the FVO option not held for trading	4	–10	8	–18	49	12	–	3
Result of hedges	–	–	–	–	–8	4	–	–
Result of financial instruments and companies accounted for using the equity method	–1	–1	1	–2	–11	8	–	–
Other operating result ¹⁾	93	92	14	73	–	1	1	5
Total income	185	156	169	167	234	125	41	47
General administrative expenses	–87	–80	–40	–95	–63	–57	–31	–26
Earnings before taxes¹⁾	98	76	129	72	171	68	10	21
Assets (€ bn)	34.2	38.6	23.8	27.2	70.2	78.6	1.6	1.5
Liabilities (€ bn)	3.0	2.9	5.0	7.0	103.4	122.8	1.5	1.3
Risk-weighted assets (€ bn)	19.1	23.1	12.8	16.7	8.7	12.1	0.8	1.1
Allocated capital (€ m)	1,984	1,834	1,279	1,219	818	884	76	77
Profitability of allocated capital (%) ²⁾	10.0	8.3	20.1	12.3	41.9	15.5	27.0	53.4
Cost/income ratio before risk provisioning (%) ²⁾	32.4	32.4	24.3	49.3	26.7	46.7	68.1	52.6

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

in € m

	S-Group Business		Public Development and Infrastructure Business		Frankfurter Sparkasse		Other/reconciliation		Group	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010	30.6.2011	30.6.2010	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	Net interest income	43	43	16	15	148	137	-56	-54	488
Provisions for losses on loans and advances	-5	-2	-	-	7	-1	-17	-17	-99	-134
Net interest income after provisions for losses on loans and advances	38	41	16	15	155	136	-73	-71	389	358
Net commission income	10	13	16	13	38	38	7	3	131	131
Net trading income	7	6	-	-	-	-	-	-	173	33
Result of derivatives and financial instruments of the FVO option not held for trading	-3	-1	-	-	4	-19	-16	-21	46	-54
Result of hedges	-	-	-	-	-	-	-	-	-8	4
Result of financial instruments and companies accounted for using the equity method	-	-	-	-	-13	-6	4	-	-20	-1
Other operating result ¹⁾	1	4	-5	1	7	4	-10	-9	101	171
Total income	53	63	27	29	191	153	-88	-98	812	642
General administrative expenses	-62	-69	-26	-24	-119	-121	-51	-44	-479	-516
Earnings before taxes¹⁾	-9	-6	1	5	72	32	-139	-142	333	126
Assets (€ bn)	12.7	13.4	8.2	7.3	17.4	17.9	-10.2	-3.8	157.7	180.7
Liabilities (€ bn)	19.7	18.8	8.2	7.3	17.4	17.9	-0.5	2.8	157.7	180.7
Risk-weighted assets (€ bn)	1.0	1.1	0.9	0.9	4.1	4.6	5.1	5.5	52.5	64.9
Allocated capital (€ m)	92	80	90	63	391	338	568	459	5,298	4,953
Profitability of allocated capital (%) ²⁾	-	-	2.1	16.0	37.0	19.0	-	-	12.6	5.2
Cost/income ratio before risk provisioning (%) ²⁾	105.9	106.3	96.5	82.0	64.6	78.6	-	-	52.6	66.2

¹⁾ Incl. result of discontinued operations.

²⁾ Previous year figures adjusted.

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

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

- Real estate lending and real estate management business lines are shown in the Real Estate segment. The Helaba services for real estate customers are accordingly pooled in one operating segment. The range of products covers traditional real estate financing in Germany and abroad, residential participations, planning and providing support for own and third-party real estate as well as private public partnership projects right through to facility management. The OFB Group as well as the GWH Group are included in this operating segment.
- The Corporate Finance segment comprises the corporate finance business line. Finance solutions tailored specifically to meet the needs of corporate clients are pooled in this segment. These include structured finance, investment finance, asset-backed securities, leasing finance as well as the structuring and distribution of fund concepts. The HANNOVER LEASING Group has been consolidated at equity since the end of 2010. Certain property companies of HANNOVER LEASING continue to be fully consolidated as special-purpose vehicles of Helaba, and are also shown in the Corporate Finance segment.
- The Financial Markets segment brings together the results of Global Markets, Assets/Liability Management, Sales Public Authorities, Financial Institutions and Public Finance as well as various special-purpose vehicles. The treasury as well as trading and sales activities of the Bank are pooled in this segment. The product portfolio contains traditional capital markets products, financial instruments for managing interest rate risk, currency risk, credit risk and liquidity management as well as finance solutions tailored to meet the needs of financial institutions and the public sector.
- The Asset Management segment comprises Helaba Invest Kapitalanlagegesellschaft mbH as well as the Frankfurter Bankgesellschaft Group. The product portfolio of this segment accordingly includes services relating to traditional asset management and administration, private banking as well as the management of special and public funds for institutional investors as well as providing support for master investment trust clients.
- The S-Group Bank and Landesbausparkasse Hessen-Thüringen are shown in the S-Group Business segment. This segment deals primarily with providing support for the Sparkassen and their customers for whom products are developed and provided.
- The Public Development and Infrastructure Business segment mainly comprise Wirtschafts- und Infrastrukturbank Hessen. This segment thus pools the results of Helaba's activities in connection with development and infrastructure measures in the fields of housing, municipal and urban development, agriculture as well as environmental protection.
- The Frankfurter Sparkasse segment shows the results of the credit institution of the same name as a sub-group including the corresponding consolidated subsidiaries. The product portfolio comprises the traditional products of a retail bank in lending, asset, liability, and service operations as well as the capital market products for the investment of own funds, refinancing and liquidity management.

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

Net interest income in lending is calculated in internal controlling using the market interest method from the difference between the customer interest rate and the market interest rate for a structurally congruent alternative transaction.

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

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

On-balance-sheet assets are included under assets and on-balance-sheet liabilities including the equity of the relevant units in each case are shown under liabilities. Direct costing is used for allocating these items to the operating segments. The risk position comprises the risk position of the investment and trading book, including the market price risk position in accordance with the German Solvency Regulation (Solvabilitätsverordnung, SolvV). The average shareholders' equity shown in the balance sheet is broken down according to risk positions and in relation to the real estate and other non-bank activities, in accordance with the on-balance-sheet assets.

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

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

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

Notes to the Balance Sheet

(16) Cash Reserve

	in € m	
	30.6.2011	31.12.2010
Cash in hand	54	63
Cash at central banks	180	373
Total	234	436

(17) Loans and Advances to Banks

	in € m	
	30.6.2011	31.12.2010
Affiliated Sparkassen	6,798	6,808
Girozentralen	418	600
Banks	5,881	7,004
Total	13,097	14,412
thereof:		
Domestic credit institutions	10,368	11,103
International credit institutions	2,729	3,309

	in € m	
	30.6.2011	31.12.2010
Receivables due daily	3,013	3,544
Other receivables	10,084	10,868
Total	13,097	14,412
thereof:		
Overnight money and fixed-term deposits	437	791
Cash collateral provided	2,570	2,636
Forwarding loans	4,471	4,288

(18) Loans and Advances to Customers

	in € m	
	30.6.2011	31.12.2010
Corporate customers	61,320	66,028
Private customers	6,452	6,643
Public sector	15,296	15,027
Total	83,068	87,698
thereof:		
Domestic customers	51,956	52,847
International customers	31,112	34,851

	in € m	
	30.6.2011	31.12.2010
Receivables, due daily	1,077	1,301
Other receivables	81,991	86,397
Total	83,068	87,698
thereof:		
Commercial real estate loans	32,154	34,615
Private construction loans	3,501	3,495
Buildings loans of the Bausparkasse	1,087	1,125
Forwarding loans	2,834	2,916
Infrastructure loans	3,588	3,390
Consumer loans	357	353
Borrowers' note loans	620	658
Financial assets from credit substitute business	1,256	1,470
Receivables from finance leases	8	9
Receivables purchased before maturity	190	411

(19) Provisions for Loans and Advances

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

	in € m	
	30.6.2011	31.12.2010
Impairments on loans and advances to banks	4	4
Individual allowances	–	–
Global individual allowances	1	1
Portfolio allowances	3	3
Impairments on loans and advances to customers	1,228	1,249
Individual allowances	888	900
Global individual allowances	94	104
Portfolio allowances	246	245
Provisions for risks attributable to lending	79	66
Total	1,311	1,319

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

	in € m							
	Individual allowances		Global individual allowances		Portfolio allowances		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
As of 1 Jan.	900	844	105	98	248	246	1,253	1,188
Changes due to currency translation	–9	14	–	–	–4	7	–13	21
Consumption	–63	–93	–9	–4	–	–	–72	–97
Reversals	–83	–48	–1	–	–	–1	–84	–49
Transfers	3	–	–	–	–	–	3	–
Unwinding	–21	–19	–	–	–	–	–21	–19
Additions	161	154	–	7	5	–	166	161
As of 30 June	888	852	95	101	249	252	1,232	1,205

The transfers relate to impaired utilisations of guarantee loans for which a provision had already been created.

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

	in € m	
	30.6.2011	31.12.2010
Financial companies	6	4
Property and housing	623	605
Energy and water supply	15	15
Manufacturing	172	155
Other services	234	273
Natural persons	124	128
Insurance	1	1
Investments	9	17
Other	44	51
Total	1,228	1,249

(20) Assets Held for Trading

	in € m	
	30.6.2011	31.12.2010
Bonds and other fixed-income securities	24,241	25,399
Money market paper	964	926
Of other issuers	964	926
Bonds	23,277	24,473
Of public issuers	3,703	2,873
Of other issuers	19,574	21,600
Equities and other variable-income securities	172	57
Positive market values of derivative financial instruments	5,346	6,641
Price-related derivatives	67	99
Interest-related derivatives	4,426	5,410
FX-related derivatives	796	1,063
Credit derivatives	54	68
Commodity-related derivatives	3	1
Receivables held for trading	6,530	7,079
Total	36,289	39,176

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

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

in € m

	30.6.2011	31.12.2010
Hedging derivatives of hedge accounting	1,018	1,497
Other derivatives not held for trading	1,738	2,205
Total	2,756	3,702

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

(22) Financial Assets

in € m

	30.6.2011	31.12.2010
Bonds and other fixed-income securities	18,376	16,840
Of public issuers	4,526	3,688
Of other issuers	13,850	13,152
Equities and other variable-income securities	136	111
Equities	52	31
Other variable-income securities	84	80
Shares in non-consolidated affiliated companies	31	33
Measured at fair value	23	23
Measured at cost	8	10
Investments	487	703
Measured at fair value	460	675
Measured at cost	27	28
Total	19,030	17,687

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

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

	in € m	
	30.6.2011	31.12.2010
Shares in joint ventures	21	20
Shares in associated companies	51	43
Total	72	63

(24) Investment Property

	in € m	
	30.6.2011	31.12.2010
Rented property and buildings	2,335	2,356
Undeveloped land	54	55
Vacant buildings	3	3
Property under construction	27	27
Total	2,419	2,441

Of the figure shown for investment property, € 1,776 m (31 December 2010: € 1,776 m) is attributable to residential property of the GWH Group.

(25) Property, Plant and Equipment

	in € m	
	30.6.2011	31.12.2010
Owner-occupied land and buildings	264	263
Operating and business equipment	53	54
Total	317	317

(26) Intangible Assets

	in € m	
	30.6.2011	31.12.2010
Goodwill	138	138
Purchased software	24	25
Other intangible assets	–	1
Total	162	164

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

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

in € m

	30.6.2011	31.12.2010
Real estate	12	–
Total	12	–

(28) Other Assets

in € m

	30.6.2011	31.12.2010
Property held in inventories	157	159
Completed properties	69	70
Property under construction	88	89
Advance payments and payments on account	75	44
Trade accounts receivable	43	36
Tax assets attributable to other taxes (excluding taxes on income)	13	5
Other assets	765	705
Total	1,053	949

(29) Liabilities Due to Banks

in € m

	30.6.2011	31.12.2010
Affiliated Sparkassen	2,211	2,236
Girozentralen	2,042	2,711
Banks	26,524	26,732
Total	30,777	31,679
thereof:		
Domestic credit institutions	24,345	25,158
International credit institutions	6,432	6,521

in € m

	30.6.2011	31.12.2010
Liabilities due daily	2,152	2,448
Liabilities with agreed term or period of notice	28,625	29,231
Total	30,777	31,679
thereof:		
Borrowers' note loans raised	10,168	11,241
Forwarding loans	7,562	7,457
Issued registered bonds	2,631	2,837
Overnight money and fixed-term deposits	3,003	2,583

(30) Liabilities Due to Customers

in € m

	30.6.2011	31.12.2010
Corporate customers	21,353	22,681
Private customers	14,876	14,964
Public sector	3,258	3,251
Total	39,487	40,896
thereof:		
Domestic customers	35,966	36,622
International customers	3,521	4,274

in € m

	30.6.2011	31.12.2010
Liabilities due daily	12,982	12,934
Liabilities with agreed term or period of notice	26,505	27,962
Total	39,487	40,896
thereof:		
Customer deposits in current accounts	4,358	4,175
Overnight money and fixed-term deposits	12,728	13,853
Saving deposits	2,544	2,451
Building saving deposits	3,311	3,307
Issued registered bonds	9,127	9,475
Borrowers' note loans raised	6,836	7,087

(31) Securitised Liabilities

in € m

	30.6.2011	31.12.2010
Issued bonds	37,082	38,618
Mortgage Pfandbriefe	2,817	2,421
Public Pfandbriefe	7,652	7,418
Other bonds	26,613	28,779
Other securitised liabilities	348	1,771
Total	37,430	40,389

(32) Liabilities Held for Trading

in € m

	30.6.2011	31.12.2010
Negative market values of derivative financial instruments	6,113	7,254
Price-related derivatives	50	57
Interest-related derivatives	5,211	6,318
FX-related derivatives	776	787
Credit derivatives	73	91
Commodity-related derivatives	3	1
Issued money market paper	4,126	8,383
Liabilities held for trading	25,486	22,892
Total	35,725	38,529

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

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

in € m

	30.6.2011	31.12.2010
Hedging derivatives of hedge accounting	582	615
Other derivatives not held for trading	1,846	2,533
Total	2,428	3,148

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

(34) Provisions

in € m

	30.6.2011	31.12.2010
Provisions for pensions and similar obligations	901	882
Other provisions	320	308
Personnel provisions	74	97
Provisions for risk attributable to lending	79	66
Restructuring provisions	2	4
Other provisions	165	141
Total	1,221	1,190

A discount rate of 5.25 % has been used for calculating the pension provisions in Germany (31 December 2010: 5.25 %).

(35) Other Liabilities

in € m

	30.6.2011	31.12.2010
Trade accounts payable	127	102
Liabilities due to employees	30	22
Advance payments received and advance payments made	231	191
Liabilities due to other taxes (excluding taxes on income)	50	59
Other liabilities	128	110
Total	566	484

(36) Subordinate Capital

in € m

	30.6.2011	31.12.2010
Subordinate capital	2,525	2,525
thereof: pro rata interest	47	12
Profit-sharing rights	786	845
thereof: pro rata interest	20	40
Hidden deposits	1,075	1,118
thereof: pro rata interest	18	50
Total	4,386	4,488
thereof:		
Securitised subordinate capital	3,087	3,158

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

(37) Shareholders' Equity

in € m

	30.6.2011	31.12.2010
Subscribed capital	477	477
Hidden deposits	1,920	1,920
Additional paid-in capital	658	658
Retained earnings	2,478	2,263
Revaluation reserve	-30	-91
Currency translation reserve	-1	-
Cash flow hedge reserve	-8	-13
Minority interests in shareholders' equity	-10	-11
Total	5,484	5,203

The subscribed capital is the share capital paid in by the three owners in accordance with the Charter. The owners of Helaba are the Sparkassen- und Giroverband Hessen-Thüringen (85%), the Federal State of Hesse (10%) and the Free State of Thuringia (5%).

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

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

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

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

Further Information concerning Financial Instruments

(38) Derivative Transactions

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

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

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

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

in € m

	Nominal values		Positive market values		Negative market values	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Equity-/index-related transactions	1,082	882	68	99	51	57
OTC products	250	234	19	20	12	12
Equity options	250	234	19	20	12	12
Purchased	165	137	19	18	–	1
Sold	85	97	–	2	12	11
Listed products	832	648	49	79	39	45
Equity/index futures	166	58	1	1	1	–
Equity/index options	666	590	48	78	38	45
Interest-related transactions	525,191	499,736	6,910	8,799	7,329	8,875
OTC products	447,450	438,127	6,901	8,789	7,317	8,866
Forward rate agreements	24,672	43,168	3	6	3	8
Interest swaps	368,729	343,758	6,267	8,061	6,503	7,899
Interest options	53,748	50,907	631	722	811	959
Purchased	24,437	22,906	625	714	–	–
Sold	29,311	28,001	6	8	811	959
Other interest contracts	301	294	–	–	–	–
Listed products	77,741	61,609	9	10	12	9
Interest futures	26,684	21,609	5	8	9	6
Interest options	51,057	40,000	4	2	3	3
Currency-related transactions	46,525	53,455	1,059	1,373	1,028	1,281
OTC products	46,525	53,455	1,059	1,373	1,028	1,281
Currency spot and future transactions	26,151	33,203	441	680	404	448
Cross-currency swaps	19,266	19,313	602	678	608	813
FX options	1,108	939	16	15	16	20
Purchased	554	474	16	15	–	–
Sold	554	465	–	–	16	20
Credit derivatives	8,733	10,541	62	71	130	188
OTC products	8,733	10,541	62	71	130	188
Commodity-related transactions	58	19	3	1	3	1
OTC products	58	19	3	1	3	1
Commodity swaps	57	19	3	1	3	1
Commodity options	1	–	–	–	–	–
Total	581,589	564,633	8,102	10,343	8,541	10,402

Nominal values broken down according to remaining terms:

in € m

	Equity-/index-related transactions		Interest-related transactions		Currency-related transactions	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Less than three months	284	200	163,213	153,572	18,978	23,919
More than three months and less than one year	191	121	89,346	80,595	7,770	10,525
More than one year and less than five years	607	561	169,858	165,042	16,553	15,193
More than five years	–	–	102,774	100,527	3,224	3,818
Total	1,082	882	525,191	499,736	46,525	53,455

in € m

	Credit derivatives		Commodity-related transactions		Total	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Less than three months	493	510	14	5	182,982	178,206
More than three months and less than one year	601	1,294	28	11	97,936	92,546
More than one year and less than five years	6,307	7,274	16	3	193,341	188,073
More than five years	1,332	1,463	–	–	107,330	105,808
Total	8,733	10,541	58	19	581,589	564,633

Derivatives have been taken out with the following counterparties:

in € m

	Nominal values		Positive market values		Negative market values	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
OECD banks	420,573	420,374	5,788	7,445	6,949	8,789
Banks outside the OECD	–	115	–	–	–	–
Other counterparties (incl. stock exchanges)	141,568	126,531	1,757	2,237	995	1,066
Public authorities in the OECD	19,448	17,613	557	661	597	547
Total	581,589	564,633	8,102	10,343	8,541	10,402

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

The following table sets out the carrying amounts of assets and liabilities as of 30 June 2011 in accordance with the measurement categories of IAS 39. The figures shown in the balance sheet are also detailed.

in € m

	LaR/OL	AfS	HfT	FVO	Total
Assets					
Cash reserve	234				234
Loans and advances to banks	13,067			30	13,097
Loans and advances to customers	82,927			141	83,068
Assets held for trading			36,289		36,289
Positive market values of derivatives not held for trading			2,756		2,756
Financial assets		16,661		2,369	19,030
Total	96,228	16,661	39,045	2,540	154,474
Liabilities					
Liabilities due to banks	30,289			488	30,777
Liabilities due to customers	37,786			1,701	39,487
Securitised liabilities	33,619			3,811	37,430
Liabilities held for trading			35,725		35,725
Negative market values of derivatives not held for trading			2,428		2,428
Subordinate capital	3,872			514	4,386
Total	105,566		38,153	6,514	150,233

The following amounts are applicable as of 31 December 2010:

in € m

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

The following table sets out the contributions to earnings from financial instruments for the period from 1 January to 30 June 2011 for each measurement category:

in € m

	LaR	OL	AfS	HfT	FVO	Derivatives not held for trading	Total
Net interest income	1,732	-1,497	202		-74	150	513
Provisions for losses on loans and advances	-99						-99
Net trading income				173			173
Net income from investments			-27				-27
Result of derivatives not held for trading and financial instruments of FVO					50	-4	46
Result of hedges	57	182				-247	-8
Result shown in equity			62				62
Total	1,690	-1,315	237	173	-24	-101	660

The following amounts were recognised during the previous year period:

in € m

	LaR	OL	AfS	HfT	FVO	Derivatives not held for trading	Total
Net interest income	1,800	-1,586	158		-64	199	507
Provisions for losses on loans and advances	-134						-134
Net trading income				33			33
Net income from investments			3				3
Result of derivatives not held for trading and financial instruments of FVO					-48	-6	-54
Result of hedges	-47	-144				195	4
Result shown in equity			120				120
Total	1,619	-1,730	281	33	-112	388	479

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

(40) Fair Values of Financial Instruments

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

in € m

	Fair value		Carrying amount		Difference	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Assets						
Cash reserve	234	436	234	436	–	–
Loans and advances to banks ¹⁾	13,346	14,692	13,093	14,408	253	284
Loans and advances to customers ¹⁾	84,515	89,445	81,840	86,449	2,675	2,996
Assets held for trading	36,289	39,176	36,289	39,176	–	–
Positive market values of derivatives not held for trading	2,756	3,702	2,756	3,702	–	–
Financial assets	19,030	17,687	19,030	17,687	–	–
Total	156,170	165,138	153,242	161,858	2,928	3,280
Liabilities						
Liabilities due to banks	31,140	32,318	30,777	31,679	363	639
Liabilities due to customers	40,526	42,196	39,487	40,896	1,039	1,300
Securitised liabilities	37,337	40,322	37,430	40,389	–93	–67
Liabilities held for trading	35,725	38,529	35,725	38,529	–	–
Negative market values of derivatives not held for trading	2,428	3,148	2,428	3,148	–	–
Subordinate capital	4,306	4,395	4,386	4,488	–80	–93
Total	151,462	160,908	150,233	159,129	1,229	1,779

¹⁾ Net carrying amount after provisions for losses on loans and advances in lending.

The market price as observable on an active market is the best indicator for the fair value of financial instruments. If no price is quoted on the closing date, the most recent available market price is used for measurement purposes and is modified to account for the effect of major changes in conditions (level 1).

If there is no market price for a financial instrument, fair value is measured on the basis of recognised, standard methods, whereby the input data used are based on market prices and are taken from external sources (level 2).

In the event the input parameters used in the measurement are not directly observable on an active market, measurement is based on realistic assumptions relating to market circumstances. If no market prices are available for non-derivative financial instruments, arranger prices are used. The measurement of non-listed equity interests recognised at fair value is also based on input parameters which cannot be observed, particularly the results derived from corporate planning (level 3).

The breakdown of financial instruments measured at fair value according to the hierarchy of the input data on the assets side of the balance sheet as of 30 June 2011 is shown in the following:

in € m

	Level 1		Level 2		Level 3		Total	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Non-derivative financial instruments	42,240	41,125	7,039	8,225	830	1,042	50,109	50,392
Loans and advances to banks	–	–	30	60	–	–	30	60
Loans and advances to customers	–	–	141	148	–	–	141	148
Assets held for trading	24,183	24,739	6,725	7,722	35	74	30,943	32,535
Financial assets	18,057	16,386	143	295	795	968	18,995	17,649
Derivatives	58	89	8,042	10,252	2	2	8,102	10,343
Positive market values of derivatives of the trading portfolio	57	86	5,287	6,553	2	2	5,346	6,641
Positive market values of derivatives not held for trading	1	3	2,755	3,699	–	–	2,756	3,702
Total	42,298	41,214	15,081	18,477	832	1,044	58,211	60,735

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

in € m

	Level 1		Level 2		Level 3		Total	
	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010	30.6.2011	31.12.2010
Non-derivative financial instruments	3,235	2,381	32,828	34,976	63	48	36,126	37,405
Liabilities due to banks	–	–	488	467	–	–	488	467
Liabilities due to customers	–	–	1,685	1,813	16	–	1,701	1,813
Securitised liabilities	–	–	3,764	3,288	47	48	3,811	3,336
Liabilities held for trading	3,235	2,381	26,377	28,894	–	–	29,612	31,275
Subordinate capital	–	–	514	514	–	–	514	514
Derivatives	51	54	8,482	10,340	8	8	8,541	10,402
Negative market values held for trading	48	52	6,063	7,200	2	2	6,113	7,254
Negative market values of derivatives not held for trading	3	2	2,419	3,140	6	6	2,428	3,148
Total	3,286	2,435	41,310	45,316	71	56	44,667	47,807

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

	in € m	
	30.6.2011	31.12.2010
Bonds and other fixed-income securities	301	359
Bonds	79	74
Borrowers' note loans	30	69
Asset-backed securities	184	208
Certificates of deposit	8	8
Unlisted shares	483	645
Investment shares	46	38
Total	830	1,042

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

	in € m	
	30.6.2011	31.12.2010
AAA	51	66
AA	41	89
A	115	59
BBB and below	52	102
No external rating	42	43
Bonds and other fixed-income securities	301	359

The bonds and other fixed-income securities which are classified under level 3 have been assessed to determine the sensitivity of their market parameters. The positive as well as the negative differences were not of a material nature as of 30 June 2011.

(41) Reclassification of Financial Assets

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

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

	in € m			
	30.6.2011 Carrying amount	30.6.2011 Fair value	31.12.2010 Carrying amount	1.7.2008 Carrying amount
Assets held for trading, reclassified as loans and advances to customers	295	274	314	437
Financial assets, reclassified as loans and advances to customers	961	902	1,156	1,722
Total	1,256	1,176	1,470	2,159

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

Had these reclassifications not been performed, this would have resulted in the first half of 2011 in additional unrealised measurement gains of € 6 m (previous year period: € 2 m) for assets held for trading and additional unrealised measurement gains of € 42 m (previous year period: € 29 m) for financial assets in equity.

In the first half of 2011, no additions to allowances or reversals of allowances were recognised in relation to the reclassified financial assets (previous year period: reversals of € 3 m).

(42) Information concerning Issuing Activities

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

in € m

	Issued money market securities of trading		Securitised liabilities		Securitised subordinate capital		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
As of 1 Jan.	8,383	9,938	40,389	38,505	3,158	3,188	51,930	51,631
Changes from currency translation	-315	1,112	-131	765	-4	12	-450	1,889
Additions from issues	16,053	21,789	10,150	13,612	-	2	26,203	35,403
Disposals due to repayment	-19,034	-20,716	-11,870	-12,095	-38	-60	-30,942	-32,871
Disposals due to repurchasing	-953	-291	-867	-700	-	-2	-1,820	-993
Changes in accrued interest	-1	8	-103	-85	12	11	-92	-66
Changes in value recognised in the income statement	-7	-2	-138	66	-41	75	-186	139
As of 30 June	4,126	11,838	37,430	40,068	3,087	3,226	44,643	55,132

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

Additions from issues and disposals from repayment also comprise the placement volume of short-term money market papers that could be repaid as early as by the end of the financial year. The changes in value recognised in the income statement result from measurement effects from financial liabilities held as at the balance sheet date which were subjected to hedge accounting as hedged items or allocated to FVO.

Off-Balance-Sheet Business and Obligations

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

in € m

	30.6.2011	31.12.2010
Contingent liabilities	4,172	5,581
Liabilities arising from guarantees and warranty agreements	4,172	5,581
Other obligations	18,351	20,418
Placing and acceptance obligations	2,339	2,729
Irrevocable loan commitments	15,829	17,439
Obligations to provide further capital	50	56
Contribution obligations	106	157
Contractual obligations for acquisition of property, plant and equipment, intangible assets and other assets	19	15
Contractual obligations in connection with investment properties	3	17
Other obligations	5	5
Total	22,523	25,999

(44) Trust Business

in € m

	30.6.2011	31.12.2010
Trust assets	1,165	1,226
Loans and advances to banks	281	293
Loans and advances to customers	604	653
Investments	66	66
Other assets	214	214
Trust liabilities	1,165	1,226
Liabilities due to banks	7	9
Liabilities due to customers	846	906
Other liabilities	312	311

Other Disclosures

(45) Information concerning Equity Management and Regulatory Ratios

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

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

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

In accordance with the Solvency Ordinance, the regulatory own funds of the Helaba Group consist of core capital, supplementary capital and tier 3 funds, and are broken down as follows as of the reporting deadline 30 June 2011:

	30.6.2011	31.12.2010
Ordinary capital	477	477
Other capital	2,973	2,973
Open reserves and consolidation effects	1,998	1,901
Special item for general banking risks according to Section 340g HGB	448	428
Deductions according to Section 10 (2a) KWG	-25	-31
Core capital	5,871	5,748
Capital according to Section 10 (5) KWG	724	729
Longer-term subordinate liabilities	2,313	2,319
Other components and consolidation effects	3	-12
Supplementary capital	3,040	3,036
Deduction according to Section 10 (6) and (6a) KWG	-76	-550
Liable equity	8,835	8,234
Utilised available tier 3 capital	-	-
Own funds, total	8,835	8,234

in € m

The following capital requirements and ratios are applicable as of the closing date:

	in € m	
	30.6.2011	31.12.2010
Counterparty default risks	3,588	3,941
Market risks	344	388
Operational risks	268	245
Capital requirements	4,200	4,574
Core capital ratio	11.1 %	9.6 %
Total ratio	16.8 %	14.4 %

Core and equity ratios meet the target ratios formulated by Helaba as part of equity planning. The regulatory capital backing requirements are met.

(46) Transactions with Related Parties

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

The following receivables and liabilities as well as off-balance-sheet obligations of the Helaba Group existed with regard to related parties as of 30 June 2011:

	in € m	
	30.6.2011	31.12.2010
Loans and advances to banks	5	5
Participations in joint ventures and associated companies	5	5
Loans and advances to customers	1,874	1,591
Non-consolidated subsidiaries	12	16
Participations in joint ventures and associated companies	822	453
Shareholders of Helaba	962	1,051
Other related parties	78	71
Assets held for trading	210	424
Participations in joint ventures and associated companies	11	15
Shareholders of Helaba	199	409
Other assets	5	–
Non-consolidated subsidiaries	2	–
Participations in joint ventures and associated companies	3	–
Liabilities due to banks	25	6
Non-consolidated subsidiaries	1	–
Participations in joint ventures and associated companies	6	6
Shareholders of Helaba	18	–
Liabilities due to customers	710	92
Non-consolidated subsidiaries	6	10
Participations in joint ventures and associated companies	36	21
Shareholders of Helaba	654	47
Other related parties	13	14
Liabilities held for trading	653	75
Non-consolidated subsidiaries	14	8
Participations in joint ventures and associated companies	31	1
Shareholders of Helaba	608	66
Other liabilities	–	1
Non-consolidated subsidiaries	–	1
Contingent liabilities	329	345
Non-consolidated subsidiaries	1	1
Participations in joint ventures and associated companies	124	161
Shareholders of Helaba	14	114
Other related parties	190	69

There are no impairments for capitalised receivables due from related parties. As was the case in 2010, no receivables were derecognised up to 30 June 2011, nor were there any waivers of receivables.

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

(47) Members of the Board of Managing Directors

Hans-Dieter Brenner
Chairman

Johann Berger
Vice Chairman

Klaus-Dieter Gröb

Dr. Detlef Hosemann

Rainer Krick

Gerrit Raupach

Dr. Norbert Schraad

Declaration of the Statutory Representatives

“We declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles for interim reporting, and that the Group management report presents the development of business including the business result and the position of the Group in such a way that a true and fair view of the actual circumstances is provided, and that the major opportunities and risks of the probable development of the Group in the remainder of the financial year are described.”

Frankfurt am Main/Erfurt, 23 August 2011

Landesbank Hessen-Thüringen Girozentrale

The Board of Managing Directors

Brenner

Berger

Gröb

Dr. Hosemann

Krick

Raupach

Dr. Schraad

Copy of the Auditors' Review Report

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

“We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, the income statement, the statement of comprehensive income, the condensed cash flow statement, the statement of changes in equity and selected explanatory notes – and the interim Group management report of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt for the period from 1 January to 30 June 2011, which are part of the half-year financial report pursuant to § 37w German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, and of the interim Group management report in accordance with the provisions of the WpHG applicable to interim Group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, nor that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim Group management reports.”

Frankfurt am Main, 23 August 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Burghardt	Wolfgang Weigel
Wirtschaftsprüfer	Wirtschaftsprüfer

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