



Helaba *International Finance plc*

Helaba International Finance plc Directors' Report and Financial Statements



Year ended 31 December 2010



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Directors and Other Information**Directors**

R. Krick (Chairman)
Dr. U. Pähler
L. Steinborn-Reetz
E. Hanly
N. O'Byrne
P. Murray
P. Smyth

Secretary

Wilton Secretarial Limited

Registered Office

P.O. Box 3137
5 George's Dock
IFSC
Dublin 1

Registered Number: 166932

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

Solicitors

William Fry
Fitzwilton House
Wilton Place
Dublin 2

Bankers

Landesbank Hessen-Thüringen Girozentrale
Frankfurt am Main / Erfurt
Federal Republic of Germany

Directors' Report

The directors submit their report together with the audited financial statements of Helaba International Finance plc ("the Company") for the year ended 31 December 2010.

Principal activities and review of the business

During the financial year 2010, the balance sheet total of Helaba International Finance plc decreased by EUR 34 million, or 5%, to EUR 607 million, as compared with 31 December 2009. The decrease in the balance sheet total reflects a single redemption (JPY) and no new issues (see note 9).

All issues are unconditionally and irrevocably guaranteed by Landesbank Hessen-Thüringen Girozentrale and are rated "Aa1" (Moody's Investors Service), "AAA" (FitchRatings) and "AA" (Standard & Poor's). The proceeds from these issues are exclusively used for the financing of associated companies within the Helaba Group.

The guarantees of the owners of Landesbank Hessen-Thüringen Girozentrale "Helaba" (the Savings Banks and Giro Association of Hessen-Thuringia and the Federal States of Hesse and Thuringia) in the form of Anstaltslast (statutory liability) and Gewährträgerhaftung (guarantor obligation) have ensured a high credit quality of Helaba. The German authorities and the European Commission agreed, in July 2001 and February 2002, on a restructuring of the guarantee mechanisms of German public banks. Anstaltslast was maintained in its original form until 18 July 2005.

The provisions applying to the statutory guarantee state that liabilities in existence on 18 July 2001 will be covered by the statutory guarantee until the end of their term. Liabilities created after this date are in principle covered by the statutory guarantee until 18 July 2005, at which time such coverage ceased unless the term of the liabilities concerned does not extend beyond 31 December 2015.

Helaba's senior unsecured unguaranteed obligations (obligations not covered by Gewährträgerhaftung) are rated "Aa2" / "A+" / "A" (long-term) by Moody's Investors Service, FitchRatings, and Standard & Poor's respectively.

Results, dividends and reserves

	TEUR
Retained profit at 1 January 2010	652
Dividend Paid	(600)
Profit for the financial year ended 31 December 2010	174
	<hr/>
Retained profit at 31 December 2010	<u><u>226</u></u>

Ultimate holding company / controlling interest

The ultimate holding company is Landesbank Hessen-Thüringen Girozentrale ("Helaba"), Federal Republic of Germany.

The ultimate controlling interest (85%) of Landesbank Hessen - Thüringen Girozentrale is the Savings Banks and Giro Association of Hesse-Thuringia.

Financial risk management

Please see note 17 to the financial statements.

Future developments

In its financial year 2011, the company plans to continue its financing function for the Helaba Group.

Directors

The names of the persons, who were directors during the year ended 31 December 2010, are set out below.

R. Krick (Chairman) (German)
Dr. U. Pähler (German)
L. Steinborn-Reetz (German)
E. Hanly
N. O'Byrne
P. Murray
P. Smyth

The directors are not required to retire by rotation under the terms of the company's articles of association.

Directors' and secretary's interests

The directors and secretary who held office at 31 December 2010 had no interests other than those shown below in the shares in or debentures of the Company, its holding company or other group companies.

	Number of debentures issued by Helaba	Total nominal value TEUR
R. Krick	2	150
L. Steinborn-Reetz	3	140

Transactions involving directors

There were no transactions involving directors during the year as defined by Section 41 of the Companies Act, 1990.

Post balance sheet events

On 23 February 2011 the Board of Directors passed a resolution to declare an interim ordinary dividend of TEUR 150 (EUR 0.03 per EUR 1 ordinary equity share). There have been no other significant events affecting the company since the balance sheet date.

Books of account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are maintained at P.O. Box 3137, 5 George's Dock, IFSC, Dublin 1.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with section 160(2) of the Companies Act, 1963.

On behalf of the board

R. Krick
Chairman of the Board of Directors

P. Murray
Managing Director

23 February 2011

Statement of Directors' Responsibilities and Annual Corporate Governance Statement**Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts 1963 to 2009. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the Internet is accessible in many countries with different legal requirements. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual corporate governance statement**Introduction**

The company is subject to and complies with Irish Statute comprising the Companies Acts 1963 to 2009 and the Transparency (Directive 2004-109-EC) Regulations 2007. The company does not apply additional requirements in addition to those required by the above.

Financial reporting process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The company's overall control system around the financial reporting process includes:

- Clearly defined organisation structure with reporting mechanisms to the Board;
- A comprehensive set of policies and procedures, in line with Helaba Group, relating to the control around financial reporting and the process of preparing the financial statements;
- Ensuring the integrity of the financial statements and the accounting policies therein.

The Board evaluates and discusses significant accounting and reporting issues as the need arises.

Risk assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

Control activities

The Board are responsible for ensuring the design and implementation of control structures to manage the risks which they judge to be significant for internal control over financial reporting. Appropriate reconciliations support the prompt production of monthly management accounts and quarterly board reports, plus Group consolidation returns that are required to be submitted within defined timetables. These control structures include appropriate division of responsibilities and specific control activities, with the objective of detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

On a periodic basis the Group Internal Audit function performs a review of controls and procedures employed by the company in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. The Board has a process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by these internal audits.

On behalf of the Board

R. Krick
Chairman of the Board of Directors

P. Murray
Managing Director

23 February 2011

Independent auditors' report to the members of Helaba International Finance Plc

We have audited the financial statements on pages 9 to 20. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 9 and 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable Irish law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (generally accepted accounting practice in Ireland) are set out in the statement of directors' responsibilities on page 5 to 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and Regulation 13 of the European Communities (Directive 2006/46/EC) Regulations, 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with generally accepted accounting practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting – such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

In relation to the corporate governance statement we are required to report whether, in our opinion, the information given in the statement with respect to internal control and risk management systems in relation to financial reporting processes is consistent with our evaluation and testing of the relevant systems which we considered necessary for the purposes of our audit report under Section 193 of the Companies Act, 1990.

We are not required to consider whether the information given in the corporate governance statement on internal control and risk management systems cover all risks and controls, or to evaluate and test the main features of the internal control and risk management systems as described in the corporate governance statement, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Directors' Report and Financial Statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report, the Statement of directors' responsibilities and Annual Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. The audit procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to form an opinion on whether the financial statements give a true and fair view and not for the purpose of expressing an opinion on the effectiveness of the internal control and risk management systems.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with generally accepted accounting practice in Ireland, of the company's state of affairs as at 31 December 2010 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information included in the directors' report on pages 3 to 4 is consistent with the financial statements.

In our opinion the information given in the corporate governance statement with respect to internal control and risk management systems in relation to financial reporting processes is consistent with our evaluation and testing of the relevant systems which we considered necessary for the purposes of our audit report under Section 193 of the Companies Act, 1990 on the financial statements.

The net assets of the company as stated in the balance sheet on page 12 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2010 a financial situation which, under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

23 February 2011

Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Financial assets

The company classifies its financial assets in the category "loans and receivables". Management determines this category at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company advances funds directly to a debtor with no intention of trading the receivable. Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Interest calculated using the effective interest rate method is recognised in the income statement.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible assets over their estimated useful lives by equal annual instalments.

Debt securities in issue

Debt securities in issue are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Reporting currency

The financial statements are prepared in thousands of euro, denoted by the symbol TEUR.

Interest income and expense

Interest income and expense are recognised in the financial statements for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transactions costs and all other premiums and discounts.

Once a financial asset has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss.

Foreign currencies

All monetary assets and liabilities, denominated in currencies other than euro are translated into euro at the exchange rates ruling at the balance sheet date.

Tangible assets are translated at the historical rate.

The monthly revenues and costs arising in currencies other than euro are translated into euro at the relevant exchange rate at each month end.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in currencies other than euro are dealt with through the profit and loss account.

Taxation

Current tax is calculated on the taxable profits based on expected tax rates. Tax rates are based on laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non discounted basis.

Profit and Loss Account*for the year ended 31 December 2010*

	Note	2010 TEUR	2009 TEUR	2008 TEUR
Interest receivable and similar income		33,643	56,468	69,180
Interest payable and similar charges		(33,221)	(55,516)	(68,196)
Net interest income		<u>422</u>	<u>952</u>	<u>984</u>
Administration expenses		(223)	(224)	(254)
Profit on ordinary activities before tax	2	<u>199</u>	<u>728</u>	<u>730</u>
Tax on profit on ordinary activities	3	(25)	(91)	(90)
Profit on ordinary activities after tax		<u><u>174</u></u>	<u><u>637</u></u>	<u><u>640</u></u>

Profit on ordinary activities arose solely from continuing operations. There are no recognised gains or losses other than those included in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profits for the periods stated above, and their respective historical cost equivalents.

On behalf of the Board

R. Krick
Chairman of the Board of Directors

P. Murray
Managing Director

23 February 2011

The accounting policies on page 9 to 10 and the notes to the Financial Statements on pages 14 to 20 form an integral part of these accounts.

Balance Sheet
as at 31 December 2010

Assets	Note	2010 TEUR	2009 TEUR	2008 TEUR
Cash at bank	15	392	497	567
Loans and advances to group companies	7	579,395	612,958	1,023,990
Tangible fixed assets	6	-	-	-
Prepayments and accrued income	8	27,164	28,020	29,247
		<hr/>	<hr/>	<hr/>
Total assets		<u>606,951</u>	<u>641,475</u>	<u>1,053,804</u>
Liabilities				
Debt securities in issue	9	574,687	608,037	1,019,016
Creditors (amounts falling due within one year)	10	142	113	175
Accruals	11	26,783	27,560	28,835
Shareholders' funds	14			
Called up share capital	12	5,000	5,000	5,000
Capital conversion reserve fund	13	113	113	113
Profit and loss account	5	226	652	665
		<hr/>	<hr/>	<hr/>
Total liabilities		<u>606,951</u>	<u>641,475</u>	<u>1,053,804</u>

On behalf of the Board

R. Krick
Chairman of the Board of Directors

P. Murray
Managing Director

23 February 2011

The accounting policies on page 9 to 10 and the notes to the Financial Statements on pages 14 to 20 form an integral part of these accounts.

Cash Flow Statement*for the year ended 31 December 2010*

	Notes	2010 TEUR	2009 TEUR	2008 TEUR
Net cash inflow from operating activities	A	524	755	862
Dividends paid		(600)	(650)	(950)
Taxation		<u>(29)</u>	<u>(175)</u>	<u>(12)</u>
Decrease in cash	15	<u>(105)</u>	<u>(70)</u>	<u>(100)</u>

Note A**Reconciliation of operating profit to net cash inflow from operating activities**

Profit on ordinary activities before taxation	199	728	730	
Net decrease in prepayments and accrued income	856	1,227	7,318	
Net decrease in accruals	(777)	(1,275)	(7,201)	
Net decrease in loans and advances to group companies	33,563	411,032	347,552	
Net decrease in debt securities in issue	(33,350)	(410,979)	(347,562)	
Net increase in creditors (amounts falling due within one year)	<u>33</u>	<u>22</u>	<u>25</u>	
Net cash inflow from operating activities		<u>524</u>	<u>755</u>	<u>862</u>

Notes to the Financial Statements

1. Ultimate holding company

The ultimate holding company of Helaba International Finance plc is Landesbank Hessen - Thüringen Girozentrale, Federal Republic of Germany. Landesbank Hessen-Thüringen Girozentrale is the parent company of the only group for which group financial statements are prepared and of which the company is a member. Copies of the financial statements of Landesbank Hessen-Thüringen Girozentrale may be obtained from their registered offices at Neue Mainzer Straße 52 - 58, D-60311, Frankfurt am Main and Bonifaciusstraße 3, D-99084, Erfurt, Federal Republic of Germany. The ultimate controlling interest (85%) of Landesbank Hessen - Thüringen Girozentrale is the Savings Banks and Giro Association of Hesse-Thuringia.

2. Profit on ordinary activities before taxation

	2010 TEUR	2009 TEUR	2008 TEUR
Profit before taxation has been arrived at after charging:			
Staff costs			
- wages and salaries	-	-	-
- social welfare costs	-	-	-
Depreciation	-	-	-
Auditors' remuneration	-	-	-
Operating lease rentals	-	-	-
Management agreement	<u>223</u>	<u>224</u>	<u>254</u>

The day to day expenses of Helaba International Finance plc are paid by Helaba Dublin under the terms of a management agreement. The management agreement costs include an amount of TEUR 8 (2009: TEUR 8, 2008: TEUR 8) in respect of auditors' remuneration.

3. Tax on profit on ordinary activities

	2010 TEUR	2009 TEUR	2008 TEUR
Current taxation			
Based on profit on ordinary activities at 12.5%	<u>25</u>	<u>91</u>	<u>90</u>
Deferred taxation	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

Current taxation

Corporation tax has been provided at an effective rate of 12.5%.

Deferred taxation

No provision has been made for deferred tax as there are no material timing differences between profits as computed for tax purposes and accounting purposes.

4. Dividends

	2010 TEUR	2009 TEUR	2008 TEUR
Ordinary dividend of EUR0.12 (2009: EUR0.13) (2008: EUR0.00) per EUR 1 ordinary equity share	<u>600</u>	<u>650</u>	<u>-</u>

On 23 February 2011 the Board of Directors passed a resolution to declare an interim ordinary dividend of TEUR 150 (EUR 0.03 per EUR 1 ordinary equity share).

5. Statement of movement in profit and loss account

	2010	2009	2008
	TEUR	TEUR	TEUR
Balance at the beginning of the year	652	665	25
Net (reduction) / increase in shareholders' funds (see note 14)	<u>(426)</u>	<u>(13)</u>	<u>640</u>
Balance at end of year	<u>226</u>	<u>652</u>	<u>665</u>

6. Tangible fixed assets

	Fixtures and fittings	Computer equipment	Office furniture	Total
	TEUR	TEUR	TEUR	TEUR
Cost				
At 31 December 2008	<u>7</u>	<u>6</u>	<u>12</u>	<u>25</u>
At 1 January 2009	7	6	12	25
Disposal	<u>(7)</u>	<u>(6)</u>	<u>(12)</u>	<u>(25)</u>
At 31 December 2009	-	-	-	-
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation				
At 31 December 2007	7	6	12	25
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2008	7	6	12	25
Disposal	<u>(7)</u>	<u>(6)</u>	<u>(12)</u>	<u>(25)</u>
At 31 December 2009	-	-	-	-
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount				
At 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The estimated useful lives of tangible assets by reference to which depreciation has been calculated are as follows:

Fixtures and fittings	5 years
Office furniture	10 years
Computer equipment	3 years

7. Loans and advances to group companies

	2010	2009	2008
	TEUR	TEUR	TEUR
Due within one year	-	42,469	423,159
Due after one year	579,395	570,489	600,831
	<u>579,395</u>	<u>612,958</u>	<u>1,023,990</u>

The amounts due after one year from group companies represent the proceeds of bond issues which have been guaranteed, in full, by Landesbank Hessen –Thüringen Girozentrale, (see note 9). As security for the issue of these guarantees, the proceeds are pledged to Landesbank Hessen - Thüringen Girozentrale.

8. Prepayments and accrued income

	2010	2009	2008
	TEUR	TEUR	TEUR
Interest on loans and advances to group companies	<u>27,164</u>	<u>28,020</u>	<u>29,247</u>

9. Debt securities in issue**Amounts falling due in less than one year excluding interest:**

	2010	2009	2008
	TEUR	TEUR	TEUR
GBP 200 million 4.750% due 7 December 2009	-	-	209,974
GBP 50 million 4.750% due 7 December 2009	-	-	36,745
GBP 65 million 4.750% due 7 December 2009	-	-	68,241
GBP 85 million 4.750% due 7 December 2009	-	-	104,987
JPY 5 billion 2.460% due 8 January 2010	-	37,548	-
Deferred management / underwriting commission / issue expenses on notes	-	-	(517)
	<u>-</u>	<u>37,548</u>	<u>419,430</u>

Amounts falling due after one year excluding interest:

DEM 1 billion 5.500% due 4 February 2013	511,292	511,292	511,292
JPY 5 billion 2.460% due 8 January 2010	-	-	39,639
NOK 500 million 6.540% due 11 September 2013	64,103	60,241	51,282
Deferred premium on notes	1,264	1,866	2,469
Deferred management / underwriting commission / issue expenses on notes	(1,972)	(2,910)	(5,096)
	<u>574,687</u>	<u>570,489</u>	<u>599,586</u>
Total Debt securities in issue	<u>574,687</u>	<u>608,037</u>	<u>1,019,016</u>

These bonds/notes issued are guaranteed in full as to principal and coupons by Landesbank Hessen-Thüringen Girozentrale.

10. Creditors (amounts falling due within one year)

	2010	2009	2008
	TEUR	TEUR	TEUR
Amounts due to inter-company	21	28	39
Unclaimed coupons	119	79	46
Corporation tax	<u>2</u>	<u>6</u>	<u>90</u>
	<u>142</u>	<u>113</u>	<u>175</u>

Corporation tax is net of TEUR 23 preliminary tax paid for 2010 (2009: TEUR 85, 2008: TEUR Nil)

11. Accruals

	2010	2009	2008
	TEUR	TEUR	TEUR
Amounts due on debt securities - falling due in less than one year	<u>26,783</u>	<u>27,560</u>	<u>28,835</u>

12. Share capital

	2010	2009	2008
	TEUR	TEUR	TEUR
Authorised:			
5,000,000 ordinary equity shares of EUR1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Issued and fully paid:			
5,000,000 ordinary equity shares of EUR1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

On 18 July 2001, the authorised and issued share capital of the company was converted to Euro, and an amount of TEUR 113 transferred to the capital conversion reserve fund (note 13).

13. Capital conversion reserve fund

	2010	2009	2008
	TEUR	TEUR	TEUR
Capital conversion reserve fund	<u>113</u>	<u>113</u>	<u>113</u>

An amount equal to the aggregate amount of the reduction in the issued share capital of the company resulting from the conversion and redenomination of the ordinary shares to Euro was transferred to the capital conversion reserve fund on 18 July 2001.

14. Reconciliation of movements in shareholders' funds

	2010	2009	2008
	TEUR	TEUR	TEUR
Profit on ordinary activities after tax	174	637	640
Dividends	<u>(600)</u>	<u>(650)</u>	<u>-</u>
Net (reduction) / increase to shareholders' funds	<u>(426)</u>	<u>(13)</u>	<u>640</u>
Opening shareholders' funds	<u>5,765</u>	<u>5,778</u>	<u>5,138</u>
Closing shareholders' funds	<u>5,339</u>	<u>5,765</u>	<u>5,778</u>

15. Cash and cash equivalents

	2010	2009	2008
	TEUR	TEUR	TEUR
Balance at beginning of year	497	567	667
Decrease in cash and cash equivalents	<u>(105)</u>	<u>(70)</u>	<u>(100)</u>
Balance at end of year	<u>392</u>	<u>497</u>	<u>567</u>

16. Directors' remuneration

	2010	2009	2008
	TEUR	TEUR	TEUR
Emoluments:			
Emoluments paid to Directors included within management fee payable to Helaba Dublin:			
- for services as directors	18	21	18
- for other services	<u>37</u>	<u>40</u>	<u>54</u>
	<u>55</u>	<u>61</u>	<u>72</u>

17. Derivatives and other financial instruments

The principal activity of the company is the issuing of notes and placing the proceeds of these issues with companies within the Helaba Group. The proceeds are placed for the same term as that of the issue and at a rate higher than the rate of the issue. The issues and the placing of the proceeds are predominantly at fixed rates for the full term. Therefore, the normal market risks of foreign currency, interest rate and that of liquidity and credit risks are not material.

Foreign currency risk

The margins earned on the placing of the proceeds of the issues with group companies do represent foreign currency risk. However, the amount of value at risk is not material.

Interest rate risk

For the year ended 31 December 2010, the outstanding issues and the placing of the proceeds were at fixed rates for the full term.

17. Derivatives and other financial instruments (continued)

Liquidity risk

The proceeds of the issues are placed with Helaba group companies for the same term as the related issues. The following table summarises the expected maturity of liabilities presented in the balance sheet.

	Less than 1 year 2010 TEUR	1 to 3 years 2010 TEUR	Over 3 years 2010 TEUR	Total 2010 TEUR
Debt securities in issue	-	574,687	-	574,687
Creditors	142	-	-	142
Accruals	32,325	64,692	-	97,017
	32,467	639,379	-	671,846
	Less than 1 year 2009 TEUR	1 to 3 years 2009 TEUR	Over 3 years 2009 TEUR	Total 2009 TEUR
Debt securities in issue	37,548	-	570,489	608,037
Creditors	113	-	-	113
Accruals	32,932	64,079	31,885	128,896
	70,593	64,079	602,374	737,046
	Less than 1 year 2008 TEUR	1 to 3 years 2008 TEUR	Over 3 years 2008 TEUR	Total 2008 TEUR
Debt securities in issue	419,430	39,639	559,947	1,019,016
Creditors	175	-	-	175
Accruals	52,475	63,953	63,017	179,445
	472,080	103,592	622,964	1,198,636

Credit risk

The company is exposed to a credit risk on other Helaba group companies and bears the risk of settlement default. However, this risk is low as the proceeds of the issues have been guaranteed in full by Landesbank Hessen-Thüringen Girozentrale.

Fair value of financial assets and financial liabilities

Financial assets are held at nominal value as adjusted by the unamortised discounts and premiums. Financial liabilities are held at nominal value as adjusted by the unamortised discounts, premiums, commissions and issue expenses arising on the long-term borrowings.

17. Derivatives and other financial instruments (continued)**Fair value of financial assets and financial liabilities (continued)**

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the balance sheet at their fair value.

	Carrying value including accrued interest 2010 TEUR	Fair Value 2010 TEUR	Carrying value including accrued interest 2009 TEUR	Fair value 2009 TEUR	Carrying value including accrued interest 2008 TEUR	Fair value 2008 TEUR
Financial assets						
Loans and advances to group companies	606,559	653,994	640,978	696,450	1,053,237	1,117,830
Financial liabilities						
Debt securities in issue	601,470	643,051	635,597	689,969	1,047,851	1,107,593

(a) Loans and advances to group companies.

Loans and advances to group companies are net of provisions for impairment (Nil). The estimated fair value of advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(b) Debt securities in issue

The estimated fair values of debt securities in issue are calculated on a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

18. Segmental reporting

The principal class of business of the company is capital markets fundraising and lending which takes place in the international financial markets (excluding Ireland).

19. Related party transactions

Advantage has been taken of the exemption in Financial Reporting Standard No. 8, "Related Party Disclosures", which permits wholly-owned subsidiary undertakings not to disclose transactions and balances between Group undertakings which are eliminated on consolidation.

Legal fees amounting to TEUR 1 (2009: TEUR 3, 2008: TEUR 3) were paid by the Company to William Fry Solicitors during the year ended 31 December 2010. E Hanly, director of the company, is a partner in William Fry Solicitors, and N. O'Byrne, director of the company, is a consultant with William Fry Solicitors.

In addition legal fees of TEUR 17 (2009 TEUR 11, 2008 TEUR 9) were paid to William Fry by other companies in the Helaba group.

The directors and secretary who held office at 31 December 2010 had no interests other than those shown below in the shares in or debentures of the Company, its holding company or other group companies.

	Number of debentures issued by Helaba	Total nominal value TEUR
R. Krick	2	150
L. Steinborn-Reetz	3	140

20. Approval of the financial statements

The directors approved the financial statements on 23 February 2011.