

2010

Disclosure Report



Disclosure Report of the Helaba Group
in accordance with the German Solvency
Regulation (SolvV)

Reporting date: 31 December 2010

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Scope of Application

The following document contains the information and data to be disclosed in accordance with the German Solvency Regulation (SolvV), Part 5 (Pillar III under Basel II). This disclosure is provided for the Helaba Group on the basis of the group of consolidated companies for regulatory purposes pursuant to the German Banking Act (KWG). The document is prepared and coordinated by the parent company Landesbank Hessen-Thüringen Girozentrale (Helaba), headquartered in Frankfurt am Main and Erfurt.

A total of 26 companies are fully consolidated in the consolidation process for regulatory purposes in accordance with Sections 10 and 10a of the German Banking Act (KWG) and a further three companies are included in the consolidation on a pro-rata basis. Another 52 companies are given a deduction treatment. Significant changes were made in 2010 with the deconsolidation of the HANNOVER LEASING Group and the reorganisation of Frankfurter Bankgesellschaft Schweiz AG (previously: LB(Swiss) Privatbank AG). The table below contains a more detailed breakdown of the group of consolidated companies in accordance with the definitions provided in Section 1 of the German Banking Act (KWG).

Group of consolidated companies for regulatory purposes
(Table 1)

Consolidation method	Number and type of companies
Full consolidation	26 companies
	18 financial companies
	2 investment trust companies
	4 banks
	2 providers of ancillary services
Pro-rata consolidation	3 companies
	3 financial companies
Deduction treatment	52 companies
	2 financial services institutions
	46 financial companies
	2 banks
	2 providers of ancillary services

A detailed list of how all of the units in the Group are treated is provided in the “Annex” section under “Table of Consolidated Companies”. Helaba does not avail itself of the exemptions listed in Section 2a of the German Banking Act (KWG) for institutions belonging to a group. There are no restrictions or obstacles with regard to the transfer of funds or liable capital among companies belonging to the Helaba Group. Of the companies included in the group of consolidated companies for regulatory purposes pursuant to Section 1 of the German Banking Act (KWG), 18 are fully consolidated in the consolidated accounts under IFRS and a further four are valued using the equity method. The complete group of consolidated companies under IFRS may be found in the consolidated accounts.

Risk Strategy and Risk Management

Risk Strategy and Risk Management

The Board of Managing Directors is responsible for all of the risks to which Helaba is exposed and for defining a risk strategy consistent with the business strategy. The risk strategy lays down the principle elements of Helaba's approach to dealing with risk in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities. Once approved, the risk strategy is presented to and discussed with the Supervisory Board and the Board of Owners.

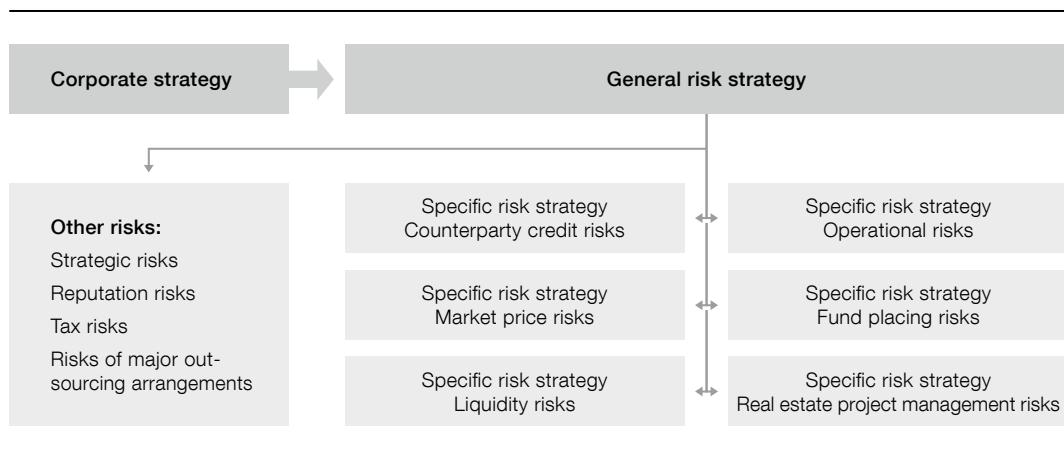
Helaba's risk strategy is derived from the business strategy of the Helaba Group to which it belongs. The business strategy of the Helaba Group, in turn, is integrally linked to the business and risk strategy of Sparkassen-Finanzgruppe Hessen-Thüringen and also forms the basis for the risk strategy.

The risk strategy concentrates on the assumption of risk in order to achieve a commensurate profit, taking into account the economic and the regulatory capital situation and the need to ensure liquidity and maintain the conservative risk profile. The risk management system accordingly plays a central role in the management of the company.

Helaba has refined the risk management process over the years to create a range of sophisticated tools and an environment conducive to effective risk management. The methods employed to identify, quantify, track and contain risks have undergone continuous development, as have organisational provisions such as process and system documentation and guidelines detailing responsibilities.

Helaba reviewed its risk management following the publication of the revised German Minimum Requirements for Risk Management (MaRisk) on 14 August 2009, identified the areas in which action was required and implemented the measures necessary to bring its methods and processes into line with the changes. The modifications, additions and improvements to the risk management system introduced in response to the revised MaRisk have been in use since the beginning of 2010.

The risk strategy consists of a general strategy plus a specific risk strategy for each of the primary categories of risk. Both types of strategy lay down detailed ground rules for dealing with the category of risk to which they relate.



Risks may in principle be assumed only as permitted under the general risk strategy and the specific risk strategies and only in pursuit of the corporate objectives – in particular in order to maintain Helaba's long-term earning power while protecting its assets as effectively as possible and accomplishing its mission. The guidelines and general and detailed operating procedures introduced by Helaba to ensure the propriety of its business operations also provide a robust foundation for the implementation of the risk strategies.

Frankfurter Sparkasse operates as a legally independent institution and hence has its own comprehensive risk management regime installed in accordance with the German Minimum Requirements for Risk Management (MaRisk). The methods and processes employed and the system of implementation within its organisation are documented in Frankfurter Sparkasse's Risk Manual along with the strategies and are updated regularly. The Risk Manual includes descriptions of the risk management regime and risk early warning system in place and of the manner in which responsibilities are allocated to ensure strict separation of the relevant functions. The measures associated with the implementation of the German Solvency Regulation (SolvV) are fully integrated into Frankfurter Sparkasse's own procedural instruction system. Frankfurter Sparkasse's comprehensive risk containment apparatus extends from front office to portfolio management processes.

Categories of Risk

The categories of risk of relevance to Helaba result directly from its business operations. Risks are broken down into "primary risks" and "other risks" for containment purposes as a function of the probability and significance of their materialising. Helaba has identified and defined the following primary categories of risk:

- The counterparty credit risk is the risk of a loss or a profit not realised as a result of non-payment by a business partner. The counterparty credit risk encompasses all lending business in accordance with Section 19 (1) of the German Banking Act (KWG) including settlement risks (counterparty risk: risk from traditional lending business, replacement risk and advance payment and clearing risk) and the specific country risk.
- The market price risk involves the possibility of a negative change in the value of on- and off-balance sheet transactions as a result of unexpected changes in underlying market parameters such as interest rates, share prices, foreign exchange rates and commodity prices and their volatility.
- Liquidity risks can arise in connection with both on- and off-balance sheet transactions. The liquidity risk is broken down into three categories. The short-term liquidity risk is the risk of having insufficient liquidity to meet day-to-day payment obligations. Structural liquidity risks arise if an unbalanced relationship develops in the medium- and long-term liquidity structure as a result of inadequate containment of the cost risks associated with the procurement of funds and the earnings risks associated with investments. Market liquidity risks result from the insufficient liquidity of financial instruments, with the consequence that positions can be closed out only, if at all, at a disproportionately high cost. The liquidity risks associated with off-balance sheet transactions lead to short-term and/or structural liquidity risks depending on their precise nature.

- The operational risk is defined under the German Solvency Regulation (SolvV) as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Legal risks also form part of the operational risk.
- The real estate project management risk comprises deadline, quality, cost and marketing risks in real estate project development business that have the potential to impact negatively on the calculated project development margin. The real estate project management risk includes neither risks from real estate finance arrangements nor risks from portfolio assets that are owned by Helaba Group companies or in respect of which Helaba Group companies have a status similar to that of ownership (risks associated with missed rent payments, vacancies, etc.).
- The fund placing risk comprises the risk associated with the capital element to be placed in fund projects (closed-end funds) at the HANNOVER LEASING affiliate. This includes cost risks in connection with increased selling costs as well as income risks relating to fund design fees not earned and the additional costs incurred in arranging extra financing if the outstanding capital element cannot be placed. The fund placing risk does not include risks associated with the asset management and funds business of Helaba Group investment trust companies (such as Helaba Invest) or the placing risk involved in the onward syndication of loans or other assets.
- Equity risks (as a type of residual risk) are attributable to a potential decline in the share value, lower dividend payments or cancelled dividend payments, loss absorption or contribution, subsequent payment and liability obligations as well as guarantees or letters of comfort.

Strategic risks, reputation risks, tax risks and outsourcing risks, which are not considered to constitute primary risks, are grouped together in the “other risks” category.

- The strategic risk is the risk of decisions being taken at a corporate strategy level, in relation to the business model and the major developments and trends in the banking sector, that prove to have a sustained negative impact on the profitability and future viability of the Bank.
- The reputation risk is the risk of changes and damage to the organisation’s reputation causing stakeholders to take actions that affect Helaba’s commercial position.
- Tax risks result from changes in tax law implemented by the legislative authorities or changed legal verdicts.
- Outsourcing risks arise when an external company is engaged to perform activities and processes in connection with the completion of banking transactions, financial services or other services typical of an institution like Helaba that would otherwise be carried out by Helaba itself.

Risk Management Process

Risk management at Helaba comprises four elements that are best understood as consecutive phases in a single continuous process:

1. Risk identification

Risks affecting Helaba are identified continuously as an integral part of daily operations. Once identified, each risk is assigned to the relevant risk category. Comprehensive identification and incorporation into existing risk measurement systems and the associated risk monitoring processes is particularly important in connection with the introduction of new products and complex transactions. The central monitoring units are involved in the authorisation of new products as part of the New Product Process for lending business and trading business.

2. Risk quantification

Effective mapping of individual transactions and risk parameters in the risk measuring systems enables qualitatively and quantitatively robust risk measurement and assessment for the various categories of risk. A variety of models, methods and processes are used for this purpose.

3. Risk containment

The information obtained from the risk identification and quantification phases provides the basis for risk containment by the local management units. Risk containment encompasses all of the measures implemented in order to reduce, limit, avoid and transfer risks and keep risk exposure within the limits defined by the Board of Managing Directors.

4. Risk monitoring/controlling and reporting

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

Risk Management Structure

Bodies involved

The Helaba Board of Managing Directors is responsible for all of the risks to which the Bank is exposed and for implementing the risk policy throughout the Group. The Board of Managing Directors has established a Risk Committee in accordance with the applicable banking regulatory requirements to implement and monitor Helaba's risk strategy, first and foremost, and to aggregate all of the risks – that is to say the counterparty credit and country risks, the market price and liquidity risks, the equity risks and real estate project management risks, the legal risks and the operational and other risks – assumed across the Bank and evaluate their combined implications. The Risk Committee is charged with identifying risks within the Helaba Group at the earliest possible stage, designing and monitoring the calculation of risk-bearing capacity and deriving measures to avoid risk and generate containment mechanisms for risk management. It also approves the containment and quantification methods employed by the various units and assesses the appropriateness of the tools applied in light of the extent of the risk.

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

Appointments to the committees and the committees' duties, jurisdiction and responsibilities are governed in separate rules of procedure.

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

Risk controlling at Helaba Group Companies

The risks to which equity holdings are exposed are integrated into Helaba's risk controlling system in line with their relative significance and as permitted under company law. Equity holdings are assigned to one of four categories for this purpose:

Category 1

Full integration into the risk quantification and containment processes; provision of transactional or sufficiently detailed data for internal risk quantification using proprietary methods.

Category 2

Provision of risk parameters or aggregated indicators on the basis of uniform group specifications for inclusion in the containment processes specific to each risk category.

Category 3

Transfer of depictions and analyses in the context of existing risk reporting activities at the Group Company.

Category 4

No material risks in the specific risk categories; risks are mapped as part of the residual equity risk.

The assignment process is completed separately for each Group Company and category of risk.

Principal Risk Monitoring Units

Risk containment is a duty of the local front office units, but responsibility for the identification, quantification and monitoring /controlling functions, which include the reporting duty and the associated methodological authority, rests with the central monitoring units. Helaba's organisational structure keeps risk controlling and risk containment, including back office activities in lending business, separated at all levels including the Board of Managing Directors.

This clear separation of roles and the close co-operation between the units concerned ensures efficient implementation of risk policy containment mechanisms.

The units indicated in the table below have central responsibility for monitoring and controlling risks in the primary risk categories:

Categories of Risk	Responsible for risk containment	Responsible for risk monitoring
Counterparty credit risks	Lending front office units Capital Markets Asset/Liability Management	Credit Risk and Group Controlling (portfolio level), Credit Risk Assessment (specific exposure level)
Market price risks	Capital Markets Asset/Liability Management	Risk Controlling Treasury
Liquidity risks	Capital Markets (money market trading) Asset/Liability Management	Risk Controlling Treasury
Operational risks	All units	Credit Risk and Group Controlling, Legal Services (legal risks)
Equity risks	Front office units	Credit Risk and Group Controlling, Central Staff and Group Strategy
Real estate project management risks	Real Estate Management/ Subsidiaries	Credit Risk and Group Controlling
Fund placing risks	Front office units	Credit Risk and Group Controlling

The primary risk categories in banking business – counterparty credit, market price and liquidity risks – are monitored centrally for the Bank and subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG. Also subject to central monitoring are real estate project management risks, which occur primarily at the subsidiary OFB, but also at other equity holdings active in the real estate sector and at the Bank. The major subsidiaries are likewise integrated into the central risk management system alongside the Bank in the area of operational risks. The principal risks affecting relevant equity holdings are included in the risk controlling activities for the specific categories of risk. Equity risks are also reported and risks associated with equity holdings that are not included in central monitoring of the individual risk categories are quantified separately. This ensures that risks are monitored effectively throughout the Helaba Group.

Internal reports are prepared by category, scale and frequency of risk on the basis of the underlying risk categories and counterparties. Detailed reports on counterparty credit, market price, liquidity, operational, real estate project management and equity risks are submitted quarterly to the Risk Committee of the Board of Managing Directors. A similar quarterly reporting cycle applies to legal risks, fund placing risks and risks resulting from Pfandbrief business, which are reported separately. The reporting system also includes a calculation of risk-bearing capacity spanning multiple categories of risk.

The Risk Committee of the Board of Managing Directors receives a risk report on market price and liquidity risks every month. The weekly reports to the Asset/Liability Management Committee include information about the liquidity situation for new business, the utilisation of the MaR limits and the largest negative net asset changes plus the operating results of the trading book and investments in the banking book. Details of the current utilisation of the MaR limits and the performance of the trading book are reported every day to the relevant members of the Board of Managing Directors and the senior staff of the Capital Markets unit.

The various regular reports mentioned are supplemented by ad hoc reports that are submitted to the Board of Managing Directors as necessary in response to the identification or materialisation of extraordinary risks.

The Supervisory Board and the Board of Owners are informed of the risk situation at Helaba as of the quarterly reporting dates by means of a risk report based on the quarterly reports received by the Risk Committee of the Board of Managing Directors. The Supervisory Board has delegated the acceptance and discussion of the risk report to the Supervisory Board Credit Committee, whose chairman reports to the Supervisory Board on the committee's activities in connection with risk reporting. A number of other departments and functions also contribute to risk management within the Helaba Group in addition to the units indicated in the preceding table. These are set forth below:

Internal Audit

Internal Audit, which examines and assesses the activities of the Bank and of subsidiary companies, plans and conducts its audits with risk in mind. Its audit activities in principle cover all operating and business procedures in line with the scale and risk content of each operation and business. The audits conducted pay particular attention to the assessment of the risk situation, the adequacy of processing and the effectiveness of the Internal Control System.

The scope and result of each audit are documented in audit records. The relevant members of the Board of Managing Directors receive a comprehensive report, as do the people responsible for the units audited. All members of the Board of Managing Directors in principle receive a brief report presenting the overall audit result and any findings of particular significance. The Board of Managing Directors provides the Supervisory Board with a report every six months on any findings of particular significance disclosed by Internal Audit.

Compliance, money laundering and data protection

The Bank has created an independent Compliance Office, Data Protection Officer and Group Money Laundering Officer. The Compliance Office monitors insider information and compliance with rules of conduct and identifies and regulates conflicts of interest involving a potential risk under securities trading law throughout the Group. The responsibilities of the Group Money Laundering

Officer include combating terrorism financing and coordinating efforts against fraud as well as countering money laundering. The Group Money Laundering Officer draws up a Group Policy and deploys the latest monitoring and research software on the basis of current group risk analyses (money laundering, combating fraud) to ensure that appropriate measures are taken to combat legal and reputation risks in accordance with the relevant regulatory requirements. The Data Protection Officer monitors compliance with and implementation of the data protection laws.

These independent functions report directly to the Board of Managing Directors. The internal control structures and procedures in place to contain and monitor the specified risks (reputation risks included) are thus adequate – in terms of both structural and procedural organisation – and effective as required by the applicable regulatory provisions.

The Bank has suitable strategies and processes to counter and mitigate risks at its disposal. Unsecured loans are granted only to customers of good credit standing with convincing corporate strategies. The Lending Principles, the Implementing Regulations for Personal Loans and the Implementing Regulations for Real Estate Loans and Municipal Loans ensure that the collateral accepted is properly valued. Financial covenants are agreed in line with the customary international standards insofar as this is established practice in the relevant markets. The fundamental principle for containing operational risks is to avoid them altogether. Appropriate measures must be taken to reduce the implications of operational risks that cannot be avoided; this entails taking out insurance cover to mitigate the potential effects of any risks that put the existence of the Bank in jeopardy. Market price risks and interest rate risks can only be assumed in the banking book within the scope of approved limits (see “Limitation of Market Price Risks”). Checks are made before any transaction involving new products is concluded to verify that the products concerned can be traded and that measures can be taken to counter the associated risks. Helaba ensures that its funding sources are sufficiently diversified and makes extensive use of covered issues (Pfandbriefe) as part of its efforts to contain liquidity risks. An established collateral management regime and the systematic use of highly liquid securities portfolios, moreover, create additional reservoirs of liquidity. The availability of sufficient liquidity is monitored on a daily basis using a liquidity status indicator.

Helaba employs a global limit system that records all counterparty-specific counterparty credit risks in a timely, structured and transparent manner. The global limit system, which is monitored by the Credit Risk and Group Controlling unit, uses counterparty limits based on a combination of the creditworthiness (rating) of the counterparties and Bank’s ability to assume risks.

Cumulative limits for each borrower are recorded in the global limit system at group level to help monitor, limit and contain counterparty credit risks. All types of loans in accordance with Section 19 (1) of the German Banking Act (KWG) made to borrowers in both trading and banking book activities are counted against these cumulative limits. Advance payment and settlement risks attributable to foreign currency and securities transactions that require separate approval are counted in full against limits for settlement risks irrespective of whether they are attributed to the trading book or the banking book.

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

Disclosures Concerning Own Funds/
Own Funds Structure

Disclosures Concerning Own Funds/ Own Funds Structure

This section presents information about the Helaba Group's own funds together with a breakdown of the capital requirements for each risk category in accordance with the Pillar I Group Return. The total and core capital ratios of significant subsidiaries are also reported at single-entity level. The Helaba Group's modified available capital before appropriation of profit at 31 December 2010 amounted to € 8,234 m. A corresponding amount of € 8,170 m is reported in the accounts of the Bank. This includes core capital of € 5,748 m for the Group (€ 6,080 m by the time the annual accounts were completed) and of € 5,763 m for the Bank. The silent deposits to be attributed to core capital amount to € 2,973 m for both the Group and the Bank. The silent deposits satisfy all of the requirements defined in Section 10 (4) of the German Banking Act (KWG) for recognition as liable capital pursuant to Section 10 KWG. They consist for the most part of indefinite-term deposits with a unilateral right of termination on the part of Helaba. A further portion of the deposits can be terminated at the end of a fiscal year subject to a period of notice of at least two years and a small share have a limited term that expires in 2014. The silent deposits carry interest at market rates. The available regulatory capital does not include any Tier 3 capital. Deductions under Section 10 (6a) nos. 1 and 2 of the German Banking Act (KWG) resulting from the value adjustment offset pursuant to Section 105 of the German Solvency Regulation (SolvV) amounted at 31 December 2010 to € 489 m. The shortfall for value adjustments reduced to € 160 m by the time the annual accounts were completed.

Capital structure

(Table 2)

in € m

Capital components	
Paid-up capital (business/working capital, share capital, nominal capital, capital resources and operating balances) excluding cumulative preferential shares	512
General reserve	1,787
Distributable profit, interim profit	0
Asset contributions of dormant shareholders	2,973
Special item for general banking risks in accordance with Section 340g HGB	428
Freely available assets recognised by the BaFin	0
Other deductions from core capital	-31
Overall amount of the asset-side balancing item in accordance with Section 10a (6) sentences 9 and 10 KWG less at least 50 % of the partial amount not treated as an equity holding in a company not belonging to the Group	79
Core capital before deductions	5,748
Tier 2 capital	3,036
Deductions in accordance with Section 10 KWG from core and Tier 2 capital	-550
thereof: shortfalls for value adjustments and expected loss amounts for exposures subject to the IRBA in accordance with Section 10 (6a) nos. 1 and 2 KWG	-489
Overall amount of modified available capital in accordance with Section 10 (1d) sentence 1 KWG and eligible Tier 3 capital in accordance with Section 10 (2c) KWG	8,234

Capital requirements for counterparty credit risks

(Table 3)

in € m

Exposure class	Capital requirements
CRSA exposure class	
Central governments	0
Regional governments and local authorities	0
Other public sector entities	29
Multilateral development banks	0
International organisations	0
Institutions	25
Companies	137
Retail business	66
Exposures secured by real estate property	94
Securitisation positions	38
Equity exposures	117
thereof grandfathering	117
Other items	3
Past due items	7
IRB exposure class	
Central governments	29
Institutions	228
Retail claims	90
Companies	2,899
Securitisation positions	79
Equity holdings	44
thereof: simple risk-weighting method	44
exchange-traded equity exposures	6
private equity exposures in sufficiently diversified portfolios	6
other exposures	32
thereof PD-LGD approach	0
Other non credit-obligation assets	53
Total	3,941

Market price risks in the trading book have to be taken into account in addition to the capital requirements for the counterparty credit risk in the CRSA and IRBA. The capital requirement for the market price risks in the trading book amounts to € 343 m according to the standardised method and € 45 m according to the internal model method. A capital requirement of € 245 m for the operational risk also has to be stated under the standardised method.

The following table shows the total and core capital ratios of the Helaba Group, the Helaba Bank and the banks that are fully consolidated and included pro-rata in accordance with the regulatory provisions:

Capital ratios of the principal companies

(Table 4)

in %

Company	Total capital ratio	Core capital ratio
Helaba Group	14.40	9.60
Helaba Bank	15.47	10.34
Helaba Dublin Landesbank Hessen-Thüringen International, Dublin	46.96	46.96
Frankfurter Bankgesellschaft (Schweiz) AG	49.00	49.00
Frankfurter Sparkasse AG, Frankfurt am Main	16.32	13.64

The Helaba Group has a comfortable capital position with a core capital ratio of 9.6 % on 31 December 2010 (rising to 10.2 % by the time Helaba's annual accounts were completed) and a total ratio of 14.4 % (15.3 % by the time the annual accounts were completed).

The regulatory capital requirements defined in the German Solvency Regulation (SolvV) are applied in principle for capital allocation and monitoring. Capital is allocated to the units in accordance with the following five principles:

- Risk adequacy
- Earnings adequacy
- Operationalisability
- Consistency
- Responsibility of executive management

The capital allocation process is subdivided into three main steps implemented as part of the annual planning process. The principal parameters of the operational planning process for the subsequent year are defined in the benchmark resolution adopted by the Board of Managing Directors. The profit centres plan elements including their business portfolios, new business, earnings, the losses to be expected given the performance of the business and the capital requirements during the local planning phase. They do not plan increases in capital requirements adopted in response to macroeconomic developments, which are handled separately for the purposes of capital allocation and monitoring and monitored centrally.

The results of the planning process for each unit are approved on the basis of an integrated earnings and risk assessment. An integrated overall plan comprising volume, earnings and risk plans is adopted for each unit.

Helaba uses its established procedures for measuring and containing risks to ensure that those quantifiable primary risks whose materialisation would have an adverse impact on capital are always covered by the capacity to cover risks and that risk-bearing capability is thus ensured. Helaba updated the framework on which it bases its ability to assume risks in response to the revised German Minimum Requirements for Risk Management (MaRisk) published by the German Federal Financial Supervisory Authority (BaFin) on 14 August 2009. Work to implement the revised German Minimum Requirements for Risk Management (MaRisk) of 15 December 2010 has begun and will be completed in 2011.

The calculation of risk-bearing capacity across risk categories takes into account risk exposures in relation to counterparty credit risks, market price risks, operational risks, real estate project management risks and equity risks. Average loss risks and an internal capital requirement are quantified for the various categories of risk as part of an economic assessment and the regulatory expected loss (EL) and regulatory capital requirement are calculated using the regulatory specifications on valuation. A capital deduction from the regulatory EL/impairment comparison is taken into account when quantifying core capital and total capital.

Two other parameters are also reported in addition to the ability to assume risks based on cover assets pools: the result of the regulatory interest rate shock, which applies to market price risks, and the liquidity horizon for liquidity risks.

The scenarios applied comprise a base scenario, which maps the ability to assume risks as of the date of the report, plus three different stress scenarios whose implications for the ability to assume risks are investigated. Two of the stress scenarios are quantitative in nature: one a macroeconomic stress scenario and the other a scenario simulating extreme market dislocation on the basis of observed market behaviour during a global financial crisis. A qualitative stress assessment is also performed. This entails defining hypothetical qualitative stress scenarios for the various categories of risk and then investigating their implications for the ability to assume risks.

The risk exposures determined in each of the scenarios are compared against different elements of the risk cover assets pools, which are structured in a multi-level plan, to verify the ability to assume risks. Risk cover assets pool I is based on a sustainable operating result in respect of a period of one year. Risk cover assets pool II comprises the cost of servicing the silent deposits plus contingency reserves. Changes to risk provisions agreed during the fiscal year are also included. The average loss risks in the base scenario are compared against the sustainable operating result (risk cover assets pool I), while the risks in the stress assessments are measured against risk cover assets pool I and risk cover assets pool II combined.

The risk exposures associated with internal and regulatory capital requirements are in each case compared against the sum of own funds recognised by the regulator plus the carrying amounts of non-interest-bearing liabilities (Abzugskapital). This total cover assets pool represents the maximum extent of the risk exposure that can be taken on, given the current level of own funds within the Helaba Group, without breaching the minimum requirements under the German Solvency Regulation (SolvV).

The Group risk-bearing capacity assessment across risk categories revealed that the existing risk cover assets pools once again exceeded the quantified risk exposures by a substantial margin at the end of 2010, underlining Helaba's consistently conservative approach to risk.

The sustainable operating result covers the average loss risks in the base scenario entirely, leaving an additional capital buffer of € 0.2 bn. The capital buffer with respect to the regulatory capital requirement is € 3.7 bn and there is a capital buffer of € 4.9 bn in relation to the economic risk exposures in the internal capital requirement.

The Helaba Group had a regulatory total capital ratio of 14.4 % (2009: 13.5 %) and a core capital ratio of 9.6 % (2009: 8.8 %) on the 31 December 2010 reporting date. The capital ratios put in place by Helaba exceed the regulatory minimum requirements by a significant margin even under the simulated stress scenarios.

Other deposit security mechanisms exist in addition to the risk cover assets pools. Helaba is a member of the Guarantee Fund of the Landesbanken and Girozentralen and is thus included in the nationwide Joint Liability Scheme comprising the aforementioned guarantee fund, the regional savings bank guarantee funds and the deposit security reserve fund of the Landesbausparkassen. Notable features of this deposit security system include the way that it protects the existence of the affiliated institutions, in particular maintaining their liquidity and solvency, its risk monitoring system for early risk detection and the risk-led approach used in calculating the amounts to be paid into the security facility by the various institutions. The legally dependent Landesbausparkasse Hessen-Thüringen and the subsidiary Frankfurter Sparkasse are also directly integrated into this deposit security system.

Helaba and Frankfurter Sparkasse are also affiliated to the Reserve Fund of the Savings Bank and Giro Association Hesse-Thuringia under the terms of their Charters. The reserve fund provides further protection in the event of a default in addition to the nationwide Joint Liability Scheme and provides creditors of the affiliated institutions with a direct and uncapped entitlement. The total volume of the fund amounts to 0.5 % of the affiliated institutions' weighted regulatory risk assets in accordance with the German Solvency Regulation (SolvV). The value of the reserve fund stood at approximately € 530 m at the end of 2010. The Savings Bank and Giro Association Hesse-Thuringia has undertaken to make up the shortfall between the amount actually paid in and the full amount should the fund be required before such time as the full amount has been contributed.

Development institution Wirtschafts- und Infrastrukturbank Hessen (WIBank), which was created in 2009 out of the merger of Investitionsbank Hessen and LTH – Bank for Public Infrastructure and is organised for legal purposes as a dependent institution within Helaba, also enjoys the statutory guarantee of the Federal State of Hesse.

General Disclosures Concerning Counterparty Credit Risks

General Disclosures Concerning Counterparty Credit Risks

The Helaba Group's gross lending volume on the 31 December 2010 reporting date amounted to € 136,018 m. This gross lending volume figure is the exposure value as defined in the German Solvency Regulation (SolvV) prior to the deduction of collateral (in the case of the CRSA plus individual value adjustments). The tables below show the counterparty credit risk exposures by region, sector and residual maturity, broken down in each case by exposure type analogously to the Pillar I return. The information presented does not include data on equity holdings and securitisations, as these are addressed in the separate chapters "Equities in the Banking Book" and "Disclosures Concerning Securitisations".

Types of credit exposure by region

(Table 5)

in € m

Region	Counterparty credit risk exposure		
	On-balance sheet	Off-balance sheet	Derivatives and others
Africa	211	64	0
Asia	322	59	3
Australia and New Zealand	709	103	1
Europe	97,295	11,707	5,830
North America	10,945	7,300	401
Central and South America	906	52	0
Other	113	0	0
Total	110,501	19,284	6,235

All units of the Helaba Group are included in accordance with the German Solvency Regulation (SolvV) as of 31 December 2010.

Types of credit exposure by industry

(Table 6)

in € m

Sector	Counterparty credit risk exposure		
	On-balance sheet	Off-balance sheet	Derivatives and others
Civil engineering, real estate and housing	31,525	2,766	821
Data processing, telecommunication, media	1,378	531	21
Energy, utilities, waste disposal	5,882	1,828	284
Financial enterprises and insurance companies	9,555	2,298	316
Trade and services	6,146	1,237	153
Banks	22,150	1,859	2,790
Public sector entities, organisations, services	4,753	115	0
Manufacturing	1,703	1,576	174
Transport (inc. vehicle manufacturing)	6,070	1,657	359
Other	21,341	5,417	1,318
Total	110,501	19,284	6,235

Types of credit exposure by residual maturity

(Table 7)

in € m

Residual maturity range	Counterparty credit risk exposure		
	On-balance sheet	Off-balance sheet	Derivatives and others
Up to one year	33,330	5,856	603
One to five years	43,047	7,496	2,427
More than five years to unlimited	34,124	5,932	3,205
Total	110,501	19,284	6,235

Additional information relating to impaired loans and loans past due – similarly broken down by sector and region – is presented below to augment the gross lending volume data. Transactions involving a customer with which a default event as defined in Section 125 of the German Solvency Regulation (SolvV) has occurred are designated as impaired irrespective of whether a risk provision has been created. Transactions are deemed to be past due if they are 90 days in arrears and this has also been recorded as a default criterion in the Bank's systems. General value adjustments are essentially included under "Other" in the tables below.

Impaired loans and loans past due by industry

(Table 8)

in € m

Sector	Total utilisation*	Portfolio			Net additions/releases			Direct write-offs	Recoveries on exposures written off
		IVA	GVA	Provision	IVA	GVA	Provision		
Civil engineering, real estate and housing	1,994	478	0	5	91	0	-7	0	0
Data processing, telecommunication, media	171	52	0	0	21	0	0	2	0
Energy, utilities, waste disposal	86	55	0	0	4	0	-2	0	0
Financial enterprises and insurance companies	63	5	0	0	-9	0	0	0	0
Trade and services	525	172	0	3	16	0	2	1	0
Banks	14	0	0	0	-14	0	0	0	0
Manufacturing	119	27	0	0	-15	0	-2	0	0
Transport (inc. vehicle manufacturing)	368	74	0	0	31	0	-6	0	0
Other	399	158	315	52	-48	4	20	1	3
Total	3,739	1,022	315	61	77	4	6	4	3

* Due to impaired loans and loans past due.

The extent of risk provisioning in lending business is determined on the basis of

- an assessment of the economic situation including relevant rating methods and forecasts of going concern value or break-up value, and
- the valuation of collateral at the expected realisation value taking into account the time required for realisation and appropriate realisation costs.

The value adjustments, provisions and direct write-offs are submitted for approval in a risk provisioning application. The adequacy of risk provisions is reviewed at regular intervals and any necessary changes are made. Risk provisions for the Bank are recorded and updated in a central system, the Credit Loss Database. More detailed information on the calculation of risk provisions and the approval process is available in the form of an internal set of rules and regulations.

Impaired loans and loans past due by region

(Table 9)

Region	Total utilisation*	Portfolio		
		IVA in € m	GVA in € m	Provision in € m
Europe	3,075	941	315	58
North America	614	68	0	2
Central and South America	48	12	0	0
Africa	1	0	0	0
Asia	0	0	0	0
Australia and New Zealand	0	0	0	0
Total	3,739	1,022	315	61

* Due to impaired loans and loans past due.

The table below shows the development of risk provisions over the reporting period:

Development of risk provisions

(Table 10)

in € m

Type of risk provision	Initial portfolio	Additions	Releases	Use	Change*	Final portfolio
Individual value adjustment	946	360	147	144	7	1,022
General value adjustment	312	46	45	0	3	315
Provision	54	11	5	0	0	61

* Changes due to exchange rate fluctuations.

The information in tables 8 – 10 relates to the 31 December 2010 reporting date and considers the risk provisioning amounts reported in the annual accounts of the Bank in accordance with the HGB.

The quantitative information on risk provisioning in lending business under the HGB that is included in the disclosures pursuant to the German Solvency Regulation (SolvV) differs from the risk provisioning data in the consolidated accounts under IFRS on account of differences between the respective groups of consolidated companies. There are also differences in the area of calculation methods, especially in respect of portfolio value adjustments.

Disclosures Concerning Derivative Exposures

Disclosures Concerning Derivative Exposures

The positive market values of derivative transactions at Group level totalled € 10,427 m at 31 December 2010. The deduction of collateral provided (€ 462 m) and the utilisation of netting arrangements (€ 6,175 m) reduced the positive fair values by a total of € 6,637 m. More detailed information on nominal values and positive and negative fair values in derivatives business may be found in Helaba's annual accounts.

The counterparty credit risk exposure resulting from derivatives amounted to € 6,234 m at 31 December 2010. This exposure is calculated in accordance with the market-to-market method. Helaba does use credit derivatives to protect counterparty credit risk exposures as part of its risk mitigation efforts, but such products account for only a small proportion of its overall collateral arrangements for the purposes of the SolvV return. There were no exposures collateralised with credit derivatives on the reporting date.

Capital is allocated internally to counterparty credit risks from derivatives in accordance with the capital allocation process explained in the section "Disclosures Concerning Own Funds/Own Funds Structure". Derivative exposures with each counterparty are limited as part of the counterparty-specific counterparty credit risk containment and monitoring processes. Helaba does not avail itself of the possibility of taking into account interactions/correlation effects between the risk categories as a way of mitigating risk.

The Bank endeavours in principle to conclude a standardised credit support annex to the master agreement (GAS – German Master Agreement, ISDA) for all derivatives transactions with market participants. This ensures that counterparty credit risk exposures resulting from derivatives are protected on a day-to-day basis in accordance with current market values.

The net exposure is calculated daily for each individual counterparty and compared with the accepted value of the collateral provided. Collateral netting is conducted taking into account the exemptions and minimum transfer amounts that have been contractually defined subject to the creditworthiness of the counterparty. Exposures are as a rule protected with cash or securities of impeccable creditworthiness. The relevant collateral amounts are calculated automatically in an IT system that obtains the contract parameters from a contract database and the necessary market values directly from the trading system in which they are maintained.

Processes and procedures are detailed in full in a Collateral Policy. The Helaba Best Practice contains the standard clauses approved at Helaba for collateral agreements (eligible collateral, haircuts, etc.).

The additional amount of collateral to be provided by the Bank in the event of a possible rating downgrade is simulated at regular intervals on the basis of the contract parameters. If the amount concerned is found to be significant in terms of Helaba's liquidity management, it can then be included accordingly in bank-wide liquidity risk scenarios. Currently, however, the amounts involved, which are associated primarily with a reduction in the minimum transfer amounts (MTA) for Helaba, remain negligible.

Disclosures Concerning CRSA Exposures

Disclosures Concerning CRSA Exposures

Helaba calculates the capital requirements for counterparty credit risk exposures under the CRSA using external ratings from Standard & Poor's only. The designated Standard & Poor's categories for this purpose are 'corporates', 'banks' and 'sovereigns'. When calculating capital in relation to securitisations, reference is made to other agencies as well, as explained in greater detail in the section "Disclosures Concerning Securitisations". When applying credit assessments of issues to exposures, an issue rating is assigned to each transaction if one is available. If no issue rating is available, Helaba investigates the possibility of applying long-term ratings of other issues to short- and long-term exposures with the borrower. It is not generally possible to apply ratings awarded to other issues to securities collateral that does not have an individual issue rating, but it is acceptable to apply an issue rating awarded to one type of securities collateral to another security in the portfolio or transaction. If this method is not applicable, the issuer rating is used. The table below shows the CRSA exposure value before and after collateral provided and IRB exposure values with general risk weighting. The Comprehensive Method in accordance with Section 180 of the German Solvency Regulation (SolvV) is applied for financial collateral. Helaba also makes use of the option provided in Section 10c KWG to exempt counterparty credit risk exposures to companies belonging to the same group or members of the same institutional guarantee system permanently from the IRBA and to treat them instead as CRSA exposures. Exposure values after collateral are higher than the exposure values before collateral on account of the deduction of CRSA guarantors for IRB transactions.

Counterparty credit risk exposure before and after collateral provided in the CRSA and IRB exposure values with general risk weighting

(Table 11)

Risk weighting	CRSA exposure value		IRB exposure value
	Before collateral	After collateral	in € m
	in € m	in € m	
0	20,655	22,919	0
10	150	150	0
20	2,740	2,774	0
35	1,728	1,728	0
50	1,355	1,351	150
70	0	0	23
75	1,215	1,105	0
90	0	0	0
100	5,023	3,702	27
150	31	30	0
190	0	0	15
290	0	0	28
370	0	0	54
Total	32,896	33,760	297

Disclosures Concerning IRBA Exposures

Disclosures Concerning IRBA Exposures

Helaba's internal rating methods, systems and processes underwent a comprehensive examination by the supervisory authority in 2006 and 2007. In December 2006, Helaba became one of the first German banks to be approved by the BaFin to use the Foundation Approach for internal ratings (IRBA) in accordance with the German Solvency Regulation (SolvV). This approval covered both the Helaba Group and the Bank. The parameters laid down in the SolvV Foundation Approach for internal ratings have been applied for both regulatory capital backing and internal management purposes since 1 January 2007. The 16 approved IRBA rating methods available provide a uniform standard that allows the Bank's credit risks to be measured against a fixed scale. Helaba works together with Rating Service Unit GmbH & Co. KG (RSU) at Landesbank level and Sparkassen Rating- und Risikosysteme GmbH (S-Rating) in this connection. The rating methods are based on statistical models and classify loan exposures by probability of default using a 25-point cardinal master scale.

Overview of Helaba's approved IRBA procedures

(Table 12)

Borrower/exposure	IRBA rating module
Countries and central, regional and local authorities in Germany	Country and Transfer Risks
Central, regional and local authorities outside Germany	International Public Finance
Large/multinational corporations, public-sector enterprises (municipal corporations) in Germany and abroad	Corporates Rating
Small and mid-sized domestic companies	DSGV Standard Rating
Commercial domestic real estate business	DSGV Real Estate Business Rating
Banks, financial services institutions, financial enterprises	Bank Rating
Insurance	Insurance Companies Rating
Leasing companies, special purpose vehicles (SPV) Real estate and movables leasing	Leasing Rating
SPVs Project finance	Project Finance Rating
SPVs Ship finance	Ship Finance Rating
Commercial international real estate business	International Commercial Real Estate (ICRE) Rating
SPVs Aircraft finance	Aircraft Finance Rating
Securitisations in accordance with Section 259 (1) first sentence SolvV with no external rating	Internal Assessment Approach (IAA) for Securitisations
Commodities	Commodity Trade Finance Rating
Leveraged finance	Leveraged Finance Rating
Member institutions of the DSGV	DSGV Institution Guarantee Fund Rating

Helaba played a leading role in the development of the methodology for the "International Public Finance" and "ICRE Rating" modules. The banking regulator granted Helaba approval for the "Aircraft Finance" Rating module last year and aircraft finance transactions arranged under SPV structures, which were previously assessed using the "Corporates" Rating method, have been assessed as specialised lending exposures using this newly approved module – and reported accordingly under the IRBA – since 31 December 2010.

Helaba has created a “Rating Map”, which provides an overview of the approved rating modules, sub-modules, definition criteria and areas of application, to help assign exposures and debtors to rating modules. Table 12 shows a highly condensed extract from the Rating Map relating to the approved IRBA rating methods and their assignment to borrowers/exposures. Rating module assignment is also guided by comprehensive and detailed instructions and guidelines produced by S-Rating (for the DSGVO rating methods) and RSU (all other IRBA rating methods). These instructions and guidelines are integrated into the internal rating preparation workflows.

The following rating processes have been established in the business areas served by Frankfurter Sparkasse:

Overview of rating processes established at Frankfurter Sparkasse

(Table 13)

Borrower/exposure	IRBA rating module
Corporate customer business	Sparkassen Standard Rating
Capital market business (banks/institutions/corporates)	Landesbanken Rating Transfer
Retail claims	Sparkassen Customer Scoring
Domestic real estate	Sparkassen Real Estate Rating

The processes pay particular attention to the threshold for assignment of lending business to the retail claims class. The German Solvency Regulation (SolvV) stipulates a threshold of up to € 1 m total engagement for natural persons and small companies. Frankfurter Sparkasse limits this threshold to € 0.75 m based on its own risk and process considerations. This figure is in addition compatible with the disclosure requirements laid down in Section 18 of the German Banking Act (KWG). The German Solvency Regulation (SolvV) requires that the transactions reported in the retail claims segment also be managed as low-risk business, which means that the retail claims portfolio must contain a high proportion of similar transactions managed under a standard procedure. This demands a high level of automation that starts from customer features even in the case of the management variables determined by statistical methods. Creditworthiness is accordingly assessed using scoring methods that evaluate customer features such as age, sector and the like directly. The procedure away from retail claims is different: in the corporates portfolio, for instance, the lending commitment is evaluated individually and in much greater detail, for example using indicators from the balance sheet and income statement, by means of the credit rating.

Once the ratings have been prepared, the exposure class for regulatory purposes is determined and assigned in a technical processing step that considers information on the rating method applied as well as debtor-specific criteria. The technical processing step used here complies with the requirements on the assignment of exposure classes as defined in Sections 25 (CRSA) and 73 et seq. (IRBA) of the German Solvency Regulation (SolvV). External credit assessments are not used in calculating the regulatory capital for transactions treated under the IRBA.

The input parameters and results of the regulatory capital calculation are integrated into the internal management of the business units. Management in the business units proceeds using a multi-level contribution margin accounting system in which standard risk costs for expected losses and imputed capital costs for the capital required are considered.

The rating systems are validated annually in the course of a defined update and maintenance process. The credit risk mitigation technique supervision and recognition process is described in the section “Credit Risk Mitigation Techniques under the CRSA and IRBA” in the context of the explanations provided in respect of Section 336 of the German Solvency Regulation (SolvV).

Estimates of the probabilities of default are compared against the available benchmarks (actual default rates, shadow rating method on the basis of external ratings) as part of the annual update and maintenance process under the guidance of S-Rating or RSU as appropriate. The probabilities of default are estimated either on the basis of actual default rates or using observed default rates for external credit assessments (the shadow rating method) depending on the rating method concerned. Notable tasks to be performed by RSU and S-Rating, both of which are organisations providing internal rating methods in accordance with the German Solvency Regulation (SolvV), include supporting, validating and refining the rating systems. Proposed changes to the rating systems are presented before Helaba’s Committee on Internal Rating for approval prior to implementation. RSU maps external credit assessments to the master scale used for the IRBA regularly in the course of validation activities. This ensures that the internal ratings are comparable with external credit assessments.

The Credit Risk and Group Controlling unit is responsible for the development and quality of the rating methods, for their regular – at least annual – review and any necessary amendments, for the specification of the tasks, authority and jurisdictions involved in the rating and for all general policy matters associated with the rating procedure.

Another important risk management tool is Helaba’s consolidated opportunity and risk report, which is issued quarterly to update the Bank’s Risk Committee on lending business. The report is intended in particular to assist the Committee with the implementation and monitoring of the risk policy in lending business. The probabilities of default calculated using the individual rating modules form a major constituent of this report. Helaba was not availing itself of the simple risk weight for specialised lending exposures at 31 December 2010.

The following table shows the exposure value in accordance with the German Solvency Regulation (SolvV), the average probability of default (mean PD), the average risk weight taking into account credit risk mitigation effects and the exposure value of unutilised and partially utilised loan commitments. The data is presented separately for the central governments, institutions and corporates exposure classes.

Exposure values by PD band

(Table 14)

Exposure class		PD band (mean PD)			
		0.00–0.17 %	0.26–0.88 %	1.32–20.00 %	Default
Institutions	Exposure value in € m	14,762	424	36	12
	Average PD in %	0.04	0.32	3.58	100.00
	Average RW in %	19.74	53.20	139.70	0.00
	thereof: volume of unutilised and partially utilised loan commitments in € m	2,780	90	25	0
	thereof: exposure value of unutilised and partially utilised loan commitments in € m	2,087	68	16	0
	Corporates	Exposure value in € m	37,450	16,552	12,322
	Average PD in %	0.08	0.48	6.69	100.00
	Average RW in %	27.22	64.60	139.81	0.00
	thereof: volume of unutilised and partially utilised loan commitments in € m	6,289	2,849	960	106
	thereof: exposure value of unutilised and partially utilised loan commitments in € m	4,628	1,959	642	79
Central governments	Exposure value in € m	15,560	45	1	2
	Average PD in %	0.01	0.39	14.55	100.00
	Average RW in %	5.31	65.69	230.05	0.00
	thereof: volume of unutilised and partially utilised loan commitments in € m	515	0	0	0
	thereof: exposure value of unutilised and partially utilised loan commitments in € m	429	0	0	0

The equity claims exposure class is shown separately in the section “Equities in the Banking Book”. LBS remained under the standardised method (CRSA) again in 2010. The Advanced IRB Approach has been applied for the retail portfolio of the Group and of Frankfurter Sparkasse, a subsidiary with significant retail business, since the third quarter of 2008.

Retail portfolio exposure values by PD band
(Table 15)

Exposure class		PD band (mean PD)			
		0.00–0.17 %	0.26–0.88 %	1.32–20.00 %	Default
Construction loans	Exposure value in € m	763	1,234	425	58
	Average PD in %	0.13	0.47	4.41	100
	Average RW in %	10.32	26.47	97.35	15.66
	Average LGD in %	33.97	34.11	35.23	42.80
Qualifying revolving retail exposures	Exposure value in € m	372	81	54	3
	Average PD in %	0.05	0.55	3.60	100
	Average RW in %	2.11	14.99	52.91	6.78
	Average LGD in %	60.0	60.0	60.0	69.85
Other retail loans	Exposure value in € m	154	286	145	32
	Average PD in %	0.13	0.49	5.96	100
	Average RW in %	15.99	36.79	77.54	2.45
	Average LGD in %	51.80	52.34	50.23	71.81

The table below compares actual losses and expected losses for portfolios handled under the IRBA as of the 31 December 2010 reporting date and on the same date in the previous year. Actual losses are defined as the sum of the individual value adjustments and provisions utilised, direct write-offs and recoveries on loans written off. The expected loss shown is the expected loss calculated in accordance with the requirements of the Foundation IRB Approach for the portfolio of loans not in default (excluding banking book securities and derivatives).

Actual losses versus expected loss in lending business

(Table 16)

in € m

Exposure class	31.12.2008		31.12.2009		31.12.2010	
	Losses	Expected loss	Losses	Expected loss	Losses	Expected loss
Corporates	70	146	232	269	115	295
Institutions	0	6	0	4	12	3
Central governments	0	0	0	0	0	0
Construction loans	7	12	6	9	5	8
Qualifying revolving retail exposures	1	1	1	1	1	1
Other retail exposures	7	11	10	10	9	7
Total	85	176	249	293	143	314

Actual losses declined significantly year on year in the 2010 reporting year. The expected loss rose slightly in the reporting period as a result of rating downgrades affecting lending commitments involving no acute risk of default.

Credit Risk Mitigation Techniques
under the CRSA and IRBA

Credit Risk Mitigation Techniques under the CRSA and IRBA

Like the creditworthiness of borrowers or counterparties, the collateral arrangements (or general risk mitigation techniques) available are of major importance when determining the extent of counterparty credit risks. Helaba takes the following protection instruments for regulatory purposes into account in the context of credit risk mitigation techniques insofar as the instruments concerned comply with the requirements of the German Solvency Regulation (SolvV):

- Financial collateral
- Real estate collateral
- Collateral assignments
- Ships and aircraft as other physical collateral
- Unfunded credit protection

Frankfurter Sparkasse, as an institution within the Helaba Group, takes the same protection instruments into account – ships and aircraft excepted – when calculating its capital requirements.

The procedures for the assessment and administration of collateral are laid down in the Bank's organisational guidelines. The Lending Principles lay down basic rules as to the types and scope of protection instruments permitted and define measures against which the monetary value of these instruments can be assessed. The monetary value of collateral has to be reviewed on this basis prior to every loan decision and continuously during the term of the loan. External valuations can be used in principle provided that they have demonstrably been performed by an expert third party and are subjected to an internal plausibility check by the Bank.

The valuation approach, the review and the regular valuation of the collateral provided are a mandatory part of the opinion to be rendered by Credit Risk Assessment. The stated values of collateral arrangements are reviewed by Credit Risk Assessment, annually in ordinary cases and at shorter intervals in the case of critical exposures, in the course of the loan monitoring and review process and are adapted as necessary if factors of relevance for valuation have changed.

The market fluctuation concept for commercial and residential real estate markets published by the German Central Credit Committee (ZKA), which is permitted as a statistical method in terms of regulatory charge relief for commercial and residential real estate loans, is also used in the context of the Bank's internal monitoring and review processes to monitor real estate collateral.

The collateral provided is administered in a special IT system. This system satisfies all of the requirements that have to be met in order to utilise in full the extensive possibilities allowed under the German Solvency Regulation (SolvV) for using credit risk mitigation techniques to release regulatory capital.

Helaba currently has no involvement with nth-to-default credit derivatives (Section 168 SolvV). The necessary conditions for the recognition of guarantees, unfunded credit protection and credit derivatives are reviewed and if they are not met, the collateral is not recognised.

Guarantees provided by public-sector entities represent the largest item (57 %) in the unfunded credit protection class in the context of regulatory credit risk mitigation in accordance with the German Solvency Regulation (SolvV). Guarantors from the banking sector constitute a further large block (28 %).

Another of the risk parameters Helaba has to monitor are concentration risks affecting guarantees and the protection provided for real estate, which are reviewed on the basis of regular analyses. The real estate risk management system provides dedicated analysis options for real estate and real estate portfolios. The remaining financial collateral is in principle of subordinate importance for Helaba as far as concentration risks are concerned (with the exception of cash deposits at third-party banks). A credit risk assessment is in principle performed for each and every exposure, irrespective of the protection provided. The credit risk resulting from repurchase agreements and securities lending transactions is assessed on the basis of the net exposure.

Helaba employs close-out netting for OTC derivatives. Close-out netting is a bilateral netting arrangement under which all transactions falling under the arrangement are netted by close-out in the event of the counterparty defaulting (for example as a result of insolvency). Unlike novation netting this method also enables transactions involving different maturities and currencies to be netted. The basic necessary condition for recognition in respect of risk mitigation is compliance with the requirements of Section 15 of the German Large Exposures Regulation (GroMiKV).

The deduction of collateral within the scope of collateral management is also used for OTC derivatives at Helaba. This involves concluding collateral agreements (standardised collateral arrangements recognised by the regulatory authorities) with counterparties, in the form of credit support annexes to netting master agreements, so that counterparty credit risks from OTC derivatives can be protected by transferring title to liquid funds and securities. The transfer of the securities here does not constitute the provision of collateral in contractual terms (as in the case of the “conventional” contract of pledge), but rather a credit event payment to cover an outstanding balance after the netting of receivables and liabilities from OTC transactions. The basic necessary condition for recognition is compliance with the requirements of Section 21 of the German Large Exposures Regulation (GroMiKV). Helaba does not avail itself of on-balance sheet netting arrangements.

Total amount of collateralised exposure values (excluding securitisations)

(Table 17)

in € m

Exposure class	Financial collateral	Other/physical collateral	Guarantees and credit derivatives
CRSA			
Institutions	0	0	22
Retail business	1,327	237	315
Corporates	1,350	92	772
Central governments	474	0	0
Total CRSA	3,151	329	1,109
IRBA			
Institutions	2	38	789
Retail claims	28	2,276	32
Corporates	1,646	14,319	3,711
Central governments	0	0	0
Total IRBA	1,676	16,634	4,533
Total	4,827	16,962	5,642

Equities in the Banking Book

Helaba recognises two types of equity holdings: strategic and operating. The same distinction applies to the Group's indirect equity holdings. Strategic equity holdings are acquired in the course of implementing the corporate strategy. Operating equity holdings, which are often of a near-credit nature, are acquired by the business units in connection with the business area strategies. The equity holdings strategy forms part of the business strategy of the corporate units. Equity risks are in addition addressed explicitly in the credit risk strategy.

The Bank's single entity financial statements report equity holdings at the cost of acquisition in accordance with the HGB. Equity holdings are written off in the event of permanent impairment. Write-ups are possible up to the amount of the cost of acquisition.

In accordance with IFRS, equity holdings that are consolidated in the consolidated financial statements or valued using the equity method are included in the consolidated financial statements in the amount of their pro-rata net assets. Non-consolidated equity holdings are in principle valued in accordance with the fair value method, but may be recognised at the cost of acquisition, minus prior write-downs where applicable, in exceptional cases.

Both HGB and IFRS require that the valuations applied to equity holdings be reviewed at regular intervals. Helaba and its consolidated subsidiaries check for impairments to the value of equity holdings on the half-yearly reporting dates – 30 June and 31 December – and on 30 September. This check covers all direct strategic equity holdings plus all material direct operating equity holdings that are not included in loan reviews prepared as part of the lending process.

The SolvV Group Return reports an exposure value in the equity exposure class of € 1,669 m, of which € 1,559 m relates to on-balance sheet equity holdings and € 110 m to off-balance sheet equity holdings. Some € 38 m of these equity holdings is eligible for stock market listing and € 28 m is actually listed on the exchange. In line with the relevant grandfathering provision, equity holdings acquired prior to 31 December 2007 are treated in accordance with the CRSA regulations. The PD-LGD approach is used in principle at Helaba for new equity holdings acquired from 2008. The IRBA simple risk-weighting method is used for these equity holdings if no rating has been approved for IRBA purposes. More detailed, balance sheet-related information on equity holdings, which is not presented here due to the differences in the definition of the group of consolidated companies under the regulatory provisions and commercial law, may be found in the Group's Annual Report.

Disclosures Concerning Securitisations

Disclosures Concerning Securitisations

Helaba engages in securitisation business primarily in order to provide attractive finance options for its target customers. It structures low-risk transactions that require a correspondingly limited commitment of equity capital and ease customers' credit lines. Business with target customers aside, Helaba does still buy asset-backed securities, but only on a small scale. Helaba has yet to securitise any of its own assets, meaning that it has so far taken on the roles of investor and sponsor (OPUSALPHA conduit) but not that of originator. Helaba's activities as an investor in securitisation products concentrate on credit products, especially liquidity lines for OPUSALPHA.

Helaba employs the following approaches in respect of securitisation transactions for the purposes of ensuring compliance with regulatory capital requirements:

Approaches used for securitisation transactions

(Table 18)

CRSA	IRBA
Ratings-based approach	Ratings-based approach
Qualified liquidity facilities	Internal Assessment Approach
Second-loss or better ABCP positions	Inferred rating
Risk concentration rate with average risk weight	Supervisory formula approach (SFA)

Securitisations with underlying exposures from the retail sector were still being handled in accordance with the CRSA as of 31 December 2010. For all other securitisation transactions, the IRBA risk weight is determined using the applicable method. Helaba does not avail itself of the fallback solution for qualified liquidity facilities that is permitted under the German Solvency Regulation (SolvV). Helaba uses the Standard & Poor's, Moody's and Fitch rating agencies, which were recognised by the BaFin for risk weighting in connection with bank regulation in June 2007, for all of the named exposure classes. The tables below show the total volume of securitisation positions acquired by Helaba in the investor function broken down by underlying exposure class and risk weight band.

Securitisation positions by exposure class

(Table 19)

Volume in € m

		Commer- cial real estate	Residen- tial real estate	Current trade receiva- bles	Lease expo- sures	Corporate receiva- bles	Consumer loans	CDOs	Other	Total
Own special purpose vehicles ¹⁾	Utilisation	50	63	648	171	102	248	10	0	1,296
	Unutilised and partially utilised limits	0	0	120	50	59	38	0	38	304
	Interest rate derivatives	0	0	2	0	4	15	0	0	17
Liquidity lines for ABCP programmes/EETC financ- ing for third-party special purpose vehicles	Utilisation			70						70
	Unutilised and partially utilised limits			28	65	332	31			456
Other securitisation positions with third-party special purpose vehicles	Utilisation	268	437	377	17	172			112	1,383
	Unutilised and partially utilised limits	21		23	5					49
	Interest rate derivatives	29			2	5	13			49
Securities	Utilisation	308	554		16	509	102	0	141	1,630
Total		675	1,054	1,269	326	1,183	447	10	290	5,254

¹⁾ Exposures resulting from customer business activities are securitised for customers through the OPUSALPHA/OPUSDELTA asset-backed commercial paper program initiated by Helaba.

Total volume of retained or purchased securitisation positions by risk weight band

(Table 20)

in € m

Risk weight band	Total volume	Capital requirements	
		CRSA	IRBA
≤ 10 %	2,339	0	13
> 10 % < 20 %	604	0	7
≥ 20 % < 50 %	1,356	9	16
≥ 50 % < 100 %	793	21	15
≥ 100 % ≤ 650 %	138	7	9
1.250 % / Capital deduction	23	2	15
Total	5,254	39	76

Disclosures Concerning Market Price Risks

Disclosures Concerning Market Price Risks

Market price risks are quantified every day using a money-at-risk method backed up by stress tests and sensitivity analyses. The 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.

Internal Model in Accordance with the German Solvency Regulation (SolvV)

Helaba calculates the regulatory capital required for the general interest rate risk using an internal model in accordance with the German Solvency Regulation (SolvV) for the Bank and the Helaba Dublin subsidiary. This model, which consists of the risk measurement systems MaRC² (linear interest rate risk) and ELLI (interest option risk), has been approved by the banking regulator. The linear interest rate risk is measured on the basis of a variance-covariance approach, while the interest option risk is calculated using a Monte Carlo simulation. Rating-dependent yield curves are also used alongside swap, government and mortgage bond curves for evaluation purposes in the context of linear risk measurement. Both risk measurement systems are based on the same statistical parameterisation laid down by the banking regulator (one-tailed confidence level of 99 %, holding period of ten trading days, historical observation period of one year). The table below shows the trading book interest rate risks for the Bank including the Helaba Dublin subsidiary for the 2010 fiscal year:

Interest rate risks in the trading book for fiscal 2010

(Table 21)

in € m

	31.12.2010	Maximum	Minimum	Average
10 days MaR	16.7	26.5	13.1	20.0

Backtesting and Validation

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

Model validation is a continuous process. Models are validated as part of the New Products Committee's product introduction process in the case of new products and using a random sampling process commensurate with the significance of the product concerned in the case of existing products. Models also undergo a comprehensive validation once every year. Changes to models resulting from the model validation process are implemented in accordance with a model change policy that has been submitted to the banking regulator.

Stress Tests

A proper analysis of the effects of extraordinary market situations requires the use of stress tests in addition to the daily risk measurement routine. Various portfolios are revalued regularly under the assumption of extreme market scenarios. The level of exposure (materiality) determines the portfolios selected for stress testing and the frequency of the stress tests in cases not covered by specific banking regulatory provisions. Stress tests are carried out every day on Helaba's options book.

The results of the stress tests are included in market price risk reporting to the Board of Managing Directors and are taken into consideration in the limit allocation process. Methods available for use in stress testing include historical simulation, Monte Carlo simulation, a modified variance-covariance approach and a variety of scenario calculations. Helaba also performs stress tests to simulate extreme spread changes. Stress tests spanning multiple categories of risk are integrated into the calculation of risk-bearing capacity.

Valuation of Trading Book Positions

Trading book positions are valued daily at market prices by the traders responsible for the relevant products. Prices are set in the same way throughout the Group at a fixed point in time (end-of-day). This ensures that cash instruments are valued at the same time as the derivatives used for hedging such that all valuation parameters are based on the same market information. The Risk Controlling Treasury unit, which is independent of the front office, examines the market prices and the market parameters used on a daily basis.

The prices of securities and money market transactions are in principle checked against price quotations in the interbank market. If no quotations are available in the interbank market, the price to be used for valuation purposes is calculated on the basis of the swap curve plus credit spread. Risk Controlling Treasury verifies the price in such cases in a graded procedure using the credit spread of comparable bonds from the same issuer or with reference to information obtained in the CDS market (spread quotations are obtained from Bloomberg or specialist data suppliers). If no spread quotations are available for the issuer in question, the prices are subjected to a plausibility check using sector-related spread curves for the relevant sector of industry and the rating category.

Derivatives are valued with the aid of the trading system used by the Bank. The valuation algorithms have been examined by the front office and by Risk Controlling Treasury and accepted as part of the process of introducing the system. The valuation parameters specified by the front office (yield curves, volatilities, etc.) for calculation of the market values are reviewed daily by Risk Controlling Treasury.

Standardised Method for Market Price Risks

Although they use the internal model to calculate the regulatory capital requirements for the general interest rate risk, Helaba and the other Group companies rely on the standardised method to calculate the capital requirements for their other market risks. The table below shows capital requirements broken down by interest, equity position, currency, commodity price and other risks:

Capital requirements in accordance with the standardised method for market price risks

(Table 22)

in € m

Category of risk	Capital requirements
Interest rate risk	305
Equity position risk	8
Currency risk	30
Commodity price risk	0
Total	343

Limitation of Market Price Risks

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

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

Interest Rate Risk in the Banking Book

Interest Rate Risk in 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. Helaba employs the MaR model used for the trading book for daily quantification of the interest rate risks in the banking book. Contractual agreements and the interest rates fixed for positions or products are generally taken into account. However variable-rate products at the Frankfurter Sparkasse subsidiary, such as savings and sight deposits, are not subject to a specified fixed interest rate or fixed capital commitment period, so fictional maturities determined with a moving averages model are used for containment activities in respect of the relevant interest rate risk.

The quantification of interest rate risks in the banking book also falls under the capital requirements as defined in the German Solvency Regulation (SolvV), which requires a risk computation on the basis of standardised interest rate shocks. The German banking regulator specifies an increase of 130 basis points and a reduction of 190 basis points in the yield curve for the computation in the relevant German legislation. Such an interest shock would have caused a negative change in the banking book for the Helaba Group at year-end 2010 of € 77 m, with a loss of € 98 m from euro exposures but a profit of € 15 m from US dollar exposures. Helaba carries out an interest rate shock test at least once every quarter.

Disclosures Concerning Operational Risks

Disclosures Concerning Operational Risks

Basic Principles of Risk Containment

Operational risk is defined at Helaba – in line with the Basel Committee and the German capital regulations – as, “The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events” and includes legal risks. Strategic risks and reputation risk are not included under operational risk. Helaba has an integrated approach for the management of operational risks based on the MaRisk and the requirements of the German banking regulator with regard to regulatory capital backing. This approach identifies, measures and contains operational risks on the basis of two components – risks and losses.

Helaba's universal approach provides for the disciplinary and organisational segregation of operational risk management and controlling. Risk management is accordingly a local responsibility discharged by Helaba's individual specialist units, which are supported in this task by central containment units. Responsibility for operational risk controlling rests with the central Credit Risk and Group Controlling unit.

Helaba has representatives in a number of working groups set up by the Association of German Public Sector Banks (VÖB) to consider issues surrounding operational risks. The aim of these cooperative arrangements is to reach agreement on disciplinary implementation matters and develop a standard technical solution. The IT system used by Helaba to manage operational risks is accordingly upgraded and expanded with new functionalities regularly in conjunction with representatives of other banks. Collaboration in another working group has led to the creation of a joint data syndicate with other banks, primarily Landesbanken, through which Helaba has been sharing information about losses attributable to operational risks since 2006.

Tools

Helaba has been using the standardised method to calculate its capital backing and for the management of operational risks since 2007.

The capital backing provided for operational risks at 31 December 2010 amounted to € 140.8 m for the Bank and € 244.9 m for the Helaba Group.

Operational risks are contained and monitored using a risk management system that identifies, records and transparently presents risks and losses in a structured manner. This makes it possible to compare and cross-check risks and loss data systematically.

Operational risks are classified systematically with reference to Helaba's risk model, which is built around the Basel event categories. The view of risk used for internal risk assessment purposes is thus fully congruent with that of the regulator.

Technical assistance to help facilitate the management of operational risks is provided in the form of a web-based application that supports local data access and a central database and is updated regularly in line with expert recommendations.

Annex

Definitions of Terms

Term/abbreviation	Definition
ANP	New Products Committee
BaFin	German Federal Financial Supervisory Authority
Basel II	Second Basel Capital Accord
CDS	Credit Default Swap
CLD	Credit Loss Database
CMS	Collateral Management System
CRSA	Credit Risk Standardised Approach
DRS	German Accounting Standards
DSGV	German Savings Bank Association
EaD	Exposure at default
EL	Expected Loss
ELLI	Risk measurement system (interest option risk)
exposure value	Regulatory exposure value as defined in the Solv
FSAP	Financial Sector Assessment Program
GroMiKV	German Large Exposures Regulation
GS I	Principle I
GVA	General value adjustment
HGB	German Commercial Code
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRBA	Internal Ratings-Based Approach
ISDA	International Swaps and Derivatives Association
IVA	Individual Value Adjustment
KMA	Credit Management Committee
KWG	German Banking Act
LGD	Loss Given Default
MaR	Money-at-risk
MaRC ²	Risk measurement system (linear interest rate risk)
MaRisk	German Minimum Requirements for Risk Management
OFB	OFB Projektentwicklung GmbH
OTC	Over-the-counter
PD	Probability of default
RS	Provision
RSU	Rating Service Unit GmbH & Co. KG
RW	Risk weight
SME	Small and midsize enterprises
Solv	German Solvency Regulation
SPV	Special purpose vehicle
VÖB	Association of German Public Sector Banks
VS-KA	Credit Committee of the Board of Managing Directors
ZDV	Central Data Platform

Table of Consolidated Companies

Company form	Name	Treatment for regulatory purposes			Consolidation for accounting purposes	
		Consolidation		Deduction treatment	Full	Equity method
		Full	Pro rata			
Financial services institution	HANNOVER LEASING GmbH & Co. KG			X		X
Financial services institution	Nötzli, Mai und Partner			X		
Financial company	AGENORAS Verwaltungsgesellschaft mbH			X		
Financial company	AGENORAS Verwaltungsgesellschaft mbH & Co. Vermietungs KG			X	X	
Financial company	BGT-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH			X		
Financial company	BHT Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Bauhof Maintal KG			X		
Financial company	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt FBM Freizeitbad Mühlhausen KG	X			X	
Financial company	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt GZH Gemeindezentrum Hünstetten KG			X		
Financial company	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt MGK Marstall-Gebäude Kassel KG			X		
Financial company	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Sparkassenfiliale Seeheim-Jugenheim KG			X		
Financial company	BHT-Baugrund Hessen-Thüringen Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt TFK II Tiefgarage Kassel 2. BA KG			X		
Financial company	BM H Beteiligungs- Managementgesellschaft Hessen mbH			X		
Financial company	BS Projektverwaltung GmbH			X		X
Financial company	BWT Beteiligungsgesellschaft für den Wirtschaftsaufbau Thüringens mbH	X				
Financial company	Comtesse BTH Limited	X				
Financial company	CORPUS SIREO Holding GmbH			X		
Financial company	DKB Wohnimmobilien Beteiligungs GmbH & Co. KG	X			X	
Financial company	Dritte Schulen Landkreis Kassel Verwaltungs-GmbH			X		

Company form	Name	Treatment for regulatory purposes			Consolidation for accounting purposes	
		Consolidation		Deduction treatment	Full	Equity method
		Full	Pro rata			
Financial company	FAM-Grundstücksverwaltungs- und Beteiligungsgesellschaft mbH	X				
Financial company	Franziskanerhof Bonn Verwaltungsgesellschaft mbH			X		
Financial company	G & O Alpha Hotelentwicklung GmbH			X		X
Financial company	G & O Alpha Verwaltungsgesellschaft mbH			X		X
Financial company	G & O Baufeld Alpha 2. BA GmbH & Co.KG			X		X
Financial company	G & O Verwaltungsgesellschaft mbH			X		
Financial company	gatelands Verwaltungsgesellschaft mbH			X		X
Financial company	GIMPRO Beteiligungs- und Geschäftsführungsgesellschaft mbH			X		
Financial company	GLB GmbH & Co. OHG		X			
Financial company	GLB-Verwaltungs-GmbH			X		
Financial company	GOB Projektentwicklungsgesellschaft E&A mbH			X		
Financial company	GWH Immobilien Holding GmbH	X			X	
Financial company	H/H-Capital Management GmbH		X			
Financial company	Helaba Beteiligungs-Management-Gesellschaft mbH i. L.			X		
Financial company	Helaba International Finance plc	X			X	
Financial company	Helaba Projektbeteiligungsgesellschaft für Immobilien mbH			X		
Financial company	HELY Immobilien GmbH			X		
Financial company	HELY Immobilien GmbH & Co. Grundstücksgesellschaft KG		X			
Financial company	Hessen Kapital I GmbH			X		
Financial company	Hessen Kapital II GmbH			X		
Financial company	Horrido-Grundstücksverwaltungs-gesellschaft mbH & Co. Vermietungs OHG			X	X	
Financial company	IFD Hessenfonds GmbH & Co. Beteiligungs KG			X		
Financial company	Innovationsfonds Hessen Beteiligungsgesellschaft mbH & Co. KG, i. L.	X				
Financial company	Innovationsfonds Hessen-Verwaltungsgesellschaft mbH			X		
Financial company	KHR Hessengrund-Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Kulturhalle Rödermark KG			X		

Company form	Name	Treatment for regulatory purposes			Consolidation for accounting purposes	
		Consolidation		Deduction treatment	Full	Equity method
		Full	Pro rata			
Financial company	LHT MSIP, LLC	X			X	
Financial company	LHT Power Three, LLC	X			X	
Financial company	LHT TCW, LLC	X			X	
Financial company	LHT TPF II, LLC	X			X	
Financial company	Liparit Grundstücksverwaltungs- gesellschaft mbH & Co. Objekt Benary Vermietungs KG			X		
Financial company	Marienbader Platz Projekt- entwicklungsgesellschaft mbH			X		
Financial company	MBG H Mittelständische Beteili- gungsgesellschaft Hessen mbH			X		
Financial company	MIG Immobiliengesellschaft mbH			X		
Financial company	Mittelhessenfonds GmbH			X		
Financial company	Mittelständische Beteiligungs- gesellschaft Thüringen mbH			X		
Financial company	Multi Park Verwaltungs GmbH			X		
Financial company	OFB Beteiligungen GmbH			X	X	
Financial company	Private Equity Thüringen GmbH & Co. KG			X		
Financial company	Projektgesellschaft Darmstadt Goethestraße 36 mbH			X		
Financial company	S-Beteiligungsgesellschaft Hessen- Thüringen mbH	X				
Financial company	Second Millennium GmbH			X		
Financial company	Skygarden Arnulfpark Verwaltungs GmbH			X		
Financial company	TE Atlas GmbH i. L.	X				
Financial company	TE Atlas Holding Limited i. L.	X				
Financial company	TE Atlas Limited i. L.	X				
Financial company	TE Beta GmbH			X		
Financial company	TE Kronos GmbH	X			X	
Financial company	TF H Technologie-Finanzierungsfonds Hessen GmbH (TF H GmbH)	X				
Financial company	TFK Hessengrund-Gesellschaft für Baulandbeschaffung, Erschließung und Kommunalbau mbH & Co. Objekt Tiefgarage Friedrichsplatz Kassel KG			X		
Financial company	Westhafen Tower GmbH			X		
Financial company	Zweite Hessisch-Thüringische Spar- kassen-Kapitaleinlagengesellschaft mbH & Co. KG			X		
Investment trust company	Helaba Invest Kapitalanlagegesells- chaft mbH	X			X	

Company form	Name	Treatment for regulatory purposes			Consolidation for accounting purposes	
		Consolidation		Deduction treatment	Full	Equity method
		Full	Pro rata			
Investment trust company	LB(Swiss) Investment AG	X			X	
Bank	Bürgschaftsbank Hessen GmbH			X		
Bank	Bürgschaftsbank Thüringen GmbH			X		
Bank	Frankfurter Bankgesellschaft (Deutschland) AG	X			X	
Bank	Frankfurter Bankgesellschaft (Schweiz) AG	X			X	
Bank	Frankfurter Sparkasse	X			X	
Bank	Helaba Dublin Landesbank Hessen-Thüringen International	X			X	
Provider of ancillary services	1822direkt Gesellschaft der Frankfurter Sparkasse mbH	X			X	
Provider of ancillary services	Bankservicegesellschaft Rhein-Main mbH	X			X	
Provider of ancillary services	GGM Gesellschaft für Gebäude-Management mbH			X	X	
Provider of ancillary services	GIB Gesellschaft für Immobilienbewertung			X		

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