2014

Half-Yearly Financial Report

Helaba

Half-Yearly Financial Report 2014

The Helaba Group

Helaba Ratings (at 30.6.2014)

	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Long-term rating	A+*	A2	A*
Short-term rating	F1+*	P–1	A–1*
Financial strength / viability rating	a+*	D+	–
Public Pfandbriefe	AAA	Aaa	–
Mortgage Pfandbriefe	AAA	–	–

* Joint S-Group rating for the Sparkassen-Finanzgruppe Hessen-Thüringen.

Ratings for Helaba liabilities that are covered by statutory guarantee (grandfathering)**

	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Long-term rating	AAA	Aa1	AA–

** The statutory guarantee applies indefinitely to all liabilities in place on 18 July 2001 and to liabilities entered into in the transitional period between 19 July 2001 and 18 July 2005 if they mature on or before 31 December 2015.

The Helaba Group in Figures

		1.1.–30.6.2014	1.1.–30.6.2013 [1]	Changes	
Performance figures		in € m	in € m	in € m	in %
Net interest income before provisions for losses on loans and advances		657	598	59	9.9
Net fee and commission income		154	141	13	9.2
General and administrative expenses		–635	–618	–17	–2.8
Profit before taxes		322	336	–14	–4.2
Group net profit after taxes		**216**	**231**	**–15**	**–6.5**
Return on equity before taxes	in %	**8.9**	**9.5**		
Cost/income ratio	in %	**63.4**	**57.4**		

[1] Prior-year figures restated.

	30.6.2014	31.12.2013 [1]	Changes	
Figures in the statement of financial position	in € m	in € m	in € m	in %
Loans and advances to banks	19,603	21,355	–1,752	–8.2
Loans and advances to customers	91,116	91,032	84	0.1
Trading assets	30,771	32,311	–1,540	–4.8
Financial investments and shares in equity-accounted entities	25,388	24,196	1,192	4.9
Liabilities due to banks	31,977	34,162	–2,185	–6.4
Liabilities due to customers	44,524	43,916	608	1.4
Securitised liabilities	49,093	48,371	722	1.5
Trading liabilities	31,419	33,739	–2,320	–6.9
Equity	7,306	7,234	72	1.0
Total assets	**176,508**	**178,276**	**–1,768**	**1.0**

[1] Prior-year figures restated.

		30.6.2014	31.12.2013 [1]	Changes	
Key indicators for regulatory purposes		in € m	in € m	in € m	in %
Risk-weighted assets		55,063	54,063	1,000	1.8
Tier 1 capital ratio	in %	13.7	12.8		
Total capital ratio	in %	17.8	17.4		

[1] Only limited comparison with 31 December 2013 available because of changes to regulatory requirements.

Contents

Helaba reports stable business and earnings performance

Ladies and Gentlemen,

In the first half of 2014, Helaba was able to sustain its positive business and earnings performance. It generated profit before taxes of € 322 m, only marginally below the exceptionally high figure of € 336 m achieved in the prior-year period. After deduction of income tax, consolidated net profit amounted to € 216 m, a decline of € 15 m. All of the Group's operating divisions made a positive contribution to this result.

Both the encouraging rise in net interest income and the increase in net fee and commission income demonstrate the strength of our customer business operations. Despite historically low interest rates, Helaba was able to generate good margins on new wholesale business, as well as S-Group business, private customer and SME business. The sharp fall in provisions for losses on loans and advances reflects the healthy state of the real economy. It also testifies to the soundness of our loan portfolio and the good creditworthiness of our customers. Net trading income is sharply down on the prior-year figure, which was driven by a substantial tightening of credit spreads, but in line with budgeted figures.

The Common Equity Tier 1 (CET 1) capital ratio, which since the beginning of the year has been calculated in accordance with CRD IV/CRR, rose sharply from 12.8 % to 13.7 %. The total capital ratio stood at 17.8 % as at 30 June 2014. This means that the capital ratios are significantly in excess of the regulatory requirements, which have been raised both quantitatively and qualitatively, and Helaba is well prepared for the ECB/EBA stress test.

Two years after assuming responsibility for the Sparkasse central bank function for the Sparkassen in North Rhine-Westphalia and Brandenburg, the migration of all business portfolios to Helaba systems was completed on schedule on 30 June 2014. The Bank is to open another sales location in Münster.

As the leading German S-Group bank, Helaba now maintains active business relationships with almost all Sparkassen in Germany. Helaba is currently undertaking a strategic realignment of its foreign trade finance activities, the aim being to significantly increase its ability to serve target customers and the Sparkassen and provide all relevant foreign trade finance products. In doing so, Helaba is concentrating on regions that are the focus of German businesses' foreign operations. This year, the Bank is opening another representative office in Singapore to support this business. Regions that Helaba does not cover extensively will be served through collaborative arrangements. In line with this strategy, the Bank has signed a co-operation agreement with the G25 group of the 25 largest Sparkassen and BNY Mellon.

Helaba has the benefit of a stable and balanced business model with steady earnings growth and is therefore valued by its customers as a reliable partner. External conditions may have a negative impact on business performance, however. The risks to Helaba's earnings performance in the second half of the year lie in a sharper economic downturn in Germany and sustained weak growth in

several euro zone countries. This could further depress demand for credit. Political instability in Eastern Europe and the crises in the Middle East also pose risks to the financial markets.

In the first half of 2014, Helaba was able to sustain its positive business and earnings performance. In light of its stable operating business, and provided the existing risks do not cause turmoil in the real economy and on the financial markets, the Bank believes earnings will remain on a successful trajectory going forward.

Yours sincerely,

Hans-Dieter Brenner
Chairman of the Board
of Managing Directors

Interim Group Management Report

Interim Group Management Report

Basic Information About the Group

Basic Information About the Group
The business and earnings performance of Landesbank Hessen-Thüringen Girozentrale (Helaba) has been very stable in recent years. A credit institution organised under public law, Helaba has the strategic business model of a full-service bank with a strong regional focus, a presence in carefully selected international markets and a very close relationship with the Sparkasse organisation. Helaba's success is founded in part on this business model and in part on its

- conservative risk profile in conjunction with effective risk management, a robust equity base and a good liquidity position,
- strong foundation in customer business and close links with the real economy,
- long-term approach to liquidity management and
- practice of making a priority of S-Group business with the Sparkassen and of public development and infrastructure business.

The key aspects of Helaba's business model are its legal form as a public-law institution, the high proportion of ownership by the Sparkasse organisation as well as the retention and expansion of its activities in the S-Group and public development and infrastructure business. Helaba's strategic business model centres on the three business units: Wholesale Business; S-Group Business, Private Customers and SME Business; and Public Development and Infrastructure Business.

Helaba's business activities are concentrated in the German states of Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. Business is conducted both from the two head offices in Frankfurt am Main and Erfurt and from the branches in Düsseldorf, Kassel, Paris, London and New York. These are joined by representative and sales offices, subsidiaries and affiliates.

Helaba's activities in the Wholesale Business unit focus on the six core business divisions of Real Estate, Corporate Finance, Financial Institutions and Public Finance, Global Markets, Asset Management and Transaction Banking. In sales, Helaba follows two different approaches, firstly targeting product customers from the various product fields and, secondly, directing customer sales efforts across all products at major companies and the upper SME segment, institutional customers, municipal corporations and central, regional and local public authorities. Customer and S-Group orientation continues to be the overriding emphasis of the business policy of Helaba.

In the S-Group Business, Private Customers and SME Business unit, Helaba's goal is to strengthen its position as a leading S-Group bank for Germany. Helaba is a Sparkasse central bank and S-Group bank for the Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg and therefore for 40 % of all Sparkassen in Germany. In Hesse and Thuringia, Helaba and the S-Group Sparkassen make up the Sparkassen-Finanzgruppe Hessen-Thüringen, using a business model of economic unity based on a joint business and risk strategy, the preparation of consolidated financial statements, an additional regional reserve fund and a joint S-Group rating. Comprehensive co-operation and business agreements have been entered into with the Sparkassen and their associations in North Rhine-Westphalia. In addition, there are sales co-operation agreements with the Sparkassen in Brandenburg.

Helaba is one of the market leaders in the home loans and savings business in both Hesse and Thuringia through the legally dependent Landesbausparkasse Hessen-Thüringen (LBS). Frankfurter Sparkasse, a wholly owned and fully consolidated subsidiary of Helaba organised under German public law, is the leading retail bank in the Frankfurt am Main region with over 800,000 customers; it also has a presence in the nationwide direct banking market through 1822direkt. Helaba is a leading provider in the Sparkasse organisation in the private banking and wealth and asset management segment through Frankfurter Bankgesellschaft (Schweiz) AG and its wholly owned subsidiary Frankfurter Bankgesellschaft (Deutschland) AG.

In the Public Development and Infrastructure Business unit, Helaba has been entrusted with administering public-sector development programmes of the Federal State of Hesse via "WIBank", a legally dependent entity within Helaba. WIBank enjoys a direct statutory guarantee from the State of Hesse as permitted under EU law. It is also tax-exempt and operates on a neutral basis in the marketplace. Helaba has stakes in numerous other development institutions in Hesse and Thuringia too, most notably in guarantee banks and SME investment companies. Helaba has granted Thüringer Aufbaubank a subordinated loan of € 40 m.

Ratings

Helaba's ratings and the joint S-Group rating of the Sparkassen-Finanzgruppe Hessen-Thüringen remained unchanged at a high level in the first six months of 2014. The rating agencies Standard & Poor's and Fitch Ratings have given Helaba and all the Sparkassen in the Finanzgruppe Hessen-Thüringen ratings of "A" and "A+" for long-term unsecured liabilities and ratings of "A–1" and "F1+" for short-term liabilities. The ratings for the Sparkassen-Finanzgruppe are based exclusively on the financial strength of the S-Group and do not take into account any assumptions with regard to support. The rating agency Moody's has given the long-term unsecured liabilities of Helaba a rating of "A2" and the short-term liabilities a rating of "P–1". The following table shows the latest ratings (as at 19 August 2014) for those liabilities not subject to the statutory guarantee:

	Moody's Investors Service	Fitch Ratings	Standard & Poor's
Long-term (unsecured)	A2	A+*	A*
Short-term (unsecured)	P–1	F1+*	A–1*
Public Pfandbriefe	Aaa	AAA	–
Mortgage Pfandbriefe	–	AAA	–
Financial strength/viability rating	D+	a+*	–

* Joint S-Group rating for the Sparkassen-Finanzgruppe Hessen-Thüringen.

Management instruments and non-financial performance indicators
As part of managing the Bank as a whole, Helaba has integrated systems in place for business and productivity management. This is based on a multi-level Margin Accounting System and comprises both the management of absolute income and costs and the integrated management of contribution margins. The aim is to achieve a cost-income ratio of 60 %. The annual planning process, from which a budgeted statement of financial position and income statement are derived, also follows this system. Based on an income statement in accordance with the German Commercial Code (HGB) produced in the Margin Accounting System at regular intervals in the course of the financial year, plan/actual comparisons are generated and variances analysed. In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

One key indicator used to manage portfolios is the volume of new medium- and long-term business (more than one year). In particular to ensure risk- and profitability-focused management of new business, systematic advance calculations are performed for loan agreements.

Capital is managed through the allocation of regulatory and economic limits and through the capital ratios (from 1 January 2014 calculated in accordance with the Capital Requirements Regulation (CRR) and IFRS). The profitability targets are managed through the return on equity and regulatory capital.

The CRR requires banks to determine three further ratios in the future: the (short-term) liquidity coverage ratio (LCR), the net stable funding ratio (NSFR) and the leverage ratio. Helaba has geared itself up to satisfying these new liquidity management requirements at an early stage and is already factoring in the need to meet the requirements of the leverage ratio when optimising its business portfolio.

Helaba's business activities are focused on customer requirements. The Bank provides products and services for a broad spectrum of different customer groups. The Bank's business activities are tightly interconnected with the real economy. The degree of interconnectedness with the real economy is shown by the percentage of the total accounted for by customer transactions.

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

One of Helaba's objectives is to further enhance its position as a leading S-Group bank for the German Sparkasse organisation. To this end, Helaba is continuously expanding its business relationships with Sparkassen throughout Germany. It is aiming for an S-Group ratio in a target corridor of 60 % to 80 % in the regions of Hesse, Thuringia and North Rhine-Westphalia, where Helaba acts as the Sparkassen central bank. The S-Group ratio here is the volume of business conducted with Helaba and its subsidiaries as a percentage of the total products and services purchased by the Sparkassen in question.

Motivated and qualified employees are a key success factor for Helaba. A broad range of measures undertaken to develop employees contributes significantly to making Helaba an attractive employer. A suitably structured personnel management system helps to identify the potential of employees and to encourage and develop this potential in line with specific needs. Individual further training ensures that employees are able to meet the changing challenges. Succession planning also helps to ensure that about half of all vacancies are filled internally. Various indicators, such as a low turnover rate, length of service and low absenteeism, confirm that employees are satisfied and highly committed.

The business strategy and risk strategy specify the degree of flexibility available to employees. This then forms the basis of the remuneration system for employees not covered by collectively agreed terms of employment. The remuneration strategy takes into account the attainment of targets specified in operational planning when allocating the budget for variable remuneration, thereby ensuring that there is a link between the remuneration strategy and divisional strategic objectives. For the corporate centre units, budgets are allocated based on the results generated by the Bank as a whole and the attainment of qualitative targets. This system rules out the possibility of incentives for individual employees to enter into disproportionately high risks. The fixed salaries are based on market requirements.

As a public-law credit institution with a mandate to operate in the public interest, Helaba also assumes a degree of social and environmental responsibility – over and above its banking functions and objectives. Helaba has translated that responsibility into binding requirements that form part of its business strategy.

Economic Report

Macroeconomic and Sector-Specific Conditions in Germany

The mild winter was a significant contributing factor in the German economy's very strong start to 2014. However, this momentum will ease off over the course of the year. Exports are currently contributing little to economic growth. There is only a hesitant recovery in the euro zone, which accounts for 37 % of the market for German goods. In addition, growth in many emerging markets continues to be weak. There is, however, buoyant demand for German products from the USA. A sharp rise in imports into Germany is acting as a brake on growth. The stimulus in Germany is coming from domestic demand with an uptrend in capital investment. Spending on capital equipment is benefiting from higher capacity utilisation, favourable earnings levels and low finance costs. Residential construction is experiencing an exceptional and increasing level of activity, responding to a combination of considerable pent-up demand and record low mortgage rates. Consumer spending is currently the growth driver in the German economy. The favourable trends in the labour market, together with rising real incomes, are stimulating personal consumption. Gross domestic product (GDP) will probably increase by around 2 % over the whole of 2014 (after adjusting for inflation).

In addition to macroeconomic trends, the other main features of the banking industry environment in the first half of 2014 have been the regulatory challenges faced by banks.

- CRR and CRD IV

The European banking and capital adequacy directive (Capital Requirements Directive IV, CRD IV) and the corresponding regulation (Capital Requirements Regulation, CRR) came into force on 1 January 2014. The German Bundestag had already transposed the Directive into national law in 2013 with the adoption of the CRD IV Implementation Act. With the enactment of these provisions, new capital requirements that are tighter in terms of both quality and quantity have come into effect.

The new capital ratios will be phased in over the period up to 2019. It is not yet clear to what extent the supervisory authorities in Germany will impose additional capital add-ons on domestic systemically important banks and introduce counter-cyclical capital buffers in the next few years.

In connection with the implementation of CRD IV, German legislators have made adjustments to a large number of regulatory requirements. One of the changes is that, from the beginning of 2014, the supervisory or administrative board of a bank must appoint certain committees (section 25d German Banking Act, KWG). Helaba has satisfied the associated requirements within the prescribed time frame.

- European Banking Authority and comprehensive assessment

On 4 November 2014, the European Central Bank (ECB) will assume responsibility for the prudential supervision of all banks in the euro zone as part of the Single Supervisory Mechanism (SSM). A total of 120 to 130 banking groups in Europe will then be subject to direct supervision by the ECB.

Currently, the Helaba Group is one of the banks classified as significant and thus will be supervised directly by the ECB. The final list of the banking groups concerned will be published in September 2014.

In order to prepare for the transfer of the prudential supervision function, the ECB has since October 2013 been carrying out a three-stage comprehensive assessment of the banks that it expects to be directly supervising in the future. The first stage involved a risk assessment, in which the ECB analysed the principal risks and weaknesses on bank balance sheets, focusing on liquidity, leverage and funding. This was followed in a second stage by a risk-oriented asset quality review (AQR) for selected portfolios specified individually for each bank by the ECB. Nine national and international portfolios were analysed in total as part of the review of the banking book risk at Helaba. Since June 2014, at the same time as analysing and assessing the quality of the AQR data, the ECB and the European Banking Authority (EBA) have also been carrying out stress tests. The aim of such stress tests has been to test the capacity of banks to absorb shocks in stress scenarios. The results of the stress tests are expected to be published in October 2014.

- Single Resolution Mechanism

A second cornerstone of European banking union to accompany the Single Supervisory Mechanism is the Single Resolution Mechanism (SRM). The resources of the future resolution fund are to be derived from bank levies collected at national level. The target volume of the fund to be achieved by 1 January 2024 is approximately € 55 bn. The specific procedural details for determining the contributions to be made by individual banks are to be set out in an intergovernmental agreement and are still to be finalised. The contributions will comprise a basic amount and a risk-adjusted component. It is reasonable to assume that the future European banking levy will lead to a significant additional expense. On 9 July 2014, the German federal government approved draft legislation to implement the EU Bank Recovery and Resolution Directive (BRRD) in the form of the BRRD Implementation Act. In addition to provisions covering the resolution mechanism, this act includes the "bail-in" sequence, which specifies the order in which owners, creditors and resolution funds are exposed to and become liable for losses incurred by a bank.

- European deposit guarantee schemes

On 16 April 2014, the European Parliament and the Council of the European Union adopted the third cornerstone of the banking union, the recast Directive on Deposit Guarantee Schemes (DGSD). The DGSD must be transposed into national law by 3 July 2015. The core component of the EU deposit guarantee schemes (DGS) is the accumulation of DGS funds up to a target volume of 0.8 % of the covered deposits, to be achieved within ten years (customer deposits up to € 100,000 per customer). The Sparkasse organisation's tried and tested fundamental principle of institutional protection is compatible with EU deposit guarantee schemes. The DGSD gives preventive institutional protection schemes equal status with other forms of deposit guarantee scheme. As long as institutional protection schemes meet the conditions specified in article 113 (7) CRR, they can be officially recognised as a DGS under the DGSD. The Sparkasse organisation is currently holding discussions regarding the adaptation of the joint liability scheme to bring it in line with the new environment.

Business Performance

In the first half of 2014, the volume of new medium- and long-term business in the Group amounted to € 7.9 bn (H1 2013: € 7.8 bn) and was thus in line with budgeted figures. Average maturity and average new business margin were sustained at the excellent level achieved in the first half of 2013.

Loans and advances to customers were also at the level of the first six months of 2013 at € 91 bn. Added to this were loans and advances to affiliated Sparkassen in the amount of € 9 bn. The degree of interconnectedness with the real economy, i.e. the percentage of the total accounted for by customer transactions, therefore rose to 57 % in the first half of 2014 (30 June 2013: 56 %).

In the first half year of 2014, the volume of corporate promissory notes (Schuldscheine) remained approximately at the level seen over the equivalent period in 2013. Helaba was once again able to achieve the leading position in the German promissory note market with a high volume of arranged transactions, particularly as an arranger of higher-volume issues. Helaba is also an influential player in the market segment covering German cities as well as domestic and foreign public authorities.

From 2014, the regulatory capital requirements and the capital ratios have been determined in accordance with the provisions of the CRR. The regulatory capital requirements in the CRR have been raised both quantitatively and qualitatively. As at 30 June 2014, Helaba reported a Common Equity Tier 1 (CET 1) capital ratio of 12.9 % and a total capital ratio of 17.8 %, significantly in excess of the new levels specified in the CRR. There is a transitional phase until the end of 2021 for capital instruments that were previously recognised as regulatory Tier 1 capital, but that no longer meet the new requirements for CET 1 capital. At Helaba, this affects silent participations with a nominal amount of € 1,053 m.

Helaba's leverage ratio of 3.9 % as at 30 June 2014 was also significantly higher than the future regulatory requirement of 3 %.

Overall, the market environment for funding operations in the first half of 2014 was very positive for financial institutions from the core countries of the euro zone. In the first six months of the year, medium and long-term funding of around € 6.0 bn was obtained on capital markets (H1 2013: € 3.5 bn). Helaba was able to obtain funding inexpensively and without difficulty from institutional and retail investors during the first half of 2014. Helaba benefited from its strategic business model and from its sound business and earnings performance. Unsecured funding amounted to approximately € 3.0 bn (H1 2013: € 2.2 bn). Sales of retail issues for placement in the Sparkassen network amounted to around € 2.1 bn, a further year-on-year increase (H1 2013: € 1.5 bn). Total Pfandbrief issues came to just under € 3.0 bn (H1 2013: € 1.3 bn), of which € 2.6 bn was accounted for by public Pfandbriefe. Pfandbrief issues in the first half of the year for the first time included a dual-tranche benchmark bond with a total volume of € 1 bn and maturities of three and seven years. In order to reinforce regulatory Tier 2 capital, subordinated issues with a volume of approximately € 200 m were successfully placed with institutional customers in the first half of 2014. The customer deposits in the retail business within the Group, in particular through the Frankfurter Sparkasse subsidiary, helped to bring further diversification to Helaba's sources of funding.

A steady high level of collaboration was sustained with the associated Sparkassen in Hesse and Thuringia during the first half of 2014. The S-Group ratio was at the upper end of the target corridor of 60 % to 80 %.

Financial Position and Financial Performance

Financial performance of the Group

	1.1.–30.6. 2014	1.1.–30.6. 2013	Change	
	in € m	in € m	in € m	in %
Net interest income	657	598	59	9.9
Provisions for losses on loans and advances	–45	–123	78	63.4
Net interest income after provisions for losses on loans and advances	**612**	**475**	**137**	**28.8**
Net fee and commission income	154	141	13	9.2
Net trading income	94	248	–154	–62.1
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied	44	6	38	>100.0
Net income from hedge accounting	5	14	–9	–64.3
Net income or expense from financial investments and share of profit or loss of equity-accounted entities	12	–3	15	>100.0
Other net operating income	36	73	–37	–50.7
General and administrative expenses	–635	–618	–17	–2.8
Profit before taxes	**322**	**336**	**–14**	**–4.2**
Taxes on income	–106	–105	–1	–1.0
Consolidated net profit	**216**	**231**	**–15**	**–6.5**

Given the initial application of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, together with the application of the amended IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures, the group of entities included in the 2014 interim financial statements on the basis of full consolidation and using the equity method has been redefined. The comparative figures for the equivalent period in 2013 have been restated accordingly. Please refer to Note (1) in the Notes for further details.

Helaba generated profit before taxes of € 322 m in the first half of 2014, only marginally below the exceptionally high figure of € 336 m generated in the equivalent period in 2013. Net trading income of € 94 m was in line with budgeted figures but significantly short of the € 248 m achieved in the first six months of 2013, although the latter figure had been influenced by a narrowing of credit spreads. The performance of the operating business was excellent, reflected in particular in rising net interest income and net fee and commission income. As the German economy was in good health, there was less need of provisions for losses on loans and advances than in the previous year. Whereas operating profit was in excess of budget, provisions for losses on loans and advances were substantially below the planned values. Accordingly, profit before taxes was also higher than planned. The changes in the individual items in the income statement were as described below.

Net interest income amounted to € 657 m, a year-on-year increase of 10 % (H1 2013: € 598 m). Given relatively stable portfolios, it was possible to generate good margins from new business despite the historically low level of interest rates. This enabled Helaba to offset the low levels of income from investing own funds. Net interest income throughout the Group is generated mainly in the Real Estate, Frankfurter Sparkasse, S-Group Business and Corporate Finance segments. Net interest income at Frankfurter Sparkasse accounted for 22 % of total net interest income.

The provisions for losses on loans and advances amounted to € 45 m (H1 2013: € 123 m). Specific loan loss allowances and specific loan loss allowances evaluated on a group basis accounted for a net addition of € 40 m (H1 2013: € 104 m). It should be borne in mind that the consolidation of borrowers means that associated provisions for losses on loans and advances have to be eliminated. Amounts corresponding to the provisions for losses on loans and advances are largely included in other net operating income in the form of matching asset impairment losses. The portfolio loan loss allowances for exposures not acutely at risk of default increased by € 8 m (H1 2013: € 4 m). The balance of direct write-downs, net additions to provisions for lending business risks and recoveries on loans and advances previously written off amounted to a net income of € 3 m (H1 2013: net expense of € 15 m).

Net interest income after provisions for losses on loans and advances rose from € 475 m in the first half of 2013 to € 612 m for the current reporting period.

Net fee and commission income increased by € 13 m to € 154 m. Growth in fees and commissions from payment transactions, securities and securities deposit business was particularly strong. Fees and commissions from Helaba Invest's asset management activities also rose.

Net trading income amounted to € 94 m (H1 2013: € 248 m), roughly in line with budgets. One of the features of the exceptionally high figure achieved in the first half of 2013 was the significant narrowing of credit spreads. Trends on capital markets in the first half of 2014 were characterised by falling interest rates and a drop in risk premiums against the backdrop of significant liquidity caused by the expansionary monetary policies pursued by central banks in Europe and the USA and the substantial demand from investors for investment products. Trading activities again benefited from this situation, although the market trends in relation to credit spreads were less pronounced than in 2013. Foreign exchange business amounted to € 6 m, a year-on-year contraction (H1 2013: € 21 m). This resulted, among other things, from a fall in demand compared with the first half of 2013 for hedging products to aid customer management of interest rates and foreign exchange, in turn caused by the lower market volatility. Helaba Bank was responsible for most of the Group's trading activities, focusing on trading in fixed-income and interest-rate derivatives.

In the same way as net trading income, the gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied is to a significant extent impacted by mark-to-market valuation. Following a gain of € 6 m generated in the first six months of 2013, the equivalent gain in the period under review amounted to € 44 m. There was a particularly significant improvement arising from the remeasurement of banking book derivatives used for interest rate management, reported as a loss of € 5 m (H1 2013: loss of € 39 m). The gain or loss on remeasurement of derivative and non-derivative financial instruments in the consolidated special and retail funds, which includes unrealised remeasurement gains or losses as well as realised sale proceeds, also improved from a loss of € 22 m in the first six months of 2013 to a gain of € 35 m. The net income from hedge accounting, in which the ineffective portion of micro hedges is reported, amounted to € 5 m (H1 2013: € 14 m).

Net income from financial investments improved to € 17 m (H1 2013: € 9 m). The main reason for this increase was the lack of impairment losses, which in the first half of 2013 had led to an expense of € 8 m. The sale of bonds and other fixed-income securities resulted in a gain of € 14 m (H1 2013: € 16 m). The share of profit or loss from associates and joint ventures accounted for using the equity method amounted to a loss of € 5 m (H1 2013: loss of € 12 m).

Other net operating income amounted to € 36 m (H1 2013: € 73 m) and was largely influenced by one of its components, net income from investment property amounting to € 66 m (H1 2013: € 62 m). Net income from investment property is the balance of rental income, gains and losses on disposals, operating costs, depreciation and impairment losses. The consolidation of debt-financed property companies had a negative impact and led to the recognition of impairment losses in an amount of approximately € 20 m on the assets held as collateral (H1 2013: € 0 m). The restructuring provision recognised in the second half of 2013 for the Helaba PRO cost optimisation programme launched in 2013 was increased by € 23 m. These factors together meant that other net operating income for the first half of 2014 was below the budgeted figure.

General and administrative expenses comprised personnel expenses of € 299 m (H1 2013: € 287 m), other administrative expenses of € 315 m (H1 2013: € 312 m) and depreciation, amortisation and impairment losses of € 21 m (H1 2013: € 19 m). The increase in personnel expenses arose largely as a consequence of increases in collectively agreed pay scales. The rise in other administrative expenses included increases of € 9 m in IT project expenses and € 7 m in contributions to associations and to the Reserve Fund. Some of these increases were offset by the year-on-year decrease arising from the full recognition of the banking levy amounting to € 36 m (H1 2013: € 48 m). Expenses for the services provided by Portigon AG remained unchanged year on year and came to € 34 m.

Profit before taxes amounted to € 322 m (H1 2013: € 336 m).

After deduction of the income tax expense of € 106 m (H1 2013: € 105 m), the consolidated net profit was € 216 m (H1 2013: € 231 m). Of this amount, € 7 m was attributable to non-controlling interests in consolidated subsidiaries (H1 2013: € 4 m).

Statement of financial position

Assets

	30.6.2014	31.12.2013	Change	
	in € m	in € m	in € m	in %
Loans and advances to banks including cash reserve	20,876	23,108	−2,232	−9.7
Loans and advances to customers	91,116	91,032	84	0.1
Allowances for losses on loans and advances	−1,046	−1,119	73	6.5
Trading assets	30,771	32,311	−1,540	−4.8
Positive fair values of non-trading derivatives	5,407	4,690	717	15.3
Financial investments and shares in equity-accounted entities	25,388	24,196	1,192	4.9
Investment property, property and equipment and intangible assets	2,481	2,482	−1	–
Income tax assets	330	342	−12	−3.5
Non-current assets and disposal groups held for sale	34	–	34	–
Other assets	1,151	1,234	−83	−6.7
Total assets	**176,508**	**178,276**	**−1,768**	**−1.0**

Equity and liabilities

	30.6.2014	31.12.2013	Change	
	in € m	in € m	in € m	in %
Liabilities due to banks	31,977	34,162	–2,185	–6.4
Liabilities due to customers	44,524	43,916	608	1.4
Securitised liabilities	49,093	48,371	722	1.5
Trading liabilities	31,419	33,739	–2,320	–6.9
Negative fair values of non-trading derivatives	4,155	3,471	684	19.7
Provisions	1,817	1,632	185	11.3
Income tax liabilities	98	83	15	18.1
Other liabilities	851	595	256	43.0
Subordinated capital	5,268	5,073	195	3.8
Equity	7,306	7,234	72	1.0
Total equity and liabilities	**176,508**	**178,276**	**–1,768**	**–1.0**

Consolidated total assets of Helaba fell from € 178.3 bn to € 176.5 bn as at 30 June 2014. On the assets side of the statement of financial position, loans and advances to customers accounted for over 50 % of total assets. These loans and advances increased marginally by € 0.1 bn to € 91.1 bn. Of this total, commercial real estate loans accounted for € 32.4 bn (31 December 2013: € 31.4 bn).

The largest changes on the assets side resulted from a € 2.2 bn decline in loans and advances to banks including cash reserve to € 20.9 bn. The decline in loans and advances to banks was mainly attributable to a reduction in overnight and time deposits. Trading assets, which are measured at fair value, were specifically reduced and had a carrying amount of € 30.8 bn as at the reporting date (31 December 2013: € 32.3 bn). While securities held for trading decreased by € 2.8 bn and loans held for trading by € 1.0 bn, the positive fair values of derivatives rose by € 2.3 bn. Non-trading derivatives also rose by € 0.7 bn, so that overall the positive fair values of all derivatives increased by € 3.0 bn to € 16.2 bn. Financial investments, of which bonds constituted 97.1 %, increased by € 1.2 bn to € 25.4 bn.

The situation on the liabilities side was similar. Liabilities due to banks declined by € 2.2 bn to € 32.0 bn. Liabilities due to customers grew slightly by € 0.6 bn to € 44.5 bn. Whereas balances on current accounts contracted slightly from € 9.2 bn to € 8.8 bn, overnight and time deposits saw significant growth from € 12.0 bn to € 13.8 bn. Securitised liabilities climbed by € 0.7 bn to € 49.1 bn. Within these liabilities the volume of public Pfandbriefe was expanded by € 1.6 bn. Trading liabilities were down by € 2.3 bn to € 31.4 bn; as part of this movement, a € 1.3 bn reduction in issued money market instruments and a decrease of € 3.1 bn in liabilities held for trading was partially offset by a € 2.1 bn increase in negative fair values of derivatives. Taking into account the non-trading derivatives, the negative fair values of derivatives rose by a total of € 2.8 bn to € 15.8 bn.

Subordinated capital rose from € 5.1 bn at the end of 2013 to € 5.3 bn as at 30 June 2014.

Equity
As at 30 June 2014, the Helaba Group's equity amounted to € 7.3 bn (31 December 2013: € 7.2 bn). The increase was mainly attributable to the comprehensive income of € 175 m generated in the first half of 2014. Actuarial losses on pension obligations were recognised in retained earnings through other comprehensive income. After deferred taxes the carrying amount of these losses amounted to € 276 m (31 December 2013: loss of € 152 m). The decline was mainly due to the reduction in the discount rate. After deferred taxes, the revaluation reserve increased by € 77 m to € 214 m chiefly as a result of measurement gains. Exchange rate factors resulted in an increase in the currency translation reserve to € 3 m. The cash flow hedge reserve remained unchanged year on year at € 4 m. A sum of € 100 m was distributed to the owners based on their shareholdings and capital contributions.

Please refer to the risk report and Note (45) in the Notes for information on the regulatory capital ratios.

Financial performance by segment
In line with management reporting, the segment information is based on internal management (contribution margin accounting) and also on external financial reporting.

The contributions of the individual segments to the profit before taxes of € 322 m for the first half of 2014 (H1 2013: € 336 m) were as follows:

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Real Estate	167	121
Corporate Finance	91	90
Financial Markets	79	189
Asset Management	3	5
S-Group Business	1	8
Public Development and Infrastructure Business	9	11
Frankfurter Sparkasse	68	66
Other	–165	–179
Consolidation/reconciliation	69	25
Group	**322**	**336**

The adjustments arising from restated prior-year figures resulting from changes to the basis of consolidation are allocated to consolidation/reconciliation rather than to the figures for the segments.

Real Estate segment
The Real Estate Lending and Real Estate Management business lines are reported in the Real Estate segment. The equity investments operating in the real estate sector (OFB Group and the GWH Group) are included in this segment.

The Real Estate Lending business line is responsible for the greatest contribution to earnings in the Real Estate segment. In the first half of 2014, the volume of new medium-term and long-term business closed in the Real Estate Lending business increased by 12 % year on year to € 4.4 bn (H1 2013: € 3.9 bn). Despite a slight contraction but still satisfactory margin in new business, the interest margin for the portfolio rose fractionally year on year. As a consequence, net interest income rose by € 21 m. Initial consolidations in connection with IFRS 10 had an adverse impact of € 10 m on net interest income, the overall net interest income for the segment climbing by 3 % year on year to € 193 m (H1 2013: € 187 m).

Provisions for losses on loans and advances amounted to € 23 m, substantially below the figure for the first six months of 2013. The main contributing factors were reversals of specific loan loss allowances and consolidation effects in connection with IFRS 10. The consolidation of companies in accordance with IFRS 10 led to the recognition of charges arising from loans (impairment losses on property held for sale) under other net operating income.

The loss of € 2 m on non-trading derivatives and financial instruments to which the fair value option is applied arose primarily as a result of interest rate hedging arrangements in the real estate subsidiary (H1 2013: € 8 m).

A year-on-year improvement was reported for the net income from equity investments in the real estate business included within other net operating income. The adverse impact from the application of IFRS 10 also recognised within this item reduced overall net income, resulting in a slight overall fall of € 3 m to € 85 m.

General and administrative expenses were up by € 3 m compared with the equivalent period in 2013 to € 94 m. This increase was entirely attributable to the application of IFRS 10.

The segment’s profit before taxes was € 167 m, up 38 % on the first six months of 2013 (€ 121 m).

Corporate Finance segment
The Corporate Finance segment comprises the earnings of the Corporate Finance business line and the share of profit or loss of the equity-accounted HANNOVER LEASING Group and other consolidated equity investments.

The volume of new medium- and long-term business in the Corporate Finance business line totalled € 1.5 bn, marginally below the level in the first half of 2013 (H1 2013: € 1.7 bn). Given the low level of demand, especially for corporate finance, this new business was insufficient to offset the maturing business, resulting in a contraction in the overall business volume in the segment. This trend adversely impacted net interest income in the Corporate Finance business line compared with the levels achieved in the equivalent period in 2013. This negative impact was offset by a higher net interest income from the deconsolidation of property companies. Overall, net interest income compared with the corresponding period in 2013 was up by 7 % to € 167 m (H1 2013: € 156 m).

Provisions for losses on loans and advances amounted to € 20 m, significantly down on the previous year's figure (H1 2013: € 45 m). This decrease was largely a consequence of a reduction in portfolio loan loss allowances in line with the lower level of business volume.

Some of the higher net interest income from the deconsolidation of equity investments was offset by a fall in other net operating income. Following a positive contribution of € 14 m in the first half of 2013, the equivalent figure for the period under review was an expense of € 9 m arising from provisions.

General and administrative expenses rose by 6 % to € 51 m, largely as a result of changes to the basis of consolidation (H1 2013: € 48 m).

At € 91 m, the segment's profit before taxes exceeded the level achieved in the first half of 2013 by € 1 m.

Financial Markets segment
The Financial Markets segment brings together the earnings of the Capital Markets, Asset/Liability Management, Sales Public Authorities, and Financial Institutions and Public Finance business lines.

The segment's net interest income is primarily the result of lending business with domestic and foreign local and regional authorities and money market trading with customers. In the first half of 2014, the volume of new medium- and long-term business closed with domestic and foreign local and regional authorities amounted to € 0.8 bn, a year-on-year decline of € 0.2 bn caused by lower demand. Net interest income remained at the same level as in the previous year at € 31 m.

In capital markets business, a rise in income from primary market transactions and from precious metals and foreign notes and coins business helped to increase net fee and commission income by € 7 m to € 15 m (H1 2013: € 8 m).

In net trading income, customer contributions remained at the H1 2013 level. In the first six months of 2013, this item had seen a significant positive impact from narrowing spreads. As a consequence, overall net trading income for the first half of 2014 amounted to € 84 m, significantly below the very high figure achieved in the first half of the previous year (€ 238 m). However, the 2014 figure had already exceeded the pro rata budget figure at the halfway point in the year.

The gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied improved by € 40 m to a net gain of € 24 m. In the first half of 2013, changes in the fair value of cross currency swaps had had a significant negative impact on this figure. The net income from hedge accounting amounted to € 5 m in the first six months (H1 2013: € 14 m).

General and administrative expenses in the Financial Markets segment rose slightly by € 1 m to € 87 m (H1 2013: € 86 m).

Profit before taxes in the segment was considerably down on the H1 2013 level at € 79 m (H1 2013: € 189 m), although the 2013 figure had benefited from a favourable market environment.

Asset Management segment

The Asset Management segment comprises Helaba Invest Kapitalanlagegesellschaft mbH as well as the Frankfurter Bankgesellschaft Group.

Net interest income in the Asset Management segment declined by € 1 m to € 6 m (H1 2013: € 7 m). The drop was due to a further reduction in lending volume for private customers of Frankfurter Bankgesellschaft and a decline in interest income from the deposit business because of the low interest rates.

In Helaba Invest's asset management business, assets under control rose by about 6 % in the first half of 2014, thus contributing to a rise in net fee and commission income of € 1 m.

General and administrative expenses in the segment amounted to € 34 m, similar to the previous year's figure.

Profit before taxes in the segment was down by € 2 m on the H1 2013 level at € 3 m (H1 2013: € 5 m).

S-Group Business segment
The S-Group Bank and Landesbausparkasse Hessen-Thüringen (LBS) are reported in the S-Group Business segment.

In substance, Helaba assumed responsibility for the Sparkasse central bank function for all Sparkassen in North Rhine-Westphalia and Brandenburg with effect from 1 July 2012. The migration of all business portfolios to Helaba systems came to an end on schedule on 30 June 2014.

Income after provisions for losses on loans and advances from S-Group business rose by € 7 m to € 56 m (H1 2013: € 49 m).

The general and administrative expenses of the S-Group Bank in this segment were up by € 11 m year on year. In the first half of 2013, the costs for the container operations had been included in full in the Other segment. However, following the migration, the costs for processing the Sparkassen transactions were allocated to the Sparkassen business. As a result of the significantly higher number of transactions, these product costs are now reflected in the segment after a time lag. In addition, the project costs for optimising the range of products and services in the Sparkassen business had an adverse impact on general and administrative expenses in the segment.

Following the introduction of a new generation of tariffs, the growth in gross new business at LBS Hessen-Thüringen was a little more subdued at 2.6 %, as expected. Total assets as at 30 June 2014 were around 2 % higher than at the corresponding reporting date in 2013. With returns on investments at historic lows, net interest income fell by € 2 m to € 29 m (H1 2013: € 31 m). General and administrative expenses at LBS totalled € 20 m, down by approximately € 1 m year on year (H1 2013: € 21 m).

Profit before taxes in the S-Group Business segment was below the level for the corresponding 2013 period at € 1 m (H1 2013: € 8 m).

Public Development and Infrastructure Business segment
The Public Development and Infrastructure Business segment mainly comprises the WIBank business.

The first half of 2014 saw the further expansion of development activities related to infrastructure, the economy and housing. As part of its administrative activities related to the Municipal Protection Shield, which aims to safeguard the long-term efficiency of regional and local authorities in the State of Hesse, WIBank has now paid out a total of € 2.1 bn to municipal authorities in Hesse. In the second quarter of 2014, it issued a further bond on the capital markets for the purposes of obtaining funding. The design preparations and initial (largely technical system) adjustments for the new EU funding period were carried out in the first six months of 2014.

Compared with the net interest income of € 23 m achieved in the first half of 2013, the equivalent figure in the first half of 2014 rose by € 1 m to € 24 m as a result of the expansion of the development activities related to infrastructure, the economy and housing. At € 17 m, net fee and commission income matched the level achieved in H1 2013.

General and administrative expenses for the first half of 2014 were up by € 3 m year on year, primarily as a consequence of higher IT expenses, project-related consulting service costs and personnel expenses.

Profit before taxes in the segment was marginally down on the figure for the first half of 2013 at € 9 m (H1 2013: € 11 m).

Frankfurter Sparkasse segment
The Frankfurter Sparkasse segment presents the results of the credit institution of the same name as a sub-group including the associated consolidated subsidiaries.

Net interest income in the Frankfurter Sparkasse segment fell by approximately 2 % to € 144 m (H1 2013: € 147 m). This was due to a decline in income from treasury positions because of the low interest rates.

In the first half of 2014, additions to provisions for losses on loans and advances were offset by reversals. In the corresponding period in 2013, provisions for losses on loans and advances had amounted to € 6 m.

Net fee and commission income amounted to € 36 m, up by € 1 m year on year.

The gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied included a gain of € 5 m (H1 2013: loss of € 2 m) related to the fair value option gain or loss on special funds held. Net income from financial investments declined slightly by € 1 m to € 7 m.

General and administrative expenses rose to € 128 m, largely as a result of increases in the collectively agreed pay scale and higher pension expenses (H1 2013: € 125 m).

The segment's profit before taxes amounted to € 68 m, slightly higher than the figure for the first half of 2013 (H1 2013: € 66 m).

Other segment
The Other segment contains the contributions to income and expenses that cannot be attributed to the operating segments. In particular, this segment includes the net income from the transaction banking business as well as the costs of the central units that cannot be allocated to the individual segments in line with the user-pays principle.

Specifically included are the Cash Management, Settlement and Custody Services business lines, the corporate centres and the net income or expense from own fund investing activities.

The net interest income for the segment amounting to € 9 m (H1 2013: € 32 m) and the gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied were significantly influenced by own fund investing activities and the centrally recognised costs of capital.

The net fee and commission income for the segment amounting to € 16 m (H1 2013: € 17 m) was generated for the most part by the Cash Management and Settlement/Custody Services business lines.

Other net operating income was negatively impacted by provisions of € 23 m arising from the implementation of the Helaba PRO cost-cutting programme.

Structural costs that cannot be allocated to the business lines are reported in the Other segment under general and administrative expenses. These include the flat-rate servicing fee of € 35 m (as at 30 June 2014) payable to Portigon AG for the transition period ending in mid-2014. The bank levy – excluding Frankfurter Sparkasse – amounting to € 36 m (H1 2013: € 47 m) is also recognised in this segment. Expenses for major regulatory projects (IFRS 9, AQR) are likewise reported here.

The loss before taxes for the segment amounted to € 165 m (H1 2013: loss of € 179 m).

Consolidation/reconciliation
Effects arising from consolidation and intragroup adjustments between the segments are reported under consolidation/reconciliation. Effects that arise from the reconciliation between the segment figures and the consolidated income statement, in particular in relation to net interest income, are also reported under consolidation/reconciliation. Since the contribution margin statement shows net interest income on the basis of the market interest rate method, differences also result in the case of non-recurring income and net interest income attributable to other periods. The prior-year figures include the effects of changes in the basis of consolidation.

The profit before taxes reported under consolidation/reconciliation amounted to € 69 m (H1 2013: € 25 m).

Report on Events After the Reporting Date

The CORPUS SIREO Group, in which Frankfurter Sparkasse has a 25 % shareholding, sold its entire real estate portfolio in July 2014, initially to an institutional investor. In a second stage in August 2014, all the shareholders in CORPUS SIREO undertook to transfer their shares in full to another institutional investor.

Risk Report

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. Drafted in accordance with the requirements imposed by the law, the Charter and the banking regulatory authorities, the risk strategy lays down the principal elements of the approach adopted to deal with risk, the objectives of risk containment and the measures employed to achieve these objectives at Helaba and at the Group companies included in Group-wide risk management. Once adopted, the risk strategy is presented to and discussed with the Supervisory Board and the Board of Public Owners.

The Helaba Group derives its risk strategy from its business strategy, which forms an integral part of the business and risk strategy of the Sparkassen-Finanzgruppe Hessen-Thüringen.

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

Risk Types

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

- default risk,
- market price risk,
- liquidity risk,
- operational risk,
- business risk and
- real estate risk.

Risk-Bearing Capacity

Helaba uses its established procedures for measuring and containing risks to ensure that all primary risks within the Helaba Group are always covered by risk cover pools and that its risk-bearing capacity is thus assured.

The calculation of risk-bearing capacity across risk types takes into account risk exposures in relation to default risks, market price risks, operational risks, business risks and real estate risks. Risk exposures are quantified along with the regulatory expected loss (EL) and regulatory capital requirement as part of an economic assessment using the regulatory measurement specifications. A capital deduction from the regulatory EL/impairment comparison is taken into account when quantifying regulatory own funds.

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

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

The scenarios applied comprise a base scenario, which maps the risk-bearing capacity as at the reporting date, plus historical and hypothetical stress scenarios whose implications for the risk-bearing capacity are investigated. These scenarios include a macroeconomic stress scenario and a scenario simulating extreme market dislocation on the basis of observed market behaviour during a global financial crisis. Inverse stress tests are also conducted.

Helaba's calculation of risk-bearing capacity for the Group maps two distinct situations reflecting the regulatory requirements stipulating a going-concern approach and a gone-concern approach.

The going-concern approach aims to verify that the minimum capital requirements specified by the regulator can be satisfied even if expected and unexpected losses are incurred. In line with the change in regulatory reporting to meet the CRR/CRD IV requirements, the going-concern approach in Helaba's calculation of risk bearing capacity was adjusted from 1 January 2014 to ensure that the new regulatory specifications for own funds and capital requirements are appropriately factored into the calculation. In these cases, risk exposures are quantified at a 95.0 % confidence level. The calculation of risk-bearing capacity under the gone-concern approach is intended to demonstrate that the Helaba Group's capital is sufficient to satisfy all creditors in full even in the event of exceptional and heavy losses being incurred (expected and unexpected losses at a confidence level of 99.9 %).

The going-concern approach involves comparing the total economic risk exposures according to the calculation of risk-bearing capacity for the Group against a sustainable result before risks and total own funds not committed for regulatory purposes (minus an internally defined risk buffer, depending on the scenario). The going-concern approach also quantifies the implications of the stress scenarios for the regulatory capital requirement and regulatory own funds in order to analyse the impact on the regulatory capital ratios.

Helaba applies particular weight to the going-concern approach, which looks at effects on the regulatory capital ratios, in its capital allocation decisions and allocates regulatory capital to divisions and Group units on the basis of the associated anticipated changes in capital ratios. This ensures consistency between capital allocation assuming full utilisation of the limits and the result thus produced in the calculation of risk-bearing capacity. In addition, the economic risk exposures are limited to ensure that, if the allocated regulatory capital is utilised at the same time as the economic risk exposures, the capital does not fall below the internally specified minimum capital requirements even if economic risks materialise.

The gone-concern approach draws on an economic cover pool based on the IFRS accounts to cover the internal capital requirement. This pool comprises the cumulative consolidated net income on the reporting date, the equity and the subordinated debt under IFRS. Cover pool components are also adjusted in accordance with economic criteria. The gone-concern approach does not treat silent reserves as a cover pool component.

At the end of the second quarter of 2014, the risk-bearing capacity assessment for the Group, which covers all risk types, revealed that the existing risk cover pools once again exceeded the quantified risk exposures by a substantial margin, underlining Helaba's consistently conservative approach to risk.

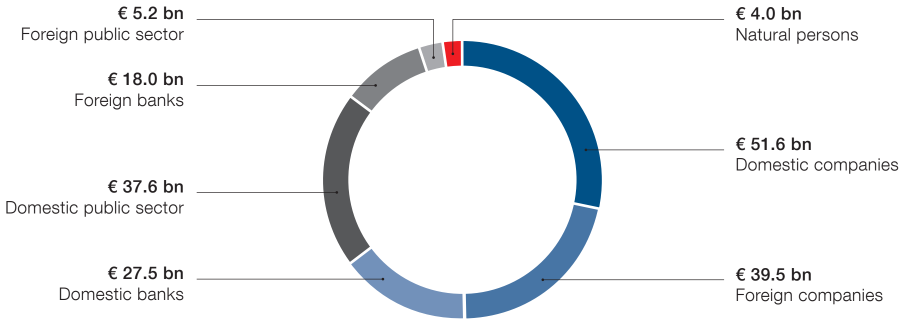
The base scenario of the going-concern approach showed a capital buffer of € 3.0 bn with respect to economic risk exposures taking account of an internal risk buffer (31 December 2013: € 3.2 bn). The capital buffer with respect to economic risk exposures under the gone-concern approach amounted to € 7.9 bn (31 December 2013: € 7.3 bn).

As at 30 June 2014, the regulatory total capital ratio was 17.8 % (31 December 2013: 17.4 %) and the Tier 1 capital ratio 13.7 % (31 December 2013: 12.8 %) for the Helaba Group. The CET 1 capital ratio required from 2014 onwards was calculated at 12.9 %. The capital ratios Helaba has established exceed the regulatory minimum requirements by a significant margin even under the simulated stress scenarios.

Default Risks

Chart 1 shows the total volume of lending as at 30 June 2014 comprising drawings and unutilised committed credit lines of the narrow Group companies (Helaba Bank with subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG) and Helaba Asset Services[1] totalling € 183.4 bn (31 December 2013: € 185.4 bn) broken down by customer group.

Total volume of lending by customer group (narrow Group companies)
(Chart 1)



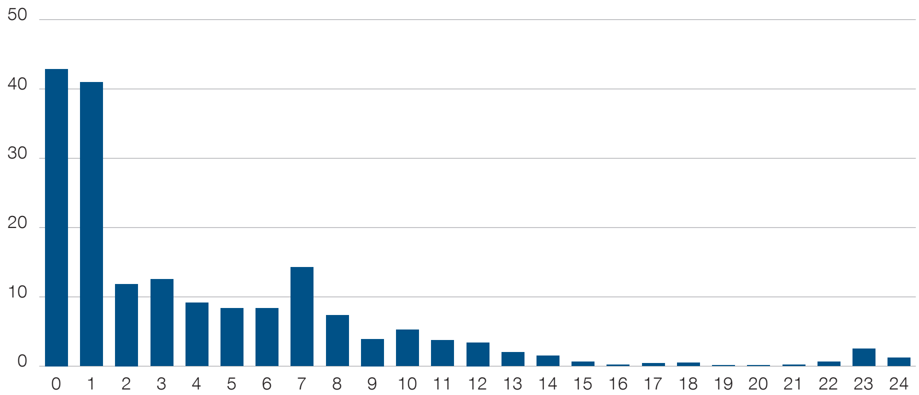
Creditworthiness/risk appraisal
The Bank employs 15 rating systems developed together with the German Savings Banks Association (Deutscher Sparkassen- und Giroverband – DSGV) or other Landesbanken and three rating systems developed internally. Based on statistical models, these systems classify loan exposures, irrespective of the customer or object group, by the fixed probability of default (PD) using a 25-point cardinal default rating scale.

Because the calculation of the customer- or transaction-specific probability of default (PD) alone does not permit an assessment to be made of the loss risk potential of a transaction, other relevant factors that mitigate or increase risk for a particular credit transaction (in particular maturity, collateralisation and ranking of the loan) are subsequently also considered. Helaba has developed a risk rating that enables the risk content of transactions to be compared across segments for this purpose in addition to the default rating. The risk rating approximates the expected loss (EL). The default rating is used as the basis for the EL-relevant adjustments for determining the risk rating.

In the narrow Group companies (Helaba Bank with the subsidiaries Frankfurter Sparkasse, Frankfurter Bankgesellschaft (Schweiz) AG) and Helaba Asset Services, the breakdown of the total lending volume of € 183.4 bn (31 December 2013: € 185.4 bn) by risk rating category is as shown in chart 2.

[1] Helaba Asset Services operated under the name Helaba Dublin Landesbank Hessen-Thüringen International prior to returning its Irish banking licence in December 2013.

Total volume of lending by risk rating category (narrow Group companies)
(Chart 2) in € bn



The base scenario of the going-concern approach for the risk-bearing capacity calculation shows an economic risk exposure of € 761 m for the Group in respect of default risks (31 December 2013: € 806 m).

Allowance for losses on loans and advances
An appropriate allowance for losses on loans and advances is recognised for default risks. The adequacy of the allowance is reviewed regularly and adjustments are made where necessary. Specific loan loss allowances are recorded and updated in the credit loss database, which is used as a central file for exposures at risk of default.

Country risks
The transfer, conversion and event risks from Helaba loans issued to borrowers based outside Germany amounted to € 43.8 bn (31 December 2013: € 42.9 bn), most of which was accounted for by borrowers in Europe (83.3 %) and North America (13.8 %). As at 30 June 2014, 91.3 % (31 December 2013: 91.7 %) of these risks were assigned to country rating classes 0 and 1 and a further 7.1 % (31 December 2013: 6.8 %) were attributable to rating classes 2–9. Just 0.2 % (31 December 2013: 0.3 %) fell into rating class 14 or worse.

Exposure in selected European countries

Helaba's net exposure to borrowers in GIIPS countries across the narrow Group companies amounted to € 4.9 bn as at 30 June 2014 (31 December 2013: € 5.2 bn). This figure breaks down as follows:

in € m

	Greece		Ireland		Italy	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Country rating internal (LCR)	**20**	**23**	**7**	**8**	**10**	**11**
Country rating external (S&P/Moody's)	B–/Caa3	B–/Caa3	A–/Baa1	BBB+/ Ba1	BBB/ Baa2	BBB/ Baa2
Sector						
Government			0.0	0.0	198.3	260.1
Banks/Other financial institutions	3.0	3.0	4.4	15.4	717.1	885.7
Corporates	177.0	177.0	255.9	274.4	200.6	213.2
Other			4.6	4.1	29.7	34.0
Direct gross exposure	**180.0**	**180.0**	**264.9**	**293.9**	**1,145.7**	**1,393.0**
Less collateral	–177.0	–177.0	–106.1	–121.0	–37.3	–71.1
Direct net exposure	**3.0**	**3.0**	**158.8**	**172.9**	**1,108.4**	**1,321.9**

in € m

	Portugal		Spain	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Country rating internal (LCR)	**13**	**14**	**10**	**11**
Country rating external (S&P/Moody's)	BB/ Ba3	BB/ Ba3	BBB/ Baa2	BBB–/ Baa3
Sector				
Government	2.2	2.6	898.5	1,059.4
Banks/Other financial institutions	14.9	21.6	1,416.7	1,307.8
Corporates	23.7	34.0	1,315.1	1,256.1
Other	4.6	4.4	107.6	110.7
Direct gross exposure	**45.3**	**62.6**	**3,737.9**	**3,734.1**
Less collateral	0.0	0.0	–144.3	–66.7
Direct net exposure	**45.3**	**62.6**	**3,593.6**	**3,667.4**

Equity risks

The composition of the equity investment portfolio remained virtually unchanged from the end of 2013. The total carrying amount of the equity investments portfolio was € 2,182 m, a decrease of about € 104 m largely attributable to Helaba Asset Services. The base scenario of the going-concern approach for the risk-bearing capacity calculation shows an economic risk exposure of € 24 m for the Group in respect of equity risks, a lower level than at the end of 2013 (31 December 2013: € 30 m).

Market Price Risks

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

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

Chart 3 contains a reporting date assessment of the market price risks (including correlation effects between the portfolios) taken on in the course of business operations as at 30 June 2014 plus a breakdown by trading book and banking book. The linear interest rate risk is the most significant of the market price risk types. Rating-dependent government, financials and corporate yield curves are also used alongside swap and Pfandbrief curves for evaluation purposes. Euro exposures account for 79 % (31 December 2013: 83 %) of the linear interest rate risk in the overall portfolio of the narrow Group companies, US dollar exposures 13 % (31 December 2013: 11 %). The focus in equities trading rests on securities listed on the DAX and DJ Euro Stoxx 50. The main foreign currency risks are attributable to US dollar, Swiss franc, Japanese yen and sterling positions. Residual risk (introduced in 2013) amounted to € 26 m for the Group (31 December 2013: € 27 m). The incremental risk in the trading book amounted, with a time horizon of one year and a confidence level of 99.9 %, to € 204 m (31 December 2013: € 171 m). The base scenario of the going-concern approach for the risk-bearing capacity calculation shows an economic risk exposure of € 312 m for the Group in respect of market price risks (31 December 2013: € 350 m).

Group MaR by risk type
(Chart 3)

in € m

	Total risk		Interest rate risk		Currency risk		Equities risk	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Total	62	83	48	65	0	2	14	16
Trading book	15	28	14	26	0	0	1	1
Banking book	52	66	37	48	0	2	14	15

All risk measurement systems are based on a modified variance-covariance approach or a Monte Carlo simulation. The latter is particularly beneficial for mapping complex products and options. Non-linear risks in the currency field, which are of minor significance at Helaba, are monitored using sensitivity analyses. Following completion of the process in which exposures associated with the takeover of NRW-Verbundbank were fully migrated to Helaba systems, the temporary use of the risk measurement systems of Portigon AG was brought to an end in the second quarter of 2014 as planned.

Market price risks in the trading book

All market price risks are calculated daily on the basis of the end-of-day exposure on the previous trading day and the current market parameters. Helaba also uses the parameters prescribed by the regulatory authorities for internal risk management. Chart 4 shows the MaR for the trading book (Helaba Bank) for the first half of 2014. In the first six months of 2014, the average MaR was € 22 m (2013 as a whole: € 33 m), the maximum value € 32 m (2013 as a whole: € 44 m) and the minimum value € 15 m (2013 as a whole: € 26 m). The fall in risk compared with 2013 was largely attributable to the persistently low level of interest rates in the first half of 2014.

Daily MaR of the trading book in the first half of 2014
(Chart 4)

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

The quantification of interest rate risks in the banking book is also subject to regulatory requirements, which stipulate a risk computation based on standardised interest shocks. The computation examines the effects of a rise and fall of 200 basis points in interest rates in line with the requirements of the banking regulator. In the worst case, such an interest rate shock would have caused a negative change in value in the banking book for the Helaba Group of € 234 m as at 30 June 2014 (31 December 2013: € 252 m). Of this total, local currency accounted for € 218 m (31 December 2013: € 233 m) and foreign currencies € 16 m (31 December 2013: € 19 m). Helaba carries out an interest rate shock test at least once every quarter.

Liquidity Risks

Ensuring liquidity is a top priority at Helaba, which accordingly employs a comprehensive set of constantly evolving tools to record, contain and monitor liquidity risks. The processes, tools and responsibilities in place for managing liquidity risks have clearly demonstrated their value over recent years in the face of the global crisis in the financial markets and the resultant turmoil in the money and capital markets. Helaba's liquidity was once again fully safeguarded at all times in the first half of 2014.

Helaba has been authorised by BaFin to use its own liquidity risk measurement and management procedure, in accordance with section 10 of the German Regulation on the Liquidity of Institutions (Liquiditätsverdordnung – LiqV), since February 2011. This enables it to use its own method for establishing its short-term liquidity status for regulatory reporting rather than the monthly notification required under the LiqV standard method. Residual exposures that arose in connection with the acquisition of NRW-Verbundbank and that were still within the responsibility of Portigon AG were subject to the LiqV standard method, backed up with additional stress tests, until they were transferred to Helaba's IT systems in the second quarter of 2014. Helaba complied with the liquidity requirements imposed by the banking regulator in full at all times in the first half of 2014.

Loan and liquidity commitments not included in the statement of financial position, which are maintained in a central database, are reviewed regularly with regard to their drawdown potential and features of relevance to liquidity and are integrated into liquidity management. Guarantees and warranties are also reviewed. Liquidity costs are calculated and allocated to the relevant business lines as a function of the internal risk classification. A scenario calculation that includes a market disturbance has been used since 2002 for the calculation and advance planning of the liquidity to be held available. Back-testing investigations have shown that the liquidity maintained has exceeded the liquidity actually drawn at all times during the recent years of the financial market crisis.

The Board of Managing Directors defines the risk tolerance for liquidity risk at least annually. This covers the limit applicable for short-term and structural liquidity risk, liquidity building for liquidity risks not included in the statement of financial position and the definition of the corresponding models and assumptions. A comprehensive plan of action in the event of any liquidity shortage is maintained for all locations.

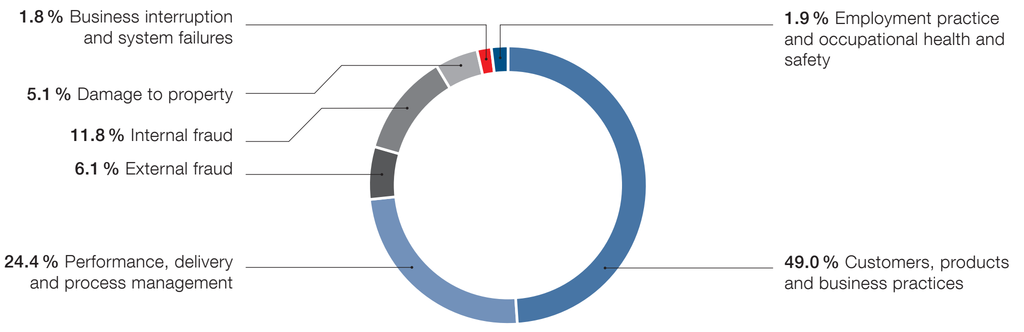
Operational Risks

Principles of risk containment

In line with capital regulations, Helaba defines operational risk as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. This definition includes legal risks. Strategic and reputation risks are not included under operational risk. Helaba uses an integrated approach for the management of operational risks based on regulatory requirements. This approach is used to identify, measure and contain risks on the basis of risks and losses.

Chart 5 below shows the risk profile of the narrow Group companies and additional subsidiaries for the first half of 2014:

Expected loss as at 30 June 2014 by loss event
(Chart 5)



The expected loss as at 30 June 2014 was € 37 m (31 December 2013: € 28 m) and resulted from an adjusted risk assessment.

Quantification
Operational risks are quantified for internal containment purposes on the basis of the quantitative risk assessments from the units. As well as estimating expected losses, Helaba quantifies unexpected losses by separately modelling the frequency of occurrence and extent of loss. The base scenario of the going-concern approach for the risk-bearing capacity calculation shows an unexpected loss (economic risk exposure) of € 102 m for the Group in respect of operational risks (31 December 2013: € 138 m). This decrease resulted from an adjustment to the methodology used in the quantification model.

Business Risks

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

The reputation risk involves the possibility of a deterioration in Helaba's public reputation in respect of its competence, integrity and trustworthiness as a result of perceptions of the individuals having a business or other relationship with the Bank. The material consequences of reputation risks impact on the business and liquidity risk and are accordingly considered under these two risk types. The necessary capital requirements for the calculation of risk-bearing capacity are maintained via the business risk. The short-term liquidity risk takes into account any liquidity squeezes resulting from a loss of reputation.

Operational and strategic risk containment is the responsibility of the Bank's front office units and the management of the respective equity investments. The Risk Controlling unit analyses trends in business risks and is responsible for quarterly risk reporting to the Risk Committee of the Board of Managing Directors.

As at 30 June 2014, business risks were calculated at € 156 m, a marginal increase of € 13 m on the figure as at 31 December 2013 following the inclusion of business planning for 2014.

Real Estate Risks

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

Risks associated with fluctuations in market values currently arise primarily in relation to the portfolio properties of the GWH Group (GWH Wohnungsgesellschaft mbH Hessen) and properties owned by Helaba. Risks in project development business, which are associated with deadline, quality, cost and marketing factors, arise primarily in the operationally independent subsidiaries of the OFB Group (OFB Projektentwicklung GmbH) and the GWH Group (in its real estate development business) and also in real estate project companies held directly or indirectly by Helaba.

Because of the launch of new projects, the risks from real estate projects and real estate portfolios rose in the first half of 2014 to € 27 m (31 December 2013: € 19 m). These risks continue to be fully covered by the expected income from this business.

Outlook and Opportunities

Global economic conditions
The road to growth in the global economy remains somewhat rocky. Recently, the performance of emerging markets such as China and Brazil has been disappointing with economic growth in these countries falling short of expectations. In contrast, expansion in the USA had noticeably gathered pace before it was temporary held back by the harsh winter. An easing in the financial policy headwind, a sharp uptrend in the labour market, a continuation of the expansionary monetary policy and the recovery in the banking system are giving a boost to the US economy. However, given the dip during the winter, the US economy is only likely to achieve around 2 % growth for 2014 on average, in line with its medium-term trend. Unemployment continues to fall markedly. Growth in the euro zone in 2014 remains below average at 1 %. There are significant variances between the individual countries however: Spain is performing well as it emerges from the crisis, benefiting from a substantial improvement in competitiveness as a result of the fall in unit labour costs. On the other hand, reforms in France and Italy, which are too tentative and have been introduced rather late in the day, are acting as a brake on growth. The cyclically adjusted deficit in these countries is unlikely to change much in 2014, so economic policy is having no restrictive impact. Given the generally weak economic growth, there are no inflation risks in the euro zone in the current year. The persistent lack of upward pressure on prices is allowing the ECB to maintain its very expansionary monetary policy. In contrast, the US Federal Reserve will bring its bond-buying programme to an end in the autumn of this year, slowly edging closer to a change of direction in interest rate policy. Overall, global economic growth in 2014 is likely to be around 3 %, not much higher than in 2013. Even in 2015, no appreciable acceleration is forecast, although there is the prospect of higher economic growth on average for the year in both the euro zone and the USA.

Opportunities
Helaba has long had a stable and viable strategic business model in place. The key factors behind Helaba's success remain its conservative risk profile, backed up by effective risk management, and the strategic business model for the Group as a whole based on the concept of a full-service bank with its own retail operations, public development and infrastructure business, a strong base in the region, a very close relationship with the Sparkassen and robust capital and liquidity backing. Helaba is valued by its customers as a reliable partner because of its sound business model. This is reflected particularly in the long-term financing operations of the Real Estate Lending and Corporate Finance business lines, in which Helaba is one of the leading providers in Germany.

Helaba serves as the S-Group and Sparkasse central bank for almost 170 Sparkassen across Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. Helaba is thus the leading S-Group bank in the German Sparkassen organisation. Given that Helaba is 88 % owned by the Sparkasse organisation, it is also the Landesbank with the strongest roots in the German Sparkasse organisation in terms of ownership. In accordance with the principle of sharing the marketing tasks in the S-Group, Helaba acts as a partner and not as a competitor of the Sparkassen. This opens up additional market opportunities for Helaba, primarily in the regions in which other Landesbanken compete with the Sparkassen, especially for SME business. Helaba's position as a leading S-Group bank also generates positive synergies for other business lines.

One example is Helaba's repositioning in the foreign trade finance business. In the future, Helaba will be able to offer its target customers – the Sparkassen and their customers, together with banks abroad – needs- and market-based solutions for foreign trade finance. This reorientation involves more active marketing by sales employees specialised in foreign trade finance, expanding the global network of banks and optimising processes and IT platforms. In the second half of 2014, a representative office will be opened in Singapore so that an even greater level of support can be provided for customers in Asia. In addition, Helaba will be making best efforts to continue expanding its business activities and improving the market position of the Sparkasse organisation based on collaboration agreements entered into with the major Sparkassen.

In the lending business, syndication arrangements allow Sparkassen to participate in lending transactions set up by Helaba experts, thus enabling the Sparkassen to diversify their risk.

In the payment transactions business, following the successful integration of the payments business from NRW-Verbundbank, Helaba has been able to further consolidate its position as the second-largest payments clearing agent in Germany and the leading Landesbank in this sector. The resulting opportunities, particularly in clearing and card processing business, will be systematically exploited, leading to a further increase in income from payment transactions.

Helaba finds itself well placed to meet the challenges of the future over the long term with its established strategic business model. It sees additional development opportunities in the expansion of regional private customers and SME business at Frankfurter Sparkasse, S-Group business, public development and infrastructure business, and in the closure of gaps in its client base and product range (at both domestic and international levels) in wholesale business.

Probable development of the Group

Helaba expects to achieve the budgeted volume of new medium- and long-term business amounting to € 16.6 bn (including Frankfurter Sparkasse).

Nevertheless, given the steady growth in operating activities and new business margins sustained at a satisfactory level, Helaba forecasts a slight increase in net interest income for the whole of 2014, exceeding the budgeted figure.

Based on the economic situation, the Bank expects the additions to provisions for losses on loans and advances to be at an average level in the second half of the year.

Continuous growth in net trading income is predicted over the course of the year, with this net income therefore expected to reach the budgeted level.

Within other net operating income, the net income from equity investments in the real estate business is forecast to be as planned in the second half of the year. However, the overall budgeted value will not be achieved by the end of the year because of the charges from provisions in the first half of the year and the application of IFRS 10.

General and administrative expenses will fall slightly in the second half of 2014 because of the elimination of the costs related to the services provided by Portigon AG.

There are therefore risks to Helaba's earnings performance in the second half of 2014 from a sharper economic slowdown in the euro zone combined with a further drop in the demand for loans, and from political instability in Eastern Europe and the Middle East.

Given this backdrop, Helaba expects consolidated net profit to reach the budgeted level.

On the basis of the earnings performance in the first six months and the earnings forecast for the whole of 2014, it is expected that all silent participations, profit participation rights and subordinated debt will be fully serviced in financial year 2014. The CET 1 capital ratio and the total capital ratio are expected to be marginally lower than the levels achieved at the midpoint in the year.

Overall assessment
In the first half of 2014, Helaba was able to sustain its positive business and earnings performance. Unless the anticipated need for provisions for losses on loans and advances increases substantially or there is significant turmoil on the financial markets in the second half of the year, Helaba expects its results to continue to move in a positive direction due to the stable nature of the operating business. From today's perspective, it will be possible to achieve the target specified in the budget for the year, which is approximately 10 % below the high level achieved in 2013.

Frankfurt am Main/Erfurt, 19 August 2014

Landesbank Hessen-Thüringen Girozentrale

The Board of Managing Directors

Brenner	Fenk	Groß
Dr. Hosemann	Krick	Dr. Schraad

Consolidated Interim Financial Statements

Income Statement

for the period 1 January to 30 June 2014

		1.1.–30.6. 2014	1.1.–30.6. 2013 [1]	Change	
	Notes	in € m	in € m	in € m	in %
Interest income		2,455	2,416	39	1.6
Interest expenses		–1,798	–1,818	20	1.1
Net interest income	(3)	**657**	**598**	**59**	**9.9**
Provisions for losses on loans and advances	(4)	–45	–123	78	63.4
Net interest income after provisions for losses on loans and advances		**612**	**475**	**137**	**28.8**
Fee and commission income		250	234	16	6.8
Fee and commission expenses		–96	–93	–3	–3.2
Net fee and commission income	(5)	**154**	**141**	**13**	**9.2**
Net trading income	(6)	94	248	–154	–62.1
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied	(7)	44	6	38	> 100.0
Net income from hedge accounting	(8)	5	14	–9	–64.3
Net income from financial investments	(9)	17	9	8	88.9
Share of profit or loss of equity-accounted entities	(10)	–5	–12	7	58.3
Other net operating income	(11)	36	73	–37	–50.7
General and administrative expenses	(12)	–635	–618	–17	–2.8
Profit before taxes		**322**	**336**	**–14**	**–4.2**
Taxes on income		–106	–105	–1	–1.0
Consolidated net profit		**216**	**231**	**–15**	**–6.5**
thereof: Attributable to non-controlling interests		–7	–4	–3	–75.0
thereof: Attributable to shareholders of the parent company		223	235	–12	–5.1

[1] Prior-year figures restated. See Note (1).

Statement of Comprehensive Income

for the period 1 January to 30 June 2014

		1.1.–30.6. 2014	1.1.–30.6. 2013 [1]	Change	
	Notes	in € m	in € m	in € m	in %
Consolidated net profit according to the income statement		**216**	**231**	**–15**	**–6.5**
Items that will not be reclassified to the income statement:					
Remeasurement of net defined benefit liability		**–176**	**–10**	**–166**	**>–100.0**
Taxes on income on items that will not be reclassified to the income statement		**52**	**3**	**49**	**>100.0**
Subtotal		**–124**	**–7**	**–117**	**>–100.0**
Items that will be subsequently reclassified to the income statement:					
Gains or losses on available-for-sale financial assets					
Measurement gains (+) or losses (–) on available-for-sale financial assets		129	–20	149	>100.0
Gains (–) or losses (+) reclassified to the income statement upon disposal or impairment of the assets		–13	–2	–11	>–100.0
Changes due to currency translation					
Gains (+) or losses (–) on currency translation of foreign operations		1	–1	2	>100.0
Taxes on income on items that will be reclassified to the income statement	(13)	**–34**	**5**	**–39**	**>–100.0**
Subtotal		**83**	**–18**	**101**	**>100.0**
Other comprehensive income after taxes		**–41**	**–25**	**–16**	**–64.0**
Comprehensive income for the reporting period		**175**	**206**	**–31**	**–15.0**
thereof: Attributable to non-controlling interests		–2	–1	–1	–100.0
thereof: Attributable to shareholders of the parent company		177	207	–30	–14.5

[1] Prior-year figures restated. See Note (1).

Statement of Financial Position

as at 30 June 2014

Assets

	Notes	30.6.2014 in € m	31.12.2013[1] in € m	Change in € m	Change in %
Cash reserve	(15)	1,273	1,753	–480	–27.4
Loans and advances to banks	(16)	19,603	21,355	–1,752	–8.2
Loans and advances to customers	(17)	91,116	91,032	84	0.1
Allowances for losses on loans and advances	(18)	–1,046	–1,119	73	6.5
Trading assets	(19)	30,771	32,311	–1,540	–4.8
Positive fair values of non-trading derivatives	(20)	5,407	4,690	717	15.3
Financial investments	(21)	25,349	24,120	1,229	5.1
Shares in equity-accounted entities	(22)	39	76	–37	–48.7
Investment property	(23)	1,894	1,885	9	0.5
Property and equipment	(24)	444	452	–8	–1.8
Intangible assets	(25)	143	145	–2	–1.4
Income tax assets		330	342	–12	–3.5
Non-current assets and disposal groups held for sale	(26)	34	–	34	–
Other assets	(27)	1,151	1,234	–83	–6.7
Total assets		**176,508**	**178,276**	**–1,768**	**–1.0**

[1] Prior-year figures restated. See Note (1).

Equity and liabilities

		30.6.2014	31.12.2013[1]	Change	
	Notes	in € m	in € m	in € m	in %
Liabilities due to banks	(28)	31,977	34,162	–2,185	–6.4
Liabilities due to customers	(29)	44,524	43,916	608	1.4
Securitised liabilities	(30)	49,093	48,371	722	1.5
Trading liabilities	(31)	31,419	33,739	–2,320	–6.9
Negative fair values of non-trading derivatives	(32)	4,155	3,471	684	19.7
Provisions	(33)	1,817	1,632	185	11.3
Income tax liabilities		98	83	15	18.1
Other liabilities	(34)	851	595	256	43.0
Subordinated capital	(35)	5,268	5,073	195	3.8
Equity	(36)	7,306	7,234	72	1.0
Subscribed capital		2,509	2,509	–	–
Capital reserves		1,546	1,546	–	–
Retained earnings		3,039	3,041	–2	–0.1
Revaluation reserve		214	137	77	56.2
Currency translation reserve		3	2	1	50.0
Cash flow hedge reserve		–4	–4	–	–
Non-controlling interests		–1	3	–4	>–100.0
Total equity and liabilities		**176,508**	**178,276**	**–1,768**	**–1.0**

[1] Prior-year figures restated. See Note (1).

Statement of Changes in Equity

for the period 1 January to 30 June 2014

in € m

	Equity attributable to shareholders of the parent company							Non-controlling interests	Total equity
	Subscribed capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Cash flow hedge reserve	Subtotal		
Equity at 31.12.2012	**2,509**	**1,546**	**2,642**	**162**	**4**	**–23**	**6,840**	**–23**	**6,817**
Initial application of IFRS 10			139	–4	3	18	156	25	181
Equity at 1.1.2013	**2,509**	**1,546**	**2,781**	**158**	**7**	**–5**	**6,996**	**2**	**6,998**
Changes in the basis of consolidation							–	1	1
Dividend payment			–90				–90		–90
Comprehensive income for the reporting period			228	–20	–1	–	207	–1	206
Equity at 30.6.2013	**2,509**	**1,546**	**2,919**	**138**	**6**	**–5**	**7,113**	**2**	**7,115**
Dividend payment			–2				–2		–2
Comprehensive income for the reporting period			124	–1	–4	1	120	1	121
Equity at 31.12.2013	**2,509**	**1,546**	**3,041**	**137**	**2**	**–4**	**7,231**	**3**	**7,234**
Changes in the basis of consolidation			–1				–1	–2	–3
Dividend payment			–100				–100		–100
Comprehensive income for the reporting period			99	77	1	–	177	–2	175
Equity at 30.6.2014	**2,509**	**1,546**	**3,039**	**214**	**3**	**–4**	**7,307**	**–1**	**7,306**

Cash Flow Statement
for the period 1 January to 30 June 2014 – condensed

in € m

	2014	2013 [1]
Cash and cash equivalents at 1.1.	**1,753**	**8,925**
Cash flow from operating activities	425	–9,291
Cash flow from investing activities	–1,014	3,331
Cash flow from financing activities	118	–110
Effect of exchange rate changes, measurement changes and changes in basis of consolidation	–9	13
Cash and cash equivalents at 30.6.	**1,273**	**2,868**
thereof:		
Cash on hand	64	65
Balances with central banks	1,209	2,803

[1] Prior-year figures restated. See Note (1).

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

Notes

Accounting Policies

(1) Basis of Presentation

Basis of accounting
The consolidated interim financial statements of the Helaba Group for the period ended 30 June 2014 have been prepared pursuant to section 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB) and Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). They also take into consideration the requirements of IAS 34 "Interim Financial Reporting". The cash flow statement is presented in a condensed version; only selected information is disclosed in the notes.

Generally, the accounting policies applied in the preparation of these interim financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2013.

IFRSs applied for the first time
The 2014 interim financial statements were the first financial statements in which mandatory application was required for the following IFRSs and International Financial Reporting Standards Interpretations (IFRICs) adopted by the EU and of possible relevance for Helaba:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 Separate Financial Statements
- Amendments to IAS 28 Investments in Associates and Joint Ventures
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities – Transition Guidance
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives.

All IFRSs and IFRICs for which application was mandatory in the EU as at 30 June 2014 have been applied in full. With the exception of IFRS 10 and IFRS 11, the application of the new or amended standards had only an immaterial impact, or no impact at all, on the consolidated interim financial statements for the period ended 30 June 2014.

The amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets, for which mandatory application was also required for the first time in the 2014 interim financial statements, had already been voluntarily adopted by Helaba in the previous year. The amendments adjust the requirement introduced by IFRS 13 Fair Value Measurement to disclose the recoverable amount for each cash-generating unit to which significant goodwill or a significant intangible asset with an indefinite useful life has been assigned. The aim of these amendments is to clarify that these disclosures only need to be made for cash-generating units for which an impairment loss or a reversal of an impairment loss has been recognised in the current reporting period. The amendments also introduce new disclosure requirements to be satisfied if an impairment loss or a reversal of an impairment loss has been recognised for an asset or a cash-generating unit and the recoverable amount has been determined on the basis of fair value less costs to sell.

Retrospective first-time application of IFRS 10, IFRS 11 and amended IAS 28
The new IFRS 10 and IFRS 11 standards, together with the amended IAS 28, which had to be applied for the first time in the interim financial statements for the period ended 30 June 2014 under EU regulations, concern the definition of subsidiaries subject to consolidation and of joint ventures and associates consolidated using the equity method.

Under the provisions specified in IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All present facts and circumstances must be used as the basis for establishing whether control exists. An investor must continuously monitor the situation and reassess whether it controls an investee if facts and circumstances change.

IFRS 11 supersedes the previous IAS 31 standard, replaces the SIC-13 interpretation and sets out the accounting treatment for joint ventures or joint operations in which two or more entities jointly control an entity, referred to as a joint arrangement. The existence of joint control must be reviewed if the relevant facts and circumstances change. An entity that is a party to a jointly organised operation in which the joint control criterion is not satisfied continues to be subject to provisions similar to the previous accounting requirements for joint assets or joint operations.

There have been no material changes to IAS 28.

All material subsidiaries and other entities directly or indirectly controlled by Helaba have been fully consolidated in the consolidated financial statements. Material joint ventures and investments in associates are recognised and measured using the equity method as specified in IAS 28. In individual cases where the entity concerned is only of minor significance in the context of the economic circumstances of the Group from both individual and overall perspectives, the entity concerned has not been consolidated or been recognised and measured using the equity method.

Given the initial application of IFRS 10 and IFRS 11, together with the application of the amended IAS 27 and IAS 28 standards, the group of entities included in the 2014 interim financial statements on the basis of full consolidation and using the equity method has been redefined. The comparative figures for the equivalent period in 2013 have been restated accordingly.

Compared with the original consolidated financial statements for the year ended 31 December 2013 and the basis of consolidation in accordance with the previous IAS 27 and SIC-12, 14 entities are now no longer included using the full consolidation approach. Of these entities, ten are included in subgroup structures accounted for using the equity method. The application of the new standards meant that 23 entities had to be fully consolidated for the first time.

The impact from IFRS 12 has mainly been to create a requirement for additional disclosures in the Notes. These disclosures will be included in the annual financial report for the year ended 31 December 2014.

Retrospective exclusion from the consolidated financial statements as a result of the initial application of IFRS 10

ASTARTE Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach
Campanula Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach
HANNOVER LEASING Private Invest Beteiligungs GmbH, Pullach
HANNOVER LEASING Private Invest II GmbH & Co. KG, Pullach
HANNOVER LEASING Wachstumswerte Asien 1 GmbH & Co. KG, Pullach
KADENZA Verwaltungsgesellschaft mbH, Pullach
MS „EAGLE STRAIT“ GmbH & Co. KG, Pullach
MS „EMERALD STRAIT“ GmbH & Co. KG, Pullach
MS „ENDEAVOUR STRAIT“ GmbH & Co. KG, Pullach
MS „ESSEX STRAIT“ GmbH & Co. KG, Pullach
Palladium Praha s.r.o., Prague, Czech Republic
Palladium SC GmbH & Co. Beteiligungs KG, Pullach
STRATUS Verwaltungsgesellschaft mbH, Pullach
Vanessa Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach

Retrospective inclusion in the consolidated financial statements as a result of the initial application of IFRS 10

Altherz Stuttgart 1 GmbH, Frankfurt am Main
Altherz Stuttgart 2 GmbH, Frankfurt am Main
ANTLER BASINGSTOKE 2 LIMITED, Douglas, Isle of Man
ANTLER CWMBRAN LIMITED, Douglas, Isle of Man
ANTLER DEESIDE LIMITED, Ramsey, Isle of Man
ANTLER DROITWICH LIMITED, Ramsey, Isle of Man
ANTLER EPSOM 2 LIMITED, Ramsey, Isle of Man
ANTLER LIVINGSTON 2 LIMITED, Ramsey, Isle of Man
Antler North Shields Limited, Ramsey, Isle of Man
ANTLER PROPERTY IPUT LIMITED, Douglas, Isle of Man
ANTLER PROPERTY TWENTY TWO LIMITED, Douglas, Isle of Man
ANTLER PROPERTY TWO LIMITED, Ramsey, Isle of Man
Antler Sevenoaks Unit Trust, Douglas, Isle of Man
ANTLER SWINDON 2 LIMITED, Ramsey, Isle of Man
ANTLER WALTON LIMITED, Douglas, Isle of Man
ANTLER WARRINGTON LIMITED, Ramsey, Isle of Man
ANTLER WOKINGHAM 2 LIMITED, Douglas, Isle of Man
Helicon Verwaltungsgesellschaft mbH & Co. Immobilien KG, Pullach
Honua’ula Partners LLC, Delaware, USA
MS Elbmaster GmbH & Co. KG, Drochtersen
MS Jade GmbH & Co. KG, Drochtersen
OPUSALPHA FUNDING LTD, Dublin, Ireland
Pioneer Point Ltd, London, United Kingdom

The following table shows the changes to the income statement for the period 1 January 2013 to 30 June 2013 resulting from the changes to the basis of consolidation:

in € m

	1.1.–30.6.2013		
	New basis of consolidation	Adjustment	Previous basis of consolidation [1]
Interest income	2,416	5	2,411
Interest expenses	–1,818	1	–1,819
Net interest income	**598**	**6**	**592**
Provisions for losses on loans and advances	–123	14	–137
Net interest income after provisions for losses on loans and advances	**475**	**20**	**455**
Fee and commission income	234	–	234
Fee and commission expenses	–93	–	–93
Net fee and commission income	**141**	**–**	**141**
Net trading income	248	4	244
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied	6	–9	15
Net income from hedge accounting	14	–	14
Net income from financial investments	9	–	9
Share of profit or loss of equity-accounted entities	–12	–11	–1
Other net operating income	73	–13	86
General and administrative expenses	–618	9	–627
Profit before taxes	**336**	**–**	**336**
Taxes on income	–105	1	–106
Consolidated net profit	**231**	**1**	**230**
thereof: Attributable to non-controlling interests	–4	–5	1
thereof: Attributable to shareholders of the parent company	235	6	229

[1] Prior-year figures restated.

The following tables show the changes to the statement of financial position as at 31 December 2013 resulting from the changes to the basis of consolidation:

Assets

in € m

	31.12.2013		
	New basis of consolidation	Adjustment	Previous basis of consolidation
Cash reserve	1,753	3	1,750
Loans and advances to banks	21,355	–41	21,396
Loans and advances to customers	91,032	285	90,747
Allowances for losses on loans and advances	–1,119	109	–1,228
Trading assets	32,311	38	32,273
Positive fair values of non-trading derivatives	4,690	–1	4,691
Financial investments	24,120	–80	24,200
Shares in equity-accounted entities	76	–16	92
Investment property	1,885	–541	2,426
Property and equipment	452	187	265
Intangible assets	145	–37	182
Income tax assets	342	–5	347
Other assets	1,234	292	942
Total assets	**178,276**	**193**	**178,083**

Equity and liabilities

in € m

	31.12.2013		
	New basis of consolidation	Adjustment	Previous basis of consolidation
Liabilities due to banks	34,162	56	34,106
Liabilities due to customers	43,916	21	43,895
Securitised liabilities	48,371	126	48,245
Trading liabilities	33,739	–3	33,742
Negative fair values of non-trading derivatives	3,471	–18	3,489
Provisions	1,632	2	1,630
Income tax liabilities	83	–38	121
Other liabilities	595	–100	695
Subordinated capital	5,073	–	5,073
Equity	7,234	147	7,087
Subscribed capital	2,509	–	2,509
Capital reserves	1,546	–	1,546
Retained earnings	3,041	120	2,921
Revaluation reserve	137	–11	148
Currency translation reserve	2	3	–1
Cash flow hedge reserve	–4	13	–17
Non-controlling interests	3	22	–19
Total equity and liabilities	**178,276**	**193**	**178,083**

These effects have been taken into account in all the tables in the Notes.

New financial reporting standards
Under the requirements of the International Accounting Standards Board (IASB), IFRIC 21 Levies ought to have been applicable for the first time in the 2014 interim financial statements. However, when adopting the standards, the EU postponed mandatory initial application until financial years beginning on or after 17 June 2014. Helaba has not applied this IFRIC in the 2014 interim financial statements. This application of this IFRIC will have little or no impact on Helaba's consolidated financial statements.

The other IFRSs and IFRICs that have only been partially adopted by the EU and that will only become mandatory in later financial years have not been applied by Helaba in advance, nor is any early application planned. With the exception of IFRS 9 Financial Instruments, these standards and interpretations are expected to have little or no impact on the consolidated financial statements.

On 12 November 2009, the IASB published a new standard (IFRS 9) governing the classification and measurement of financial instruments. It then extended this standard on 28 October 2010 to include provisions covering the recognition of financial liabilities. On 19 November 2013, the IASB added a new general hedge accounting model to the provisions in IFRS 9. The IASB published the fourth and final version of the new IFRS 9 covering the recognition and measurement of financial instruments on 24 July 2014. This version for the first time includes provisions governing the impairment of financial instruments and amended regulations on measurement categories for financial assets. In addition, the initial application date for IFRS 9 has once again been specified as 1 January 2018. The publication of these requirements therefore represents the conclusion of phase 1 (classification and measurement), phase 2 (impairment) and phase 3 (hedge accounting) of a three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement with a new standard. Generally speaking, first-time application must be retrospective, but various simplification options are available. Helaba has no plans for earlier, voluntary application, although this is permitted.

Amendments to recognised amounts, changes to estimates, correction of errors
Given the change in volume, the Bank has amended the method for recognising cash settlements in connection with interest rate caps and floors, including the associated accrued interest, in order to reflect the close economic relationship between hedged items with interest rate caps/floors and corresponding hedges with caps/floors. In prior years, the hedged item was recognised under net interest income, whereas the cash settlement and the accrued interest on the hedge were reported under gains and losses on non-trading derivatives and financial instruments to which the fair value option is applied. This change in recognition approach was applied in the annual financial report for the year ended 31 December 2013. The corresponding amounts for the first six months of 2013 have been restated (see Notes (3), (8), (15) and (40)).

In the second quarter of 2014, the measurement model for determining credit value adjustments (CVAs) was refined in line with standard market usage. This adjustment of the measurement model amounted to a change in an accounting estimate as defined by IAS 8.32 et seq. The refinement of the calculation procedure led to an increase in the CVA markdown by € 6 m, which was recognised as an expense under net trading income.

In 2013, net fee and commission income for the first half-year included income of € 1 m that was reclassified to net trading income (see Notes (5), (6), (15) and (40)).

There was no impact on consolidated net profit or on equity from the restated prior-year figures specified above.

(2) Basis of Consolidation

In addition to the parent company Helaba, a total of 130 entities are consolidated in the Helaba Group (31 December 2013: 131 entities). Of this total, 101 (31 December 2013: 99) entities are fully consolidated and 28 (31 December 2013: 32) entities are included using the equity method. The fully consolidated entities are subsidiaries and special purpose entities, including collective investment undertakings.

The consolidated financial statements do not include 48 subsidiaries, 17 joint ventures and 20 associates that are of minor significance for the presentation of the financial position and financial performance of the Helaba Group. The shares in these entities are reported under financial investments.

The changes in the basis of consolidation during the financial year are attributable to first-time consolidations and deconsolidations in the OFB Group.

Changes in the group of fully consolidated entities

Additions

Kornmarkt Arkaden Erste GmbH & Co. KG	Switch from equity method to full consolidation in January 2014 following the acquisition of additional shares
Kornmarkt Arkaden Zweite GmbH & Co. KG	
Kornmarkt Arkaden Dritte GmbH & Co. KG	
Kornmarkt Arkaden Vierte GmbH & Co. KG, all Frankfurt am Main	
Projekt Hirschgarten MK8 GmbH & Co. KG, Frankfurt am Main	Entity established in May 2014

The acquisition of additional shares in Merian GmbH, a housing company that was already previously fully consolidated, led to a reduction in retained earnings of less than € 1 m.

Deconsolidations

HI-Balanced 40, Frankfurt am Main	Investment fund wound up in January 2014
Helaba International Finance plc, Dublin, Ireland	Company wound up in January 2014
Projektentwicklungs-GmbH & Co. Schule an der Wascherde KG, Kassel	Shares sold in May 2014

The net result from the deconsolidation of the aforementioned entities was less than € 1 m.

Changes in the group of equity-accounted entities

Additions

Horus AWG GmbH, Pöcking	This entity, which was acquired in previous years, ceased to be immaterial from March 2014 following growth in business operations.

Deconsolidations

CORPUS SIREO Holding GmbH & Co. KG, Cologne	Consolidation using the equity method was discontinued from the point at which the IFRS 5 criteria were satisfied in June 2014
Kornmarkt Arkaden Erste GmbH & Co. KG	Switch from equity method to full consolidation in January 2014 following the acquisition of additional shares
Kornmarkt Arkaden Zweite GmbH & Co. KG	
Kornmarkt Arkaden Dritte GmbH & Co. KG	
Kornmarkt Arkaden Vierte GmbH & Co. KG, all Frankfurt am Main	

Income Statement Disclosures

(3) Net Interest Income

in € m

	1.1.–30.6.2014	1.1.–30.6.2013 [1]
Interest income from		
Lending and money market transactions	1,529	1,575
Fixed-income securities	160	168
Hedging derivatives under hedge accounting	154	136
Non-trading derivatives	539	471
Financial instruments to which the fair value option is applied	38	24
Home savings business	17	20
Current income from		
Equity shares and other variable-income securities	6	3
Shares in affiliates	1	3
Equity investments	11	16
Interest income	**2,455**	**2,416**
Interest expense on		
Liabilities due to banks and customers	–702	–809
Securitised liabilities	–204	–228
Subordinated capital	–81	–63
Hedging derivatives under hedge accounting	–158	–149
Non-trading derivatives	–423	–359
Financial instruments to which the fair value option is applied	–166	–149
Home savings business	–39	–38
Provisions	–25	–23
Interest expenses	**–1,798**	**–1,818**
Total	**657**	**598**

[1] Prior-year figures restated: as a result of a change to the recognition method, an amount of € 11 m was reclassified from gain or loss on non-trading derivatives to interest income from non-trading derivatives.

(4) Provisions for Losses on Loans and Advances

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Additions	**–106**	**–156**
Allowances for losses on loans and advances	–99	–149
Provisions for lending business risks	–7	–7
Reversals	**60**	**57**
Allowances for losses on loans and advances	51	41
Provisions for lending business risks	9	16
Loans and advances directly written off	**–1**	**–27**
Recoveries on loans and advances previously written off	**2**	**3**
Total	**–45**	**–123**

(5) Net Fee and Commission Income

in € m

	1.1.–30.6.2014	1.1.–30.6.2013 [1)]
Lending and guarantee business	15	14
Payment transactions and foreign trade business	52	48
Asset management and fund design	34	31
Securities and securities deposit business	27	21
Placement and underwriting obligations	9	10
Management of public-sector subsidy and development programmes	16	16
Home savings business	–5	–5
Trustee business	2	2
Other	4	4
Total	**154**	**141**

[1)] Prior-year figures restated: payment transactions and foreign trade business included income of € 1 m that was reclassified to net trading income.

(6) Net Trading Income

in € m

	1.1.–30.6.2014	1.1.–30.6.2013 [1)]
Share-price-related business	**1**	**4**
Equities	–21	–2
Equity derivatives	27	12
Issued equities/index certificates	–5	–6
Interest-rate-related business	**103**	**225**
Primary interest-rate-related business	373	122
Interest-rate derivatives	–270	103
Currency-related business	**6**	**21**
Foreign exchange	–35	–7
FX derivatives	41	28
Net income or expense from credit derivatives	**–5**	**–1**
Commodity-related business	**2**	**9**
Net fee and commission income or expense	**–13**	**–10**
Total	**94**	**248**

[1)] Prior-year figures restated: net fee and commission income included income of € 1 m that was reclassified to net trading income from currency-related business (foreign exchange); in addition, income from issued equities/index certificates reported in 2013 under equities is now reported as a separate item.

Net trading income includes disposal and remeasurement gains or losses on derivative and non-derivative financial instruments held for trading, current interest and dividends resulting from trading assets as well as fees and commissions in connection with trading activities.

The net income from primary interest-rate-related business consists mainly of the contributions to income of fixed-income securities, promissory note loans, money trading transactions as well as issued money market instruments.

The net income from currency-related business also includes foreign currency translation differences.

The net income from commodity-related business relates to hedging transactions recognised by the Bank for precious metals held by the S-Group Bank.

(7) Gain or Loss on Non-Trading Derivatives and Financial Instruments to which the Fair Value Option is Applied

in € m

	1.1.–30.6.2014	1.1.–30.6.2013 [1]
Gain or loss on non-trading derivatives	235	–213
Gain or loss on financial instruments to which the fair value option is applied	–191	219
Total	**44**	**6**

[1] Prior-year figures restated: as a result of a change to the recognition method, an amount of € 11 m was reclassified from gain or loss on non-trading derivatives to interest income from non-trading derivatives.

This item includes the net gain or loss from economic hedges (hedged items and derivatives). It also includes the realised and unrealised gains or losses on other financial instruments designated voluntarily at fair value. Interest and dividend income from financial instruments to which the fair value option is applied is recognised in net interest income. Of the net gain from non-trading derivatives, credit derivatives accounted for a gain of € 10 m (H1 2013: gain of € 10 m). The portion of the net gain (loss) attributable to FVO financial instruments held by consolidated special and retail funds and to non-trading derivatives amounted to a net gain of € 35 m (H1 2013: net loss of € 22 m).

(8) Net Income from Hedge Accounting

The net income from hedge accounting comprises the remeasurement gains or losses on the hedged items and hedging instruments under hedge accounting.

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Remeasurement gains (losses) on hedging instruments	211	–74
Remeasurement gains (losses) on hedged items	–206	88
Total	**5**	**14**

(9) Net Income from Financial Investments

The net income from financial investments includes the net disposal and remeasurement gains or losses on available-for-sale financial investments.

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Net disposal gains (losses) on available-for-sale financial investments	**17**	**17**
Equity investments	–	1
Bonds and other fixed-income securities	14	16
Equity shares and other variable-income securities	2	–
Acquired rights under endowment insurance policies	1	–
Remeasurement gains (losses) on available-for-sale financial investments	**–**	**–8**
Impairment losses	–	–8
Total	**17**	**9**

No impairment losses were recognized for available-for-sale financial investments in the reporting period (H1 2013: € 8 m).

(10) Share of Profit or Loss of Equity-Accounted Entities

The share of profit or loss of equity-accounted entities comprises all earnings contributions of equity-accounted joint ventures and associates, which are recognised in the income statement.

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Share of profit or loss of equity-accounted joint ventures	–	5
Share of profit or loss of equity-accounted associates	–5	–17
Total	**–5**	**–12**

In addition to the share of period profit or loss, this item includes the contributions to earnings resulting from amortising the hidden reserves and charges realised as part of the purchase price allocation.

Changes in the equity of equity-accounted entities are recognised directly in consolidated equity.

As in the first half of 2013, no impairment losses were recognised during the reporting period on the value reported in equity. There were also no gains or losses on the disposal of equity-accounted entities.

(11) Other Net Operating Income

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Other operating income	**216**	**212**
Rental and lease income (operating leases)	168	161
Income from the disposal of non-financial assets	14	17
Income from the reversal of provisions	4	6
Income from non-banking services	17	14
Miscellaneous other operating income	13	14
Other operating expenses	**–180**	**–139**
Operating costs of property not used for owner occupancy	–79	–77
Depreciation, amortisation and impairment losses on non-financial assets	–39	–20
Goodwill impairment losses	–	–16
Restructuring expenses	–23	–
Profit transfer expenses	–	–1
Miscellaneous other operating expenses	–39	–25
Total	**36**	**73**

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

In the above figures shown for other operating income and expenses, the following amounts were attributable to investment property:

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Income from investment property	**162**	**158**
Rental income	148	145
Income from disposals	12	13
Other income	2	–
Expenses from investment property	**–96**	**–96**
Operating expenses from investment property	–78	–77
thereof: From property leased to third parties	–78	–77
Depreciation and impairment losses	–16	–19
Other expenses	–2	–
Total	**66**	**62**

(12) General and Administrative Expenses

in € m

	1.1.–30.6.2014	1.1.–30.6.2013
Personnel expenses	**–299**	**–287**
Wages and salaries	–242	–236
Social security	–35	–34
Expenses for pensions and other benefits	–22	–17
Other administrative expenses	**–315**	**–312**
Buildings and premises	–26	–26
IT costs	–86	–77
Mandatory contributions, audit and consultancy fees	–112	–120
Cost of advertising, public relations and representation	–16	–16
Business operating costs	–75	–73
Depreciation, amortisation and impairment losses	**–21**	**–19**
Depreciation of and impairment losses on property and equipment	–12	–11
Amortisation of and impairment losses on software and other intangible assets	–9	–8
Total	**–635**	**–618**

The mandatory contributions included contributions to the restructuring fund for credit institutions of € 36 million (H1 2013: € 48 m).

(13) Taxes on Income

The following table shows a breakdown of the gains and losses recognised in other comprehensive income and the related deferred taxes.

in € m

	Before tax		Taxes		After tax	
	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–30.6.2014	1.1.–30.6.2013	1.1.–30.6.2014	1.1.–30.6.2013
Items that will not be reclassified to the income statement:						
Remeasurement of net defined benefit liability	–176	–10	52	3	–124	–7
Items that will be subsequently reclassified to the income statement:						
Gains or losses on available-for-sale financial assets	116	–22	–34	5	82	–17
Changes due to currency translation	1	–1	–	–	1	–1
Total	**–59**	**–33**	**18**	**8**	**–41**	**–25**

(14) Segment Reporting

in € m

	Real Estate		Corporate Finance		Financial Markets		Asset Management		S-Group Business	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Net interest income	193	187	167	156	31	31	6	7	48	52
Provisions for losses on loans and advances	−23	−80	−20	−45	−1	–	–	–	–	−3
Net interest income after provisions for losses on loans and advances	**170**	**107**	**147**	**111**	**30**	**31**	**6**	**7**	**48**	**49**
Net fee and commission income	9	9	8	10	15	8	31	30	21	21
Net trading income	–	–	–	−2	84	238	–	–	10	7
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied	−2	8	–	10	24	−16	−2	2	–	−1
Net income from hedge accounting	–	–	–	–	5	14	–	–	–	–
Net income from financial investments	–	–	2	1	8	–	–	–	–	–
Share of profit or loss of equity-accounted entities	−1	–	−6	−6	–	–	–	–	–	–
Other net operating income	85	88	−9	14	–	–	2	–	1	1
Total income	**261**	**212**	**142**	**138**	**166**	**275**	**37**	**39**	**80**	**77**
General and administrative expenses	−94	−91	−51	−48	−87	−86	−34	−34	−79	−69
Profit before taxes	**167**	**121**	**91**	**90**	**79**	**189**	**3**	**5**	**1**	**8**
Assets (€ bn)	32.6	32.2	25.2	27.2	74.4	74.7	1.5	1.3	17.0	14.9
Liabilities (€ bn)	3.3	2.7	3.5	5.2	84.7	100.1	1.4	1.2	44.0	31.1
Risk-weighted assets (€ bn)	17.1	18.5	12.7	14.9	11.7	12.3	0.4	0.6	1.4	1.7
Allocated capital (€ m)	2,335	2,133	1,707	1,810	1,539	1,402	55	71	185	195
Return on allocated capital (%)	14.3	11.4	10.7	10.1	10.3	27.0	10.9	10.8	1.3	7.8
Cost-income ratio before provisions for losses on loans and advances (%)	33.0	31.1	31.4	25.6	52.1	31.0	92.8	89.1	99.0	86.4

in € m

	Public Development and Infrastructure Business		Frankfurter Sparkasse		Other		Consolidation/ reconciliation		Group	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Net interest income	24	23	144	147	9	–32	35	27	657	598
Provisions for losses on loans and advances	–	–	–	–6	–1	–3	–	14	–45	–123
Net interest income after provisions for losses on loans and advances	**24**	**23**	**144**	**141**	**8**	**–35**	**35**	**41**	**612**	**475**
Net fee and commission income	17	17	36	35	16	17	1	–6	154	141
Net trading income	–	–	–	–	–	–	–	5	94	248
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied	–	–	5	–2	18	25	1	–20	44	6
Net income from hedge accounting	–	–	–	–	–	–	–	–	5	14
Net income from financial investments	–	–	7	8	–	–	–	–	17	9
Share of profit or loss of equity-accounted entities	–	–	2	5	–	–	–	–11	–5	–12
Other net operating income	–	–	2	4	–16	5	–29	–39	36	73
Total income	**41**	**40**	**196**	**191**	**26**	**12**	**8**	**–30**	**957**	**954**
General and administrative expenses	–32	–29	–128	–125	–191	–191	61	55	–635	–618
Profit before taxes	**9**	**11**	**68**	**66**	**–165**	**–179**	**69**	**25**	**322**	**336**
Assets (€ bn)	14.6	12.8	18.1	18.5	7.5	7.7	–14.4	–8.1	176.5	181.2
Liabilities (€ bn)	14.6	12.8	18.1	18.5	9.5	8.9	–2.6	0.7	176.5	181.2
Risk-weighted assets (€ bn)	1.2	1.1	3.8	3.9	7.0	7.3	–0.2	–0.3	55.1	60.0
Allocated capital (€ m)	162	123	501	446	927	835	–188	39	7,223	7,054
Return on allocated capital (%)	10.8	18.2	27.2	29.9	–	–	–	–	8.9	9.5
Cost-income ratio before provisions for losses on loans and advances (%)	78.7	72.0	65.1	63.3	–	–	–	–	63.4	57.4

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

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

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

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

For internal management purposes, net interest income in the lending business is calculated using the market interest rate method from the difference between the customer interest rate and the market interest rate for an alternative transaction with a matching structure. Gains or losses on maturity transformation are reported as net interest income in Asset/Liability Management.

The net trading income, gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied, net income from hedge accounting and financial investments and share of profit or loss of equity-accounted entities are determined in the same way as the figures for external financial reporting under IFRSs.

The directly attributable costs plus corporate centre costs, which are allocated internally on the basis of arm's-length pricing agreements and volume drivers according to the user-pays principle, are reported under general and administrative expenses.

Assets included in the statement of financial position are reported under assets, and equity and liabilities under equity and liabilities of the respective units. Contribution margin accounting is used for allocating these items to the operating segments. The risk exposure item comprises the risk exposure of the banking and trading book, including the market risk exposure in accordance with the Capital Requirements Regulation (CRR). The average equity shown in the statement of financial position is broken down according to risk exposures and in relation to the real estate and other non-bank activities, in accordance with the assets reported in the statement of financial position.

The return ratios reflect the net profit before provisions for losses on loans and advances expressed as a percentage of the allocated capital. The cost-income ratio is the ratio of general and administrative expenses to income before provisions for losses on loans and advances.

The Other segment contains the contributions to income and expenses that cannot be attributed to the operating segments. In particular, this segment includes the net income from the transaction banking business as well as the costs of the central units that cannot be allocated to the individual segments in line with the user-pays principle. The profit generated by centrally investing own funds as well as through strategic planning decisions is also shown in this segment.

Effects arising from consolidation and intragroup adjustments between the segments are reported under consolidation/reconciliation. Effects that arise from the reconciliation between the segment figures and the consolidated income statement, in particular in relation to net interest income, are also reported under consolidation/reconciliation. Since the contribution margin statement shows net interest income on the basis of the market interest rate method, differences also result in the case of non-recurring income and net interest income attributable to other periods. The prior-year figures include the effects of changes in the basis of consolidation.

Statement of Financial Position Disclosures

(15) Cash Reserve

in € m

	30.6.2014	31.12.2013
Cash on hand	64	84
Balances with central banks	1,209	1,669
Total	**1,273**	**1,753**

(16) Loans and Advances to Banks

in € m

	30.6.2014	31.12.2013
Affiliated Sparkassen	9,481	11,929
Central giro institutions	437	479
Banks	9,685	8,947
Total	**19,603**	**21,355**
thereof:		
Domestic banks	14,225	17,464
Foreign banks	5,378	3,891

in € m

	30.6.2014	31.12.2013
Loans and advances repayable on demand	8,463	9,239
Other loans and advances	11,140	12,116
Total	**19,603**	**21,355**
thereof:		
Overnight and time deposits	3,407	4,166
Cash collateral provided	4,721	4,001
Forwarding loans	5,198	5,077
Promissory note loans	1,017	1,056

(17) Loans and Advances to Customers

in € m

	30.6.2014	31.12.2013
Corporate customers	62,571	62,937
Retail customers	5,718	5,569
Public sector	22,827	22,526
Total	**91,116**	**91,032**
thereof:		
Domestic customers	61,187	62,146
Foreign customers	29,929	28,886

in € m

	30.6.2014	31.12.2013
Loans and advances repayable on demand	2,227	3,072
Other loans and advances	88,889	87,960
Total	**91,116**	**91,032**
thereof:		
Commercial real estate loans	32,414	31,423
Residential building loans	3,463	3,517
Bausparkasse building loans	887	898
Forwarding loans	2,385	2,517
Infrastructure loans	6,579	6,356
Consumer loans	113	114
Promissory note loans	4,516	4,793
Financial assets from credit substitute business	336	456
Receivables from finance leases	6	7
Receivables purchased before maturity	45	45

Other loans and advances to customers, which amounted to € 40,372 m (31 December 2013: € 40,906 m) related primarily to repayment and roll-over loans in the Corporate Finance business.

(18) Allowances for Losses on Loans and Advances

The breakdown of allowances for losses on loans and advances as at the reporting date was as follows:

in € m

	30.6.2014	31.12.2013
Allowances on loans and advances to banks	**2**	**2**
Specific loan loss allowances	1	1
Portfolio loan loss allowances	1	1
Allowances on loans and advances to customers	**1,044**	**1,117**
Specific loan loss allowances	683	759
Specific loan loss allowances evaluated on a group basis	88	93
Portfolio loan loss allowances	273	265
Provisions for lending business risks	**65**	**77**
Total	**1,111**	**1,196**

The allowances for losses on loans and advances are reported separately on the assets side of the statement of financial position. The provisions for losses on loans and advances related to business not reported in the statement of financial position are recognised under provisions and explained under that item. The allowances for losses on loans and advances changed as follows:

in € m

	Specific allowances		Specific allowances on a group basis		Portfolio allowances		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
As at 1.1.	**760**	**739**	**93**	**109**	**266**	**293**	**1,119**	**1,141**
Changes due to currency translation	1	–	–	–	–	–	1	–
Use	–106	–49	–5	–17	–	–	–111	–66
Reversals	–45	–35	–6	–6	–	–	–51	–41
Reclassifications	7	5	–	–	–	–	7	5
Unwinding	–18	–20	–	–	–	–	–18	–20
Additions	85	128	6	17	8	4	99	149
As at 30.6.	**684**	**768**	**88**	**103**	**274**	**297**	**1,046**	**1,168**

The allowances for losses on loans and advances to customers were broken down into customer groups as follows:

in € m

	30.6.2014	31.12.2013
Public sector	2	2
Financial institutions	17	26
Property and housing	411	428
Energy and water utilities	54	36
Manufacturing	289	332
Other services	157	169
Natural persons	72	81
Insurance	4	4
Investment companies	21	23
Other	17	16
Total	**1,044**	**1,117**

(19) Trading Assets

in € m

	30.6.2014	31.12.2013
Bonds and other fixed-income securities	**17,597**	**20,348**
Money market instruments	470	786
Public-sector issuers	11	33
Other issuers	459	753
Bonds and notes	17,127	19,562
Public-sector issuers	6,116	6,303
Other issuers	11,011	13,259
Equity shares and other variable-income securities	**131**	**172**
Positive fair values of derivatives	**10,772**	**8,507**
Share-price derivatives	123	116
Interest-rate derivatives	9,906	7,529
Currency derivatives	678	811
Credit derivatives	60	43
Commodity derivatives	5	8
Loans held for trading	**2,271**	**3,284**
Total	**30,771**	**32,311**

The financial instruments under trading assets are exclusively allocated to the at fair value (aFV) category (held-for-trading (HfT) sub-category) and are measured at fair value. Loans held for trading mainly comprise promissory note loans, repo and money trading transactions.

(20) Positive Fair Values of Non-Trading Derivatives

in € m

	30.6.2014	31.12.2013
Hedging derivatives under hedge accounting	1,428	1,325
Other non-trading derivatives	3,979	3,365
Total	**5,407**	**4,690**

The hedging derivatives under hedge accounting are used within the framework of qualifying micro fair value hedges under IAS 39. Other non-trading derivatives comprise derivative financial instruments used as economic hedges as part of hedge management, although fulfilment of the hedge accounting requirements is not formally documented in accordance with IAS 39.

(21) Financial Investments

in € m

	30.6.2014	31.12.2013
Bonds and other fixed-income securities	**24,624**	**23,377**
Public-sector issuers	9,453	9,961
Other issuers	15,171	13,416
Equity shares and other variable-income securities	**196**	**207**
Equities	121	123
Other variable-income securities	75	84
Shares in non-consolidated affiliates	**29**	**29**
Measured at fair value	21	21
Measured at cost	8	8
Equity investments	**321**	**323**
Measured at fair value	296	298
Measured at cost	25	25
Purchase of receivables from endowment insurance policies	**179**	**184**
Measured at fair value	179	184
Total	**25,349**	**24,120**

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

(22) Shares in Equity-Accounted Entities

in € m

	30.6.2014	31.12.2013
Investments in joint ventures	29	67
Investments in associates	10	9
Total	**39**	**76**

(23) Investment Property

in € m

	30.6.2014	31.12.2013
Land and buildings leased to third parties	1,812	1,806
Undeveloped land	55	56
Vacant buildings	4	4
Property under construction	23	19
Total	**1,894**	**1,885**

Investment property with a value of € 1,779 m (31 December 2013: € 1,771 m) was related to residential property held by the GWH Group.

(24) Property and Equipment

in € m

	30.6.2014	31.12.2013
Owner-occupied land and buildings	378	383
Operating and office equipment	59	62
Leased assets	7	7
Total	**444**	**452**

(25) Intangible Assets

in € m

	30.6.2014	31.12.2013
Goodwill	99	99
Purchased software	44	46
Total	**143**	**145**

The goodwill was mainly attributable to the acquisition of Frankfurter Sparkasse in 2005.

(26) Non-Current Assets and Disposal Groups Classified as Held for Sale

in € m

	30.6.2014	31.12.2013
Shares in equity-accounted entities	34	–
Total	**34**	**–**

The shares in this case are shares in a corporate group operating in the real estate business. As at 30 June 2014, the main conditions for classification as held for sale had been satisfied and it was highly probable that the shares would be sold within twelve months.

(27) Other Assets

in € m

	30.6.2014	31.12.2013
Property held for sale	431	414
Completed property	238	275
Property under construction	193	139
Advance payments and payments on account	89	82
Trade accounts receivable	40	41
Other taxes receivable (excl. income taxes)	14	4
Other assets	577	693
Total	**1,151**	**1,234**

(28) Liabilities Due to Banks

in € m

	30.6.2014	31.12.2013
Affiliated Sparkassen	3,751	6,029
Central giro institutions	2,660	1,953
Banks	25,475	26,180
Central banks	91	–
Total	**31,977**	**34,162**
thereof:		
Domestic banks	27,505	29,998
Foreign banks	4,472	4,164

in € m

	30.6.2014	31.12.2013
Amounts payable on demand	5,031	7,825
Amounts due with an agreed maturity or period of notice	26,946	26,337
Total	**31,977**	**34,162**
thereof:		
Promissory note loans raised	6,633	7,966
Forwarding loans	7,804	7,805
Issued registered bonds	3,020	2,890
Overnight and time deposits	2,600	1,438
Current accounts	2,285	6,305

(29) Liabilities Due to Customers

in € m

	30.6.2014	31.12.2013
Corporate customers	23,387	23,435
Retail customers	16,046	15,936
Public sector	5,091	4,545
Total	**44,524**	**43,916**
thereof:		
Domestic customers	41,276	41,597
Foreign customers	3,248	2,319

in € m

	30.6.2014	31.12.2013
Amounts payable on demand	19,042	18,693
Amounts due with an agreed maturity or period of notice	25,482	25,223
Total	**44,524**	**43,916**
thereof:		
Current accounts	8,757	9,231
Overnight and time deposits	13,761	11,980
Savings deposits	2,055	2,184
Home savings deposits	3,930	3,838
Issued registered bonds	11,141	11,259
Promissory note loans raised	3,725	4,539

(30) Securitised Liabilities

in € m

	30.6.2014	31.12.2013
Bonds issued	**46,081**	**46,856**
Mortgage Pfandbriefe	3,098	3,352
Public Pfandbriefe	13,574	12,007
Other debt instruments	29,409	31,497
Other securitised liabilities	**3,012**	**1,515**
Total	**49,093**	**48,371**

(31) Trading Liabilities

in € m

	30.6.2014	31.12.2013
Negative fair values of derivatives	**11,646**	**9,537**
Share-price derivatives	110	98
Interest-rate derivatives	10,722	8,507
Currency derivatives	747	884
Credit derivatives	61	40
Commodity derivatives	6	8
Issued money market instruments	**1,282**	**2,604**
Issued equities/index certificates	**137**	**142**
Liabilities held for trading	**18,354**	**21,456**
Total	**31,419**	**33,739**

This item solely comprises financial instruments classified as at fair value (aFV) (held-for-trading (HfT) sub-category). The liabilities held for trading mainly comprise money trading transactions.

(32) Negative Fair Values of Non-Trading Derivatives

in € m

	30.6.2014	31.12.2013
Hedging derivatives under hedge accounting	641	611
Other non-trading derivatives	3,514	2,860
Total	**4,155**	**3,471**

The hedging derivatives under hedge accounting are used within the framework of qualifying micro fair value hedges under IAS 39. Other non-trading derivatives comprise derivative financial instruments used as economic hedges as part of hedge management, although fulfilment of the hedge accounting requirements is not formally documented in accordance with IAS 39.

(33) Provisions

in € m

	30.6.2014	31.12.2013
Provisions for pensions and similar obligations	**1,444**	**1,267**
Other provisions	**373**	**365**
Personnel provisions	68	98
Provisions for lending business risks	65	77
Restructuring provisions	41	18
Sundry provisions	199	172
Total	**1,817**	**1,632**

In the calculation of the pension provisions, the main pension obligations in Germany were remeasured using a discount rate of 3.0 % (31 December 2013: 3.75 %).

(34) Other Liabilities

in € m

	30.6.2014	31.12.2013
Trade accounts payable	128	128
Liabilities to employees	29	21
Advance payments and payments on account	311	248
Other taxes payable (excl. income taxes)	60	63
Other liabilities	323	135
Total	**851**	**595**

(35) Subordinated Capital

in € m

	30.6.2014	31.12.2013
Subordinated liabilities	3,435	3,167
thereof: Accrued interest	68	20
Profit participation rights	746	786
thereof: Accrued interest	18	37
Silent participations	1,087	1,120
thereof: Accrued interest	18	50
Total	**5,268**	**5,073**
thereof:		
Securitised subordinated debt	3,281	3,283

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

(36) Equity

in € m

	30.6.2014	31.12.2013
Subscribed capital	2,509	2,509
Capital reserves	1,546	1,546
Retained earnings	3,039	3,041
Revaluation reserve	214	137
Currency translation reserve	3	2
Cash flow hedge reserve	–4	–4
Non-controlling interests	–1	3
Total	**7,306**	**7,234**

The subscribed capital comprises the share capital of € 589 m paid in by the owners in accordance with the Charter and the capital contributions of € 1,920 m paid by the Federal State of Hesse.

As at 30 June 2014, the share capital was attributable to the owners as follows:

	in € m	in %
Sparkassen- und Giroverband Hessen-Thüringen	405	68.85
State of Hesse	48	8.10
Rheinischer Sparkassen- und Giroverband	28	4.75
Sparkassenverband Westfalen-Lippe	28	4.75
Fides Alpha GmbH	28	4.75
Fides Beta GmbH	28	4.75
State of Thuringia	24	4.05
Total	**589**	**100.00**

The capital reserves comprise the premiums from issuing share capital to the owners.

The retained earnings comprise the profits retained by the parent company and the consolidated subsidiaries as well as amounts from the amortised results of acquisition accounting and other consolidation adjustments. In addition, retained earnings also include remeasurement gains or losses on defined benefit obligations, which have to be recognised in other comprehensive income, taking into account the appropriate deferred taxes.

The revaluation reserve contains the remeasurement gains or losses, after deferred taxes, on available-for-sale financial instruments recognised in other comprehensive income. The gains or losses are only recognised in the income statement when the asset is sold or derecognised.

Further Disclosures about Financial Instruments

(37) Derivatives

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

Derivatives can be entered into in the form of standard contracts on an exchange or individually negotiated as OTC derivatives.

The nominal values reflect the gross volume of all purchases and sales. These nominal values are used as a reference for determining mutually agreed compensation payments; however, they are not receivables or liabilities that can be shown in the statement of financial position.

The nominal and fair values of derivatives as at the reporting dates were as follows:

in € m

	Nominal amounts		Positive fair values		Negative fair values	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Equity-/index-related transactions	**3,313**	**3,034**	**125**	**118**	**111**	**99**
OTC products	**2,283**	**2,105**	**99**	**96**	**82**	**73**
Equity options	2,283	2,105	99	96	82	73
Calls	1,326	1,221	99	96	–	–
Puts	958	884	–	–	82	73
Exchange-traded products	**1,030**	**929**	**26**	**22**	**29**	**26**
Equity/index futures	402	304	8	6	2	2
Equity/index options	628	625	18	16	27	24
Interest-rate-related transactions	**490,686**	**488,440**	**15,157**	**12,002**	**14,510**	**11,797**
OTC products	**448,196**	**446,821**	**15,149**	**11,975**	**14,486**	**11,792**
Forward rate agreements	24,710	27,107	5	4	3	2
Interest rate swaps	364,295	358,357	13,655	10,763	12,420	10,220
Interest rate options	58,575	61,075	1,489	1,208	2,063	1,570
Calls	25,048	27,276	1,459	1,205	5	4
Puts	33,527	33,799	30	3	2,058	1,566
Other interest rate contracts	616	282	–	–	–	–
Exchange-traded products	**42,490**	**41,619**	**8**	**27**	**24**	**5**
Interest rate futures	41,026	35,469	8	27	24	5
Interest rate options	1,464	6,150	–	–	–	–
Currency-related transactions	**52,393**	**49,023**	**832**	**1,026**	**1,108**	**1,053**
OTC products	**52,393**	**49,023**	**832**	**1,026**	**1,108**	**1,053**
Currency spot and futures contracts	26,956	24,969	223	336	287	452
Cross-currency swaps	24,635	23,279	592	664	804	575
Currency options	802	775	17	26	17	26
Calls	412	385	17	26	–	–
Puts	390	390	–	–	17	26
Credit derivatives	**6,183**	**6,071**	**60**	**43**	**67**	**52**
OTC products	**6,183**	**6,071**	**60**	**43**	**67**	**52**
Commodity-related transactions	**319**	**415**	**5**	**8**	**5**	**7**
OTC products	**319**	**415**	**5**	**8**	**5**	**7**
Commodity swaps	161	233	3	6	3	5
Commodity options	158	182	2	2	2	2
Total	**552,894**	**546,983**	**16,179**	**13,197**	**15,801**	**13,008**

Nominal amounts broken down by term to maturity:

in € m

	Equity-/index-related transactions		Interest-rate-related transactions		Currency-related transactions	
	30.6.2014	**31.12.2013**	**30.6.2014**	**31.12.2013**	**30.6.2014**	**31.12.2013**
Up to three months	744	461	52,063	72,642	18,069	15,327
More than three months and up to one year	718	790	108,888	86,926	9,062	10,811
More than one year and up to five years	1,723	1,663	178,899	183,001	19,157	18,111
More than five years	128	120	150,836	145,871	6,105	4,774
Total	**3,313**	**3,034**	**490,686**	**488,440**	**52,393**	**49,023**

in € m

	Credit derivatives		Commodity-related transactions		Total	
	30.6.2014	**31.12.2013**	**30.6.2014**	**31.12.2013**	**30.6.2014**	**31.12.2013**
Up to three months	125	200	134	53	71,135	88,683
More than three months and up to one year	464	623	42	172	119,174	99,322
More than one year and up to five years	5,561	5,193	108	125	205,448	208,093
More than five years	33	55	35	65	157,137	150,885
Total	**6,183**	**6,071**	**319**	**415**	**552,894**	**546,983**

Derivatives have been entered into with the following counterparties:

in € m

	Nominal amounts		Positive fair values		Negative fair values	
	30.6.2014	**31.12.2013**	**30.6.2014**	**31.12.2013**	**30.6.2014**	**31.12.2013**
Banks in OECD countries	250,936	271,646	8,816	7,696	11,389	9,600
Banks outside OECD countries	18	17	–	–	3	3
Other counterparties (including exchanges)	237,141	205,163	3,723	2,530	2,121	1,343
Public institutions in OECD countries	64,799	70,157	3,640	2,971	2,288	2,062
Total	**552,894**	**546,983**	**16,179**	**13,197**	**15,801**	**13,008**

(38) Carrying Amounts and Contributions to Earnings, Broken Down by Measurement Category

The following table sets out the carrying amounts of financial assets and liabilities as at 30 June 2014 in accordance with the measurement categories of IAS 39. It also shows the figures reported in the statement of financial position.

in € m

	LaR/OL	AfS	HfT	FVO	Total
Assets					
Cash reserve	1,273				1,273
Loans and advances to banks	19,575			28	19,603
Loans and advances to customers	90,463			653	91,116
Trading assets			30,771		30,771
Positive fair values of non-trading derivatives			5,407		5,407
Financial investments		22,103		3,246	25,349
Total	**111,311**	**22,103**	**36,178**	**3,927**	**173,519**
Liabilities					
Liabilities due to banks	31,574			403	31,977
Liabilities due to customers	41,229			3,295	44,524
Securitised liabilities	38,538			10,555	49,093
Trading liabilities			31,419		31,419
Negative fair values of non-trading derivatives			4,155		4,155
Subordinated capital	4,716			552	5,268
Total	**116,057**		**35,574**	**14,805**	**166,436**

The corresponding carrying amounts as at 31 December 2013 were as follows:

in € m

	LaR/OL	AfS	HfT	FVO	Total
Assets					
Cash reserve	1,753				1,753
Loans and advances to banks	21,327			28	21,355
Loans and advances to customers	90,385			647	91,032
Trading assets			32,311		32,311
Positive fair values of non-trading derivatives			4,690		4,690
Financial investments		20,922		3,198	24,120
Total	**113,465**	**20,922**	**37,001**	**3,873**	**175,261**
Liabilities					
Liabilities due to banks	33,689			473	34,162
Liabilities due to customers	40,883			3,033	43,916
Securitised liabilities	38,450			9,921	48,371
Trading liabilities			33,739		33,739
Negative fair values of non-trading derivatives			3,471		3,471
Subordinated capital	4,544			529	5,073
Total	**117,566**		**37,210**	**13,956**	**168,732**

The following table shows the contributions to earnings from financial instruments in each measurement category for the period 1 January to 30 June 2014:

in € m

	LaR	OL	AfS	HfT	FVO	Non-trading derivatives	Total
Net interest income	1,546	−1,025	174		−124	111	682
Provisions for losses on loans and advances	−45						−45
Net trading income				94			94
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied					−191	235	44
Net income from hedge accounting	−52	−154				211	5
Net income from financial investments			17				17
Contributions to earnings recognised under other comprehensive income			116				116
Total	**1,449**	**−1,179**	**307**	**94**	**−315**	**557**	**913**

The equivalent amounts for the first six months of 2013 were as follows:

in € m

	LaR	OL	AfS	HfT [1]	FVO	Non-trading derivatives [2]	Total
Net interest income	1,594	−1,138	187		−121	99	621
Provisions for losses on loans and advances	−123						−123
Net trading income				248			248
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied					219	−213	6
Net income from hedge accounting	23	65				−74	14
Net income from financial investments			9				9
Contributions to earnings recognised under other comprehensive income			−22				−22
Total	**1,494**	**−1,073**	**167**	**247**	**98**	**−188**	**745**

[1] Prior-year figures restated: amount of € 1 m reclassified from net fee and commission income to net trading income; see also Notes (5) and (6).

[2] Prior-year figures restated: amount of € 11 m reclassified from gain or loss on non-trading derivatives to net interest income; see also Notes (3) and (7).

Net interest income as per the income statement includes interest from financial instruments as well as the net interest income or expense attributable to pension obligations, the interest cost from unwinding the discount on other non-current provisions and net interest income from finance leases.

(39) Fair Values of Financial Instruments

The following overview compares the fair values of financial assets and liabilities with their corresponding carrying amounts.

in € m

	Fair value		Carrying amount		Difference	
	30.6.2014	**31.12.2013**	**30.6.2014**	**31.12.2013**	**30.6.2014**	**31.12.2013**
Assets						
Cash reserve	1,273	1,753	1,273	1,753	–	–
Loans and advances to banks[1]	19,859	21,598	19,601	21,353	258	245
Loans and advances to customers[1]	94,939	94,030	90,072	89,915	4,867	4,115
Trading assets	30,771	32,311	30,771	32,311	–	–
Positive fair values of non-trading derivatives	5,407	4,690	5,407	4,690	–	–
Financial investments	25,349	24,120	25,349	24,120	–	–
Total	**177,598**	**178,502**	**172,473**	**174,142**	**5,125**	**4,360**
Liabilities						
Liabilities due to banks	32,849	35,232	31,977	34,162	872	1,070
Liabilities due to customers	46,113	45,060	44,524	43,916	1,589	1,144
Securitised liabilities	49,708	48,658	49,093	48,371	615	287
Trading liabilities	31,419	33,739	31,419	33,739	–	–
Negative fair values of non-trading derivatives	4,155	3,471	4,155	3,471	–	–
Subordinated capital	5,460	5,134	5,268	5,073	192	61
Total	**169,704**	**171,294**	**166,436**	**168,732**	**3,268**	**2,562**

[1] Net carrying amount after provisions for losses on loans and advances.

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

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

If the inputs needed for the measurement are not directly observable on an active market, measurement is based on realistic assumptions relating to market circumstances. If no market prices are available for non-derivative financial instruments, arranger prices are used. Unlisted equity investments recognised at fair value are also measured on the basis of input parameters that cannot be observed, particularly the surpluses derived from corporate planning (Level 3).

The breakdown of financial instruments on the assets side measured at fair value according to the hierarchy of the inputs used was as follows:

in € m

	Level 1		Level 2		Level 3		Total	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Non-derivative financial instruments	**39,648**	**39,082**	**5,735**	**8,823**	**613**	**661**	**45,996**	**48,566**
Loans and advances to banks	–	–	28	28	–	–	28	28
Loans and advances to customers	–	–	653	647	–	–	653	647
Trading assets	16,686	18,664	3,303	5,120	10	20	19,999	23,804
Financial investments	22,962	20,418	1,751	3,028	603	641	25,316	24,087
Derivatives	**34**	**49**	**16,037**	**13,083**	**108**	**65**	**16,179**	**13,197**
Trading assets	31	29	10,671	8,449	70	29	10,772	8,507
Positive fair values of non-trading derivatives	3	20	5,366	4,634	38	36	5,407	4,690
Total	**39,682**	**39,131**	**21,772**	**21,906**	**721**	**726**	**62,175**	**61,763**

The financial instruments recognised as liabilities in the statement of financial position were broken down as follows:

in € m

	Level 1		Level 2		Level 3		Total	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Non-derivative financial instruments	**842**	**1,523**	**33,131**	**35,910**	**605**	**583**	**34,578**	**38,016**
Liabilities due to banks	–	–	361	435	42	38	403	473
Liabilities due to customers	–	–	3,247	2,996	48	37	3,295	3,033
Securitised liabilities	–	–	10,046	9,413	509	508	10,555	9,921
Trading liabilities	842	1,523	18,925	22,537	6	–	19,773	24,060
Subordinated capital	–	–	552	529	–	–	552	529
Derivatives	**53**	**31**	**15,677**	**12,962**	**71**	**15**	**15,801**	**13,008**
Trading liabilities	39	28	11,541	9,502	66	7	11,646	9,537
Negative fair values of non-trading derivatives	14	3	4,136	3,460	5	8	4,155	3,471
Total	**895**	**1,554**	**48,808**	**48,872**	**676**	**598**	**50,379**	**51,024**

The breakdown of assets-side non-derivative financial instruments in Level 3 was as follows:

in € m

	30.6.2014	31.12.2013
Bonds and other fixed-income securities	**75**	**106**
Bonds	31	19
Promissory notes	10	20
Asset-backed securities	34	67
Unlisted equity investments	**317**	**323**
Investment units	**42**	**48**
Purchase of receivables from endowment insurance policies	**179**	**184**
Total	**613**	**661**

The breakdown of Level 3 bonds and other fixed-income securities over the various rating categories was as follows:

in € m

	30.6.2014	31.12.2013
AAA	3	1
AA	25	14
A	13	46
BBB and below	34	45
Bonds and other fixed-income securities	**75**	**106**

Helaba's model for measuring the Level 3 instruments used inputs producing a price that knowledgeable market participants would apply. For individual inputs, more or less favourable factors could have been applied as an alternative. This is particularly true of the factors used in estimating and determining credit spreads. In the case of bonds and other fixed-income securities, the prices calculated in this way could only be negligibly higher or lower (31 December 2013: higher or lower by € 2 m).

For unlisted equity investments, the discounted earnings were calculated through simulations. The enterprise values calculated in this way were used as the basis for determining alternative fair values, which were then found to be up to € 23 m (31 December 2013: € 38 m) higher or lower.

There were no significant sensitivities evident in the other Level 3 instruments.

The following tables show the changes in the portfolio of financial instruments that are measured at fair value and allocated to Level 3 as well as the net gains or losses on remeasurement of the financial instruments still held in the portfolio as at 30 June 2014:

in € m

	Trading assets		Financial investments		Positive fair values of the trading portfolio		Positive fair values of non-trading derivatives	
Assets	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Carrying amounts as at 1.1.	**20**	**30**	**641**	**709**	**29**	**38**	**36**	**2**
Gains or losses recognised in profit or loss								
Net interest income or expense			1	–			– 2	–
Net trading income or expense	–	–			20	– 1		
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied			1	2			5	–
Net income or expense from financial investments			– 1	–				
Gains or losses recognised in other comprehensive income			8	2				
Additions	10	5	7	11	1	–	– 1	–
Disposals/liquidations	– 20	– 7	– 57	– 38	– 9	– 3	–	–
Changes due to currency translation	–	–	1	– 1	–	–	–	–
Transfers from Level 1	–	–	2	–	–	–	–	–
Transfers from Level 2	–	–	–	2	29	–	–	2
Carrying amounts as at 30.6.	**10**	**28**	**603**	**687**	**70**	**34**	**38**	**4**
Gains or losses on financial assets in the portfolio recognised in profit or loss	–	–	2	3	20	1	6	–

in € m

	Liabilities due to banks		Liabilities due to customers		Securitised liabilities	
Liabilities	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Carrying amounts as at 1.1.	**38**	**–**	**37**	**20**	**508**	**44**
Gains or losses recognised in profit or loss						
Net interest income or expense	–	–	– 1	–	– 2	–
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied	1	1	4	– 1	8	– 1
Additions	8	23	8	–	56	–
Disposals/liquidations	– 5	–	–	–	– 61	–
Carrying amounts as at 30.6.	**42**	**24**	**48**	**19**	**509**	**43**
Gains or losses on liabilities in the portfolio recognised in profit or loss	–	–	1	–	2	–

in € m

Liabilities	Trading liabilities 2014	Trading liabilities 2013	Negative fair values of the trading portfolio 2014	Negative fair values of the trading portfolio 2013	Negative fair values of non-trading derivatives 2014	Negative fair values of non-trading derivatives 2013
Carrying amounts as at 1.1.	**–**	**13**	**7**	**10**	**8**	**4**
Gains or losses recognised in profit or loss						
Net trading income or expense	–	–	16	–1		
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied					–4	–
Additions	–	–	1	16	–	–
Disposals/liquidations	–	–2	1	–	–	–
Transfers from Level 2	6	–	41	–	1	–
Carrying amounts as at 30.6.	**6**	**11**	**66**	**25**	**5**	**4**
Gains or losses on liabilities in the portfolio recognised in profit or loss	–	–1	–16	1	4	–

As at 30 June 2014, the breakdown of financial instruments not measured at fair value according to the hierarchy of the inputs used was as follows:

in € m

	Level 1		Level 2		Level 3		Total	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Assets								
Cash reserve	1,273	1,753	–	–	–	–	1,273	1,753
Loans and advances to banks	–	–	14,540	16,940	5,291	4,630	19,831	21,570
Loans and advances to customers	–	–	80,403	80,176	13,883	13,207	94,286	93,383
Financial investments	–	–	–	–	33	33	33	33
Total	**1,273**	**2,805**	**94,943**	**96,064**	**19,207**	**17,870**	**115,423**	**116,739**
Liabilities								
Liabilities due to banks	–	–	25,795	28,603	6,651	6,156	32,446	34,759
Liabilities due to customers	–	–	36,507	37,208	6,311	4,819	42,818	42,027
Securitised liabilities	2,326	1,122	36,827	37,578	–	37	39,153	38,737
Subordinated capital	510	471	4,398	4,134	–	–	4,908	4,605
Total	**2,836**	**1,683**	**103,527**	**107,433**	**12,962**	**11,012**	**119,325**	**120,128**

The portfolios reported under Level 3 involve types of business for which observable measurement parameters are not generally available for all the key inputs. The development and retail businesses are the main types of business involved in this case.

(40) Securitisation Transactions

Helaba's exposures in securitisation business are reported below in line with the recommendations of the Financial Stability Forum.

The Group's total exposure in asset-backed securities as at 30 June 2014, broken down by product type and rating category, was as follows:

		Volume by rating category				
	Carrying amount in € m	AAA	AA	A	BBB	BB and lower
RMBSs	208	–	25.0 %	32.7 %	27.7 %	14.6 %
CMBSs	50	–	0.4 %	27.2 %	16.8 %	55.6 %
CDOs/CLOs	25	3.3 %	52.2 %	40.1 %	–	4.4 %
Other ABSs	56	65.7 %	8.1 %	10.9 %	7.3 %	8.0 %
Total ABSs	**339**	**11.1 %**	**20.5 %**	**28.8 %**	**20.7 %**	**18.9 %**

The table below shows the same breakdown as at 31 December 2013:

	Carrying amount in € m	Volume by rating category				
		AAA	AA	A	BBB	BB and lower
RMBSs	226	–	16.8 %	40.1 %	29.3 %	13.8 %
CMBSs	63	–	0.6 %	21.8 %	14.7 %	62.9 %
CDOs/CLOs	52	11.9 %	30.7 %	29.2 %	–	28.2 %
Other ABSs	136	72.7 %	3.8 %	13.3 %	6.6 %	3.7 %
Total ABSs	**477**	**21.9 %**	**12.5 %**	**28.8 %**	**17.7 %**	**19.1 %**

The portfolios added as part of the acquisition of NRW-Verbundbank contributed € 37 m (31 December 2013: € 99 m) to the carrying amount of the asset-backed securities. The Helaba Group's other asset-backed securities were until 30 June 2008 measured at fair value and reported under trading assets or financial investments. Most of these securities have since been reclassified and are shown on the reporting date under loans and advances to customers.

Helaba has initiated the asset-backed commercial paper programme OPUSALPHA in addition to its direct exposure, and that of its subsidiaries, in asset-backed securities. In this programme, assets arising from customer-related business activities are securitised. In addition to the customer transactions, OPUSALPHA PURCHASER LTD holds an ABS portfolio that is consolidated in accordance with IFRS 10 because Helaba determines the relevant activities of this ABS portfolio and thereby has the opportunity to influence the returns. OPUSALPHA FUNDING LTD, as an issuing company, is also consolidated in accordance with IFRS 10.

Liquidity lines are extended in the context of securitisation transactions and some of these have been drawn down. As at 30 June 2014, there were liquidity lines for third-party securitisation platforms amounting to € 65 m (31 December 2013: € 91 m) that had not been drawn down (31 December 2013: € 26 m). The line of liquidity provided for OPUSALPHA amounted to € 2,258 m (31 December 2013: € 2,288 m), of which € 1,371 m (31 December 2013: € 1,827 m) had been drawn down as at 30 June 2014.

(41) Reclassification of Financial Assets

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

The reclassification also resulted in a change in the line item in which the assets are shown in the statement of financial position. The following table shows the carrying amounts and the fair values of the reclassified assets.

in € m

	30.6.2014 Carrying amount	30.6.2014 Fair value	31.12.2013 Carrying amount	31.12.2013 Fair value	1.7.2008 Carrying amount
Trading assets reclassified to loans and advances to customers	103	101	110	101	437
Financial investments reclassified to loans and advances to customers	196	195	247	235	1,722
Total	**299**	**296**	**357**	**336**	**2,159**

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

If the reclassifications had not been carried out, additional unrealised remeasurement gains of € 7 m would have arisen on trading assets and been recognised in the income statement for the first half-year of 2014 (H1 2013: € 4 m); additional unrealised remeasurement gains of € 10 m would also have arisen on financial investments and been recognised in other comprehensive income (H1 2013: € 12 m).

No impairment losses were recognised (H1 2013: € 1 m) for the reclassified financial assets in the first six months of 2014.

(42) Disclosures Relating to Issuing Activities

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

in € m

	Securitised trading liabilities		Securitised liabilities		Securitised subordinated capital		Total	
	2014	2013 [1]	2014	2013	2014	2013	2014	2013
As at 1.1.	**2,746**	**4,411**	**48,371**	**57,504**	**3,283**	**3,067**	**54,400**	**64,982**
Changes in basis of consolidation	–	–	–	–	–	–	–	–
Changes due to currency translation	14	–45	23	–25	2	–8	39	–78
Additions from issues	3,045	7,077	13,431	8,326	30	–	16,506	15,403
Redemptions	–4,387	–6,967	–11,660	–15,200	–17	–	–16,064	–22,167
Repurchases	–5	–12	–1,051	–415	–	–	–1,056	–427
Changes in accrued interest	–	–	–88	–241	7	2	–81	–239
Changes in value recognised through profit or loss	6	7	67	–216	–24	–23	49	–232
As at 30.6.	**1,419**	**4,471**	**49,093**	**49,733**	**3,281**	**3,038**	**53,793**	**57,242**

[1] Prior-year figures restated: in 2013, issued equities and index certificates with an opening balance of € 181 m and a closing balance of € 143 m had been reported within trading liabilities, liabilities held for trading (see Note (31)). In 2014, issued equities and index certificates have been reported in a separate item under trading liabilities. The figures for 2013 have been restated accordingly. As a result of this change, the prior year figures in Notes (6) and (31) have also been restated.

As part of its issuing activities, the Helaba Group places short-term commercial paper, medium- and long-term bonds, and subordinated sources of funding on the money and capital markets.

Additions (from issues) and redemptions also include the placement volume of short-term commercial paper that could be repaid again by as early as the end of the reporting period. The changes in value recognised through profit or loss result from remeasurement gains or losses on financial liabilities held as at the reporting date that were either accounted for as hedged items or to which the fair value option was applied.

Off-Balance Sheet Transactions and Obligations

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

in € m

	30.6.2014	31.12.2013
Contingent liabilities	**4,539**	**4,610**
Obligations under rediscounted bills of exchange	1	1
Liabilities from guarantees and warranty agreements	4,534	4,605
Obligations arising from joint ventures	4	4
Other obligations	**17,108**	**16,381**
Placement and underwriting obligations	1,753	1,910
Irrevocable loan commitments	15,132	14,316
Obligations to provide further capital	39	39
Contribution obligations	49	55
Contractual obligations for the acquisition of property and equipment, intangible assets and other assets	65	15
Contractual obligations in connection with investment property	61	41
Other obligations	9	5
Total	**21,647**	**20,991**

(44) Fiduciary Transactions

in € m

	30.6.2014	31.12.2013
Trust assets	**899**	**973**
Loans and advances to banks	158	177
Loans and advances to customers	465	519
Equity investments	265	266
Other assets	11	11
Trust liabilities	**899**	**973**
Liabilities due to banks	2	3
Liabilities due to customers	586	659
Other liabilities	311	311

Other Disclosures

(45) Capital Management and Regulatory Ratio Disclosures

Capital management in the Helaba Group comprises planning regulatory own funds as part of the planning process, allocating own funds, monitoring changes in risk exposures and complying with capital limits, monitoring and determining the plausibility of the remaining capital buffer as well as recognising a projected cost of capital as part of contribution margin accounting. The aim of capital management is to allocate capital over the various divisions of the Group, with due consideration being given to risk and return aspects, and also in line with the need to comply with regulatory requirements concerning capital resources.

From 2014, the regulatory own funds of the Helaba banking group have been determined in accordance with Regulation (EU) No. 575/2013 (CRR) and the complementary provisions in sections 10 and 10a of the German Banking Act (KWG). In accordance with the classification specified in the CRR, own funds comprise Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.

The regulatory capital requirement and the capital ratios have also been determined in accordance with the provisions of the CRR from 2014.

As at 30 June 2014, the breakdown of the own funds of the Helaba banking group was as follows (each amount shown after regulatory adjustments):

in € m

	30.6.2014	31.12.2013 [1]
Tier 1 capital	**7,544**	**6,901**
Common Equity Tier 1 capital (CET 1)	7,088	
Additional Tier 1 capital	456	
Tier 2 capital	**2,234**	**2,532**
Own funds, total	**9,778**	**9,433**

[1] Only limited comparison with 31 December 2013 available because of changes to regulatory requirements.

The capital requirements and capital ratios as at the reporting date were as follows:

in € m

	30.6.2014	31.12.2013 [1)]
Credit risk	3,643	3,497
Market risk (including CVA risk)	432	519
Operational risk	330	309
Total capital requirement	**4,405**	**4,325**
CET 1 capital ratio	12.9 %	
Tier 1 capital ratio	13.7 %	12.8 %
Total capital ratio	17.8 %	17.4 %

[1)] Only limited comparison with 31 December 2013 available because of changes to regulatory requirements.

The regulatory capital requirements are satisfied.

(46) Related Party Disclosures

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

The Helaba Group had the following receivables from, liabilities due to and off-balance sheet commitments to related parties as at 30 June 2014:

in € m

	30.6.2014	31.12.2013
Loans and advances to banks	**45**	**84**
Investments in joint ventures and associates	4	4
Shareholders of Helaba	41	80
Loans and advances to customers	**3,015**	**2,092**
Non-consolidated subsidiaries	27	6
Investments in joint ventures and associates	1,410	749
Shareholders of Helaba	1,449	1,254
Other related parties	129	83
Trading assets	**958**	**880**
Investments in joint ventures and associates	1	1
Shareholders of Helaba	957	879
Financial investments	**317**	**301**
Non-consolidated subsidiaries	21	19
Investments in joint ventures and associates	32	32
Shareholders of Helaba	264	250
Other assets	**197**	**199**
Non-consolidated subsidiaries	1	3
Investments in joint ventures and associates	1	–
Shareholders of Helaba	195	196
Liabilities due to banks	**188**	**245**
Non-consolidated subsidiaries	1	1
Shareholders of Helaba	187	244
Liabilities due to customers	**1,029**	**1,107**
Non-consolidated subsidiaries	22	17
Investments in joint ventures and associates	336	309
Shareholders of Helaba	649	760
Other related parties	22	21
Trading liabilities	**45**	**21**
Investments in joint ventures and associates	2	2
Shareholders of Helaba	43	19
Subordinated capital	**104**	**104**
Shareholders of Helaba	104	104
Other liabilities	**–**	**56**
Investments in joint ventures and associates	–	56
Contingent liabilities	**401**	**337**
Non-consolidated subsidiaries	26	–
Investments in joint ventures and associates	241	201
Shareholders of Helaba	77	67
Other related parties	57	69

In the period under review, allowances for losses on loans and advances to related parties were recognised in an amount of € 2 m (H1 2013: € 0 m). The total amount of debt waived or written off was less than € 1 m (H1 2013: € 1 m).

Transactions with related parties that are not recognised in the financial statements as loans, advances, receivables, deposits or liabilities mainly comprise purchases and sales of securities and investment fund units as well as the business of placing closed-end investment funds that is transacted by a subsidiary. The resulting income and expenses are only of minor significance (less than € 1 m in total).

(47) Members of the Board of Managing Directors

Hans-Dieter Brenner
Chairman

Jürgen Fenk

Thomas Groß

Dr. Detlef Hosemann

Rainer Krick

Dr. Norbert Schraad

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Frankfurt am Main/Erfurt, 19 August 2014

Landesbank Hessen-Thüringen Girozentrale

The Board of Managing Directors

Brenner	Fenk	Groß
Dr. Hosemann	Krick	Dr. Schraad

Copy of the Auditors' Review Report

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

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement and the statement of comprehensive income, the condensed cash flow statement, the statement of changes in equity and selected explanatory notes – and the interim Group management report of Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt for the period from 1 January to 30 June 2014, which are part of the half-yearly financial report pursuant to § 37w German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, and of the interim Group management report in accordance with the provisions of the WpHG applicable to interim Group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

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

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

Frankfurt am Main, 19 August 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Burghardt	Peter Flick
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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