2013

Half-Yearly Financial Report

Helaba

Half-Yearly Financial Report 2013

The Helaba Group

Helaba Ratings (at 20.8.2013)

	Moody's Investors Service	Fitch Ratings	Standard & Poor's
Long-term rating	A2	A+*	A*
Short-term rating	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

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

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

** 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.

*** Negative outlook

The Helaba Group in Figures

		1.1.–30.6.2013	1.1.–30.6.2012	Changes	
Performance figures		in € m	in € m	in € m	in %
Net interest income before loan loss provisions		581	547	34	6.2
Net fee and commission income		142	121	21	17.4
General and administrative expenses		–627	–511	–116	–22.7
Profit before taxes		336	288	48	16.7
Group net profit after taxes		**230**	**194**	**36**	**18.6**
Return on equity before taxes	in %	**9.8**	**10.3**		
Cost/income ratio	in %	**57.0**	**53.2**		

		30.6.2013	31.12.2012	Changes	
Figures in the statement of financial position		in € m	in € m	in € m	in %
Loans and advances to banks		18,595	23,236	–4,641	–20.0
Loans and advances to customers		91,404	90,821	583	0.6
Trading assets		35,177	37,954	–2,777	–7.3
Equity-method and other financial investments		24,424	28,003	–3,579	–12.8
Liabilities due to banks		33,020	39,275	–6,255	–15.9
Liabilities due to customers		45,766	47,611	–1,845	–3.9
Securitised liabilities		49,534	57,168	–7,634	–13.4
Trading liabilities		34,466	36,148	–1,682	–4.7
Equity		6,940	6,817	123	1.8
Total assets		**180,906**	**199,301**	**–18,395**	**–9.2**

		30.6.2013	31.12.2012	Changes	
Key indicators for regulatory purposes		in € m	in € m	in € m	in %
Risk-weighted assets		59,988	60,800	–812	–1.3
Tier 1 capital ratio	in %	11.7	11.2		
Total capital ratio	in %	16.6	15.9		

Contents

Another significant increase in profits at Helaba

Ladies and Gentlemen,

Helaba's steady upwards trend continued in the first six months of 2013. We generated consolidated pre-tax net profit of € 336 m, an increase of € 48 m compared with the previous year. Consolidated net profit after tax climbed by € 36 m to € 230 m. All operating units – Wholesale Business as well as S-Group Business, Private Customers and SME Business – achieved good results, allowing us to generate higher net interest income and net fee and commission income. Net trading income also increased further, in spite of the reversals of impairment losses in the previous year, with significant contributions coming particularly from the customer-led capital market business.

Consolidated total assets of Helaba declined from € 199.3 bn to € 180.9 bn in the first half of 2013. Over half of this amount – € 91.4 bn – is attributable to loans and advances to customers. Throughout the Group, we generated € 7.8 bn of new medium- and long-term business – € 0.9 bn more than in the first half of 2012. Most of this was attributable to real estate lending, where new business of € 3.9 bn was closed. We generated well over half of that amount in Germany. The main focus of new corporate finance business, which amounted to € 1.7 bn, was on project finance and corporate customer business. Frankfurter Sparkasse's S-Group business and customer business accounted for a total of € 1.2 bn of new business, while business with local and regional authorities generated € 0.9 bn. In the capital market business, Helaba was the arranger of five issues of promissory note loans totalling more than € 700 m. In addition, it managed issues of promissory note loans for six German and French local and regional authorities in a total amount of € 460 m. The takeover of the certificates platform of the former WestLB, which was completed in the previous year, made Helaba one of the leading issuers in Germany.

As at 30 June 2013, the core Tier 1 ratio was 11.7 %. With an overall capital ratio of 16.6 %, we have robust backing of liable capital.

Our good interim result has not, however, prompted me to be overly optimistic about the forecast for full-year 2013. Although, given the expected economic upturn in Europe and other regions, I anticipate that our operating business will continue on its steady upwards trajectory, I foresee net trading income finishing the year below the excellent prior-year figure. The fact that the euro debt crisis has still not been resolved could trigger renewed problems on the markets. For this reason I expect consolidated net profit to fall slightly short of the record result of the previous year. Further investments, particularly in the IT infrastructure, will be necessary to meet new regulatory requirements. The cost of integrating NRW-Verbundbank will also continue to impact on general and administrative expenses during the remainder of the year. We expect the volume of new medium-term and long-term business to be slightly above the volume of business closed in the previous year.

Since we acquired the Sparkasse S-Group business from the former WestLB a year ago, we have had our own branch representing Helaba in Düsseldorf. In August, we moved to new business premises with around 450 employees. Our Düsseldorf branch is Helaba's second largest location after Frankfurt, underscoring our business strategy aimed at establishing ourselves in North Rhine-Westphalia for a long-term commitment. This region, one of Germany's key economic centres, is of special importance to us. We are confident that our expertise and know-how can make an increasingly valuable contribution in North Rhine-Westphalia.

Yours sincerely

Hans-Dieter Brenner

Hans-Dieter Brenner
Chairman of the Board of Managing Directors

Interim Group Management Report

Interim Group Management Report

Basic Information about the Group

Helaba has a stable strategic business model with a long-term focus. With its customer-based business profile, its role of Sparkasse central bank for 166 savings banks in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg as well as of development and infrastructure bank for the State of Hesse, the bank is closely integrated with the real economy. This strategic focus in combination with the long-term integration with the Sparkasse organisation, close relations with local and regional authorities – including on an institutional basis – and a conservative risk philosophy form the basis for the many years of steady business and earnings development. This positive, steady performance trend continued in the first half of 2013.

Helaba's consolidated net profit before tax amounted to € 336 m in the first six months of 2013, a year-on-year increase of € 48 m (H1 2012: € 288 m). Compared with the prior-year period, this represents 66 % of the result for full-year 2012, the highest figure achieved in Helaba's corporate history. Consolidated net profit after tax was € 230 m as at 30 June 2013 (H1 2012: € 194 m).

Helaba's strategic business model centres on the three corporate units: Wholesale Business; S-Group Business, Private Customers and SME Business; and Public Development and Infrastructure Business.

Helaba's activities in the Wholesale Business unit concentrate on the six core business areas of Real Estate, Corporate Finance, Financial Institutions and Public Finance, Global Markets, Asset Management and Transaction Business. In view of its risk policy and the risk-return profiles of business areas, which have changed because of the new regulatory framework, among other factors, Helaba continued to pursue its business and risk strategies in the first half of 2013 by honing its product and service portfolio and by further improving cost and process efficiency. Customer and S-Group orientation continues to be the overriding emphasis of the business policy of Helaba. Following the acquisition in mid-2012 of NRW-Verbundbank, which had been hived off from the former WestLB, Helaba has significantly expanded its market position as a commercial bank in its business with institutional customers and local and regional authorities (including municipal corporations).

In the S-Group Business, Private Customers and SME Business unit, Helaba has also permanently extended its role of central product supplier and service platform beyond its traditional core region of Hesse and Thuringia, since it assumed the Sparkasse central bank function as S-Group bank for the savings banks in North Rhine-Westphalia and Brandenburg in 2012. The business model, under which Helaba and the S-Group Sparkassen in Hesse and Thuringia function as a single economic entity, has remained intact. This distribution of tasks is reflected in a high S-Group ratio of 77 %. The Sparkassen-Finanzgruppe Hessen-Thüringen has an S-Group rating from two rating agencies, which can also be used on the capital market directly by the individual banks. Helaba has a leading position in the home loans and savings business in both Hesse and Thuringia through the legally dependent Landesbausparkasse Hessen-Thüringen. Frankfurter Sparkasse, a wholly owned subsidiary of Helaba, is the market leader in retail banking in the Frankfurt am Main region. Frankfurter Sparkasse and its sales company 1822direkt also give Helaba a significant presence in Germany's direct banking sector.

In the Public Development and Infrastructure Business segment, Helaba performs public development tasks, particularly in the areas of housing and municipal development, infrastructure, the economy, agriculture and the environment through Wirtschafts- und Infrastrukturbank Hessen (WIBank) on behalf of the Federal State of Hesse. WIBank has the direct guarantor liability (Gewährträgerhaftung) of the Federal State of Hesse; it operates in accordance with the principle of competition neutrality and is tax exempt. In the field of economic development, Helaba holds equity interests in numerous other development institutions in Hesse and Thuringia, in particular in guarantee banks and SME investment companies. Helaba has granted Thüringer Aufbaubank a subordinate loan of € 40 m, which is recognised for regulatory purposes as liable equity.

Helaba's main locations are its two registered offices in Frankfurt am Main and Erfurt. In Germany, it has branches in Düsseldorf and Kassel as well as sales offices in Berlin, Munich and Stuttgart. In other EU countries, Helaba has locations in London, Dublin, Paris and Madrid, although its activities in Ireland (including subsidiaries) are being scaled down or discontinued. Further afield, it also has a direct presence in local markets through its branch office in New York, its international representative offices in Moscow and Shanghai and its subsidiary Frankfurter Bankgesellschaft (Schweiz) AG in Zurich.

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 2013. The rating agencies Standard & Poor's and Fitch Ratings have given Helaba and all savings banks in the Finanzgruppe Hessen-Thüringen ratings of "A" and "A+" for long-term unsecured liabilities and of "A–1" and "F1+" for short-term liabilities – all with a stable outlook. 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 table below shows the latest ratings (as at 20 August 2013) for liabilities not subject to guarantor liability (all with a stable outlook):

	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.

Economic Report

Macroeconomic and Sector-Specific Conditions in Germany

The extended winter contributed to the slow start of the German economy into the year 2013. However, the economy has gained traction in the course of the year to date. Exports are currently contributing little to economic growth. The challenges posed by the difficult economic situation in many European countries and low growth rates in the emerging economies are having a dampening effect on German exports. There is, however, buoyant demand for German products from the USA. The figures for capital expenditure in Germany are mixed. While a substantial backlog has developed in residential construction, which is leading to rising capital expenditure driven by mortgage interest rates at record lows, the decline in spending on machinery and equipment has continued into 2013. Private consumption is a growth driver of the German economy. The favourable trend in the labour market, combined with rising real incomes, is causing private consumption expenditure to increase. Gross domestic product will probably increase by around 0.5 % (price-adjusted) in full-year 2013.

In the regulatory environment, new requirements will apply particularly in relation to the capital base and liquidity management of credit institutions, as the EU Capital Requirements Directive (CRD IV) and Regulation (CRR) enter into force at the beginning of 2014 to implement Basel III. Helaba took early steps to prepare for these new regulatory requirements. As part of the measures planned by the European Council to create the “European Banking Union”, the supervisory function for about 130 banks in the EU, including Helaba, is expected to be transferred to the European Central Bank (ECB) in the course of 2014. Details are still being worked on, but in preparation for the transfer, there are plans to perform asset quality reviews at the affected banks. In mid-2013, the EU Commission presented a draft “Bank Recovery and Resolution Directive”, whose details will be discussed at EU level during the remainder of the year. In Germany, the German Act on Ring-Fencing and on Recovery and Resolution Planning for Credit Institutions (Gesetz zur Abschirmung von Risiken und zur Planung der Sanierung und Abwicklung von Kreditinstituten) has meanwhile entered into force. Since the German banking supervisory authority has classified Helaba as a nationally systemically important credit institution, Helaba is required by law to compile a recovery plan by the end of 2013; this plan will form the basis for a resolution plan to be prepared by the banking supervisory authority. Helaba is not affected by the spin-off of business activities required by the act, because it falls below the respective thresholds. The trilogue discussions about the creation of a legal framework for EU deposit protection still continue at EU level. According to the current status of the trilogue proceedings, it can be assumed that it will be possible to retain the system of bank protection in the German Sparkasse organisation in future. However, the requirements relating to the fund levels to be maintained in the protection fund will become significantly more stringent.

Business Performance

In the first half of 2013, the volume of new medium-term and long-term business closed throughout the Group amounted to € 7.8 bn, an increase of € 0.9 bn or 13 % compared with H1 2012. The figure is in line with the annual budget. The focus of new business was on real estate lending, where new business of € 3.9 bn was closed. In Germany, which accounted for 54 % of new business in the first half of the year, Helaba is thus one of the leading German real estate banks. In the corporate finance business, new medium-term and long-term business amounted to € 1.7 bn, with a special focus on project and asset finance. Frankfurter Sparkasse's S-Group business and customer business accounted for a total of € 1.2 bn, while business with local authorities generated € 0.9 bn. In the capital market business, Helaba was the arranger of eleven issues of promissory notes totalling € 1.2 bn in the first six months. Helaba is one of the market leaders in this market segment. Even though the market volume is declining on the whole, Helaba successfully tapped into this market segment for several German local authorities for the first time. Since the takeover of the certificates platform of the former WestLB, which was completed in the previous year, Helaba has been one of the leading domestic issuers in the certificates business.

Because of its comfortable liquidity position as S-Group Bank of the Sparkassen, Helaba significantly reduced the amount of medium-term and long-term funding procured to € 3.5 bn in the first half of 2013 (H1 2012: € 7.5 bn). At € 2.2 bn, unsecured issuance products accounted for two thirds of the total, including € 1.5 bn in retail issues for placement in the sales network of the Sparkassen. The volume of public Pfandbriefe issued was € 1.3 bn. Of this amount, € 500 m each was attributable to benchmark bonds with maturities of five and ten years respectively, which enjoyed strong demand from investors in Germany and abroad. The customer deposits in the retail business within the Group, in particular through the subsidiary institution Frankfurter Sparkasse, contributed to further diversifying Helaba's sources of refinancing.

Net Assets, Financial Position and Results of Operations

Results of operations of the Group

	1.1.–30.6. 2013	1.1.–30.6. 2012	Change	
	in € m	in € m	in € m	in %
Net interest income	581	547	34	6.2
Provisions for losses on loans and advances	–137	–162	25	15.4
Net interest income after provisions for losses on loans and advances	**444**	**385**	**59**	**15.3**
Net fee and commission income	142	121	21	17.4
Net trading income	243	217	26	12.0
Gain or loss on non-trading derivatives and financial instruments held for trading to which the fair value option is applied	26	–15	41	>100.0
Net income from hedge accounting	14	–1	15	>100.0
Net income or loss from financial investments and equity-accounted companies	8	–15	23	>100.0
Other operating income/loss	86	107	–21	–19.6
General and administrative expenses	–627	–511	–116	–22.7
Profit before tax	**336**	**288**	**48**	**16.7**
Taxes on income	–106	–94	–12	–12.8
Consolidated net profit	**230**	**194**	**36**	**18.6**

The inclusion of NRW-Verbundbank on 1 July 2012 had a considerable impact on the Helaba Group’s net assets, financial position and results of operations. The changes resulting from the integration of NRW-Verbundbank are discussed separately under the results of operations by segment.

Helaba generated profit before taxes of € 336 m in the first half of 2013, significantly up from the very high figure of € 288 m generated in H1 2012. The operating business was very steady on an upwards trajectory. Both net interest and net fee and commission income increased again. Net trading income was up from the prior-year figure, although that period had been impacted to a significant extent by the reversal of impairment losses. As the German economy was stable, there was less need of provisions for losses on loans and advances than in the previous year. While net trading income exceeded budget, the other components of income were more or less as planned. The individual items in the income statement developed as follows:

Net interest income amounted to € 581 m, an increase of 6 % compared with H1 2012 (€ 547 m). This increase was driven by both higher volumes in the customer business and an increase in the interest margin in new business as well as by the acquisition of NRW-Verbundbank. The low interest rates had a negative impact on LBS, Frankfurter Sparkasse and own fund investments. 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 of Frankfurter Sparkasse accounts for around 25 % of total net interest income.

The provisions for losses on loans and advances amounted to € 137 m (H1 2012: € 162 m). Specific loan loss allowances and specific loan loss allowances evaluated on a group basis increased by a net amount of € 118 m (H1 2012: € 153 m). The portfolio loan loss allowances for exposures not acutely threatened by default increased by € 5 m (H1 2012: net reversal of € 22 m). Direct write-downs, additions to the provisions for losses on loans and advances and recoveries on loans previously written off resulted in a net expense of € 14 m (H1 2012: € 31 m).

Net interest income after risk provisioning rose from € 385 m in the first half of 2012 to € 444 m in the current reporting period.

Net fee and commission income increased by € 21 m to € 142 m. Commissions on payment transactions grew particularly strongly, primarily due to the acquisition of NRW-Verbundbank. Commissions from Helaba Invest's asset management activities also rose.

Net trading income, which was impacted by narrower credit spreads as in the previous year, rose by a further € 26 m in the reporting period to € 243 m. The very good result is primarily due to the increase in interest-driven business to € 222 m (H1 2012: € 210 m). This was mainly due to the favourable environment for interest rate and credit trading in the second quarter, which resulted in a continuous narrowing of credit spreads. In the customer business, most of the activities of NRW-Verbundbank were integrated and the level of support was intensified further. This allowed Helaba to expand its position especially in the capital market business with institutional customers and to win new customers. The trading activities, which are performed primarily by the Bank, focus 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 held for trading to which the fair value option is applied is to a significant extent impacted by the mark-to-market valuation. A net loss of € 15 m was generated in the first six months of the previous year, compared with net income of € 26 m in the period under review. The consideration of the liquidity component of foreign currencies (cross currency basis spread) in the measurement of derivatives led to a significant loss in the first half of 2012. If this liquidity component is taken into account, the net loss on remeasurement of the banking book derivatives used to manage interest amounts to € 39 m, compared with € 50 m in H1 2012. The first-time use of mid-market prices in the bid-ask spread for financial instruments measured at fair value had a positive effect (€ 28 m). Negative, however, was the performance of the net loss on remeasurement of derivative and non-derivative financial instruments of the consolidated special and retail funds, which comprise unrealised remeasurement gains or losses as well as realised sale proceeds. It stood at € – 22 m (H1 2012: net gain of € 24 m). The net income from hedge accounting, in which the ineffective portion of micro hedges is shown, amounts to € 14 m (H1 2012: net loss of € 1 m).

The net income from financial investments improved to € 9 m (H1 2012: net loss of € 7 m). The sale of bonds and other fixed-income securities resulted in a gain of € 16 m. Impairment losses reduced net income by € 8 m (H1 2012: € 17 m). Equity-accounted associates and joint ventures contributed a loss of € 1 m (H1 2012: profit of € 8 m).

Other operating income amounts to € 86 m (H1 2012: € 107 m), primarily reflecting the included net income from investment property of € 75 m (H1 2012: € 75 m), which is the net amount produced by aggregating rental income, disposal gains or losses, operating costs, depreciation and impairment losses.

General and administrative expenses comprise personnel expenses (€ 288 m; H1 2012: € 266 m), other administrative expenses (€ 322 m; H1 2012: € 229 m) and depreciation, amortisation and impairment losses (€ 17 m; H1 2012: € 16 m). The increase in personnel expenses was mainly due to the transfer of NRW-Verbundbank employees and pay-scale increases. The increase in other administrative expenses includes a € 20 m rise in expenses for IT projects, which reflect, among other things, the costs of integrating the acquired S-Group Bank, expenses for services provided by Portigon AG amounting to € 34 m and the full amount of the bank levy amounting to € 48 m (H1 2012: € 26 m).

Profit before tax amounted to € 336 m (H1 2012: € 288 m).

After deducting income tax expense (€ 106 m; H1 2012: € 94 m), consolidated net profit amounted to € 230 m (H1 2012: € 194 m). Of this amount, € 1 m is attributable to non-controlling interests in consolidated subsidiaries (H1 2012: € 1 m).

Statement of Financial Position

Assets

	30.6.2013	31.12.2012	Change	
	in € m	in € m	in € m	in %
Loans and advances to banks including cash reserve	21,463	32,161	−10,698	−33.3
Loans and advances to customers	91,404	90,821	583	0.6
Allowances for losses on loans and advances	−1,241	−1,205	−36	−3.0
Trading assets	35,177	37,954	−2,777	−7.3
Positive fair values of non-trading derivatives	5,121	6,992	−1,871	−26.8
Financial investments and shares in equity-accounted companies	24,424	28,003	−3,579	−12.8
Investment property, property and equipment and intangible assets	2,863	2,882	−19	−0.7
Income tax assets	756	753	3	0.4
Other assets	939	940	−1	−0.1
Total assets	**180,906**	**199,301**	**−18,395**	**−9.2**

Equity and liabilities

	30.6.2013	31.12.2012	Change	
	in € m	in € m	in € m	in %
Liabilities due to banks	33,020	39,275	–6,255	–15.9
Liabilities due to customers	45,766	47,611	–1,845	–3.9
Securitised liabilities	49,534	57,168	–7,634	–13.4
Trading liabilities	34,466	36,148	–1,682	–4.7
Negative fair values of non-trading derivatives	3,932	4,982	–1,050	–21.1
Provisions	1,636	1,644	–8	–0.5
Income tax liabilities	551	637	–86	–13.5
Other liabilities	772	656	116	17.7
Subordinate capital	4,289	4,363	–74	–1.7
Equity	6,940	6,817	123	1.8
Total equity and liabilities	**180,906**	**199,301**	**–18,395**	**–9.2**

Consolidated total assets of Helaba fell from € 199.3 bn to € 180.9 bn in the first half of 2013. On the assets side of the statement of financial position, loans and advances to customers account for over 50 % of total assets. They increased slightly, by € 0.6 bn, to € 91.4 bn, primarily due to an increase in infrastructure lending. The largest changes on the assets side result from a € 10.7 bn decline in loans and advances to banks including cash reserve to € 21.5 bn. The decline in loans and advances to banks is mainly attributable to a reduction in overnight and time deposits. Trading assets measured at fair value stood at € 35.2 bn as at the reporting date (31 December 2012: € 38.0 bn). While securities held for trading rose by € 0.3 bn, receivables held for trading fell by € 0.4 bn and the positive fair values of derivatives by € 2.7 bn. Non-trading derivatives also declined by € 1.9 bn, so that overall the positive fair values of all derivatives decreased by € 4.6 bn to € 15.3 bn. Financial investments, of which bonds and notes constitute 96.7 %, decreased from € 27.9 bn to € 24.3 bn as a result of maturities.

The situation on the liabilities side is similar: Liabilities due to banks declined by € 6.3 bn to € 33.0 bn. A € 4.6 bn reduction in overnight and time deposits to € 1.1 bn was a significant contributing factor. Liabilities due to customers declined by € 1.8 bn to € 45.8 bn. This fall reflects in particular decreases in overnight and time deposits and borrowers' note loans raised. Securitised liabilities declined by € 7.6 bn to € 49.5 bn, mainly in relation to unsecured bearer bonds (€ 33.1 bn; 31 December 2012: € 39.9 bn). Trading liabilities were down € 1.7 bn to € 34.5 bn; as part of this movement, a € 2.8 bn decline in the negative fair values of derivatives was offset by a € 1.1 bn increase in liabilities held for trading. Taking into account the non-trading derivatives, the negative fair values of derivatives fell by a total of € 3.9 bn to € 14.9 bn.

Subordinate capital declined slightly from € 4.4 bn at the end of 2012 to € 4.3 bn.

Equity

As at 30 June 2013, the Group's equity amounted to € 6.9 bn (31 December 2012: € 6.8 bn). The increase is mainly attributable to comprehensive income of € 213 m generated in the first half of 2013. Retained earnings include actuarial losses on pension obligations after deferred taxes of € 176 m recognised directly in equity (31 December 2012: € 169 m). After deferred taxes, the revaluation reserve recognised directly in equity decreased by € 17 m to € 145 m. Exchange rate factors resulted in an increase in the currency translation reserve to € 6 m. The cash flow hedge reserve grew by € 5 m to € – 18 m. The dividend payment to the owners amounted to € 90 m in the period under review.

With a core Tier 1 ratio of 11.7 % (31 December 2012: 11.2 %) and an overall capital ratio of 16.6 % (31 December 2012: 15.9 %), the Group has adequate backing of liable capital.

Results of operations by segment

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

The individual segments contributed as follows to profit before tax amounting to € 336 m in the first six months of 2013 (H1 2012: € 288 m):

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Real Estate	121	102
Corporate Finance	91	31
Financial Markets	189	120
Asset Management	5	6
S-Group Business	8	10
Public Development and Infrastructure Business	11	7
Frankfurter Sparkasse	66	82
Other/reconciliation	– 155	– 70
Group	**336**	**288**

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.

In the first half of 2013, the volume of new medium-term and long-term business closed in the real estate lending business increased by 18 % year-on-year, with satisfactory new business margins. As a result, the interest margin for the portfolio rose slightly compared with the previous year. The increased new business activity also led to higher transaction-related income. As a result, net interest income, which dominates this segment, rose by 11 % year-on-year to € 187 m (H1 2012: € 169 m).

Provisions for losses on loans and advances amounted to € 80 m, similar to the previous year's figure.

Net income from non-trading derivatives and financial instruments to which the fair value option is applied increased by € 11 m year-on-year. The figure includes a positive contribution from interest rate hedges entered into by the real estate subsidiaries. Other operating income, which reflects to a significant extent the contribution to profit of the equity investments operating in the real estate sector, declined by € 8 m to € 88 m. General and administrative expenses amounted to € 91 m, exactly the same as in the previous year.

The segment's profit before tax was € 121 m, up 19 % on the first six months of 2012 (€ 102 m).

Corporate Finance segment
The Corporate Finance segment comprises the results of the corporate finance business line, the income contributions of the equity-accounted HANNOVER LEASING Group and other consolidated equity investments.

The Corporate Finance segment's net interest income is generated to a significant extent through corporate finance arrangements. The volume of new medium-term and long-term business closed in the corporate finance business line was similar to the previous year's. The business volume on 30 June 2013 was € 2.5 bn higher than on 30 June 2012, mainly due to the acquisition of loans and advances to customers of the former WestLB AG as at 1 July 2012. Net interest income rose by 18 % from € 132 m to € 156 m.

Provisions for losses on loans and advances amounted to € 45 m, significantly down on the previous year's figure (H1 2012: € 66 m).

The net income from non-trading derivatives and financial instruments to which the fair value option is applied, from hedges, financial investments and equity-accounted companies as well as other operating income are attributable to a significant extent to HANNOVER LEASING and the other equity investments. The profit contribution of these items grew by € 16 m year-on-year to € 19 m.

General and administrative expenses rose slightly by € 3 m to € 47 m, reflecting the increase in the number of employees resulting from the acquisition of NRW-Verbundbank.

Mainly driven by the increase in profit from the acquired NRW-Verbundbank portfolios and lower provisions for losses on loans and advances, the segment's profit before tax of € 91 m was significantly higher than in the first six months of 2012.

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

The segment's net interest income is primarily the result of the lending business with domestic and foreign local and regional authorities and money market trading with customers. The volume of new medium-term and long-term business closed with domestic local and regional authorities increased by 29 % to € 0.9 bn (H1 2012: € 0.7 bn). The € 19 m increase in net interest income is furthermore attributable to the addition of portfolios from NRW-Verbundbank and the intentional reduction in the liquidity surplus.

Net fee and commission income declined by € 7 m year-on-year because of higher fee and commission expenses and a reduction in new business activity in the US public finance business, which is not included in the statement of financial position.

Net trading income increased further to € 238 m, beating the high prior-year figure (€ 211 m) by € 27 m. This performance was driven by customer business on a similarly high level as well as spreads narrowing further in the first six months because of the continuing positive sentiment on the money and capital markets.

The net loss from non-trading derivatives and financial instruments to which the fair value option is applied improved by € 28 m to € 16 m. In the first six months of 2012, the result had been weighed down by fair value changes of cross currency swaps. The net income from hedge accounting amounted to € 14 m in the first six months.

General and administrative expenses in the Financial Markets segment increased by € 20 m to € 86 m (H1 2012: € 66 m). This relatively sharp cost increase is also related to the acquisition of portfolios from NRW-Verbundbank. The rise in general and administrative expenses was driven by additional customer support personnel in the capital market and municipal lending business, the high-cost IT integration of trading and data systems and the cost of implementing the requirements of central derivatives clearing (CCP).

At € 189 m, the segment's profit before tax was higher than in H1 2012.

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 fell by 53 % to € 7 m (H1 2012: € 15 m). The drop is due to the planned reduction in credit finance for private customers in the Frankfurter Bankgesellschaft Group and a decline in interest income from the deposit business because of the low interest rates. The reduction in credit portfolios meant that no provisions for losses on loans and advances had to be recognised (H1 2012: € 6 m). The expansion in customer business in private banking and wealth management is reflected in a slight € 2 m increase in commissions in the Frankfurter Bankgesellschaft Group.

In Helaba Invest's asset management business, assets under control rose by about 4 %, thus contributing to a rise in net fee and commission income.

The segment's general and administrative expenses rose by 6 % to € 34 m (H1 2012: € 32 m), driven by an increase in the number of employees (Helaba Invest) and by write-downs of IT investments (Frankfurter Bankgesellschaft Group).

At € 5 m, the segment's profit before tax was slightly down on H1 2012 (€ 6 m).

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

The integration of NRW-Verbundbank and the acquisition of the Sparkasse central bank function for all Sparkassen in the states of North Rhine-Westphalia (NRW) and Brandenburg mean that the S-Group Bank has reported income from acquired and new business with this group of customers since 1 July 2012. As a result, the S-Group Bank's net interest income rose by 25 % to € 20 m (H1 2012: € 16 m), driven primarily by the meta loans and the certificates business. Due to the transfer of the payment transactions business, net fee and commission income jumped to € 23 m (H1 2012: € 11 m). Net trading income amounted to € 7 m, similar to the previous year's figure. Provisions for losses on loans and advances amounted to € 3 m, virtually unchanged from the previous year.

The S-Group Bank's general and administrative expenses increased by 30 % to € 48 m (H1 2012: € 37 m) because of the transfer of the NRW-Verbundbank employees allocated to this segment (increase of 177) and the associated cost of materials and system costs.

Following the introduction of a new generation of tariffs, the development of gross new business at LBS Hessen-Thüringen was a little more subdued, as expected. Total assets as at 30 June 2013 were 4.7 % higher than at the end of 2012. With returns on investments at historic lows, net interest income fell by 11 % to € 31 m (H1 2012: € 35 m). General and administrative expenses of LBS amounted to € 21 m, similar to the previous year's figure.

At € 8 m, the S-Group Business segment's profit before tax was down 20 % on H1 2012 (€ 10 m).

Public Development and Infrastructure Business segment
The Public Development and Infrastructure Business segment mainly comprises the business of Wirtschafts- und Infrastrukturbank Hessen (WIBank).

As a result of extended support for infrastructure and residential construction and economic development, net interest income rose by 9 % year-on-year to € 23 m (H1 2012: € 21 m). The 13 % increase in net fee and commission income to € 17 m (H1 2012: € 15 m) is due to the addition of new agricultural development activities and of the regional aircraft noise abatement fund.

In addition to consistent ongoing support for existing programmes, WIBank assisted the state of Hesse in 2013 in implementing the Municipal Protection Shield to safeguard the lasting performance capabilities of local and regional authorities.

General and administrative expenses for the first six months of 2013 amounted to € 29 m, unchanged from H1 2012.

At € 11 m, the segment's profit before tax was better than in H1 2012 (€ 7 m).

Frankfurter Sparkasse segment
The Frankfurter Sparkasse segment shows the results of the credit institution of the same name as a subgroup including the corresponding consolidated subsidiaries.

Net interest income in the Frankfurter Sparkasse segment fell by 6 % to € 147 m (H1 2012: € 157 m). This was due to a decline in income from treasury positions because of the low interest rates.

Provisions for losses on loans and advances amounted to € 6 m, equivalent to 27 % of the budgeted figure. No such provisions had been recognised in the first half of 2012.

Net fee and commission income amounted to € 35 m, exactly the same as the previous year's figure. Net income from non-trading derivatives and financial instruments to which the fair value option is applied includes a net loss of € 2 m on special funds to which the fair value option is applied (H1 2012: net income of € 10 m). The decline is due to the change in interest rates.

Net income from financial investments rose to € 8 million. The net loss of € 6 m incurred in the first six months of 2012 included write-downs on Erwerbsgesellschaft der S-Finanzgruppe (due to Landesbank Berlin Holding AG).

Driven by tariff increases, general and administrative expenses rose significantly by 2 % to € 125 m (H1 2012: € 122 m).

At € 66 m, the segment's profit before tax was down on H1 2012 (€ 82 m).

Other / reconciliation segment
The other / reconciliation segment shows the contributions to income and expenses that cannot be attributed to the operating segments. This includes in particular the cash management, settlement and custody services business lines, the corporate centres, net income or loss from own fund investments as well as reconciliations.

The segment generated a net loss of € 155 m (H1 2012: € 70 m) reflecting to a significant extent the impact of the acquisition of NRW-Verbundbank as at 1 July 2012 and central structural costs, which had not impacted the previous year's reporting date of 30 June 2012.

General and administrative expenses include personnel costs of approximately € 6 m for transferred S-Group Bank employees in the cash management, custody services and corporate centre functions. In these business lines, costs of about € 7 m were additionally incurred for the project-based integration of the S-Group Bank in the first half of 2013.

Structural costs that cannot be allocated to the business lines are reported in the other segment. The includes the flat servicing fee of € 34 m at 30 June 2013 payable to Portigon AG for the interim period ending in 2014. The segment also reports the bank levy of € 48 m (H1 2012: € 26 m). Expenses for major regulatory projects (Minimum Requirements for Recovery Plans (Mindestanforderungen an Sanierungspläne, MaSan), IFRS 9) are also reported here.

Events after the Reporting Date

There have been no significant events after 30 June 2013.

Risk Report

The Board of Managing Directors is responsible for all risks incurred by Helaba and for defining a risk strategy consistent with the business strategy. The risk strategy lays down, in accordance with the requirements imposed by law, the Charter and the banking regulatory authorities, the basic rules for dealing with risk and the objectives of risk control as well as the measures employed to achieve these objectives at Helaba and at the Group companies included in Group-wide risk management. Once approved, the risk strategy is presented to and discussed with the Supervisory Board and the Board of Public Owners.

The business strategy of the Helaba Group is integrated into the business and risk strategy of Sparkassen-Finanzgruppe Hessen-Thüringen and also forms the basis for the risk strategy.

The risk strategy focuses on taking on risk in a profit-oriented manner, with due consideration for the economic and supervisory capital, while assuring liquidity and 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 examines which risks have the potential to damage the Helaba Group's assets (including capital resources), results of operations or liquidity position to a material degree. The following primary risk types have been identified:

- Counterparty default risk (including investment risks)
- Market price risk
- Liquidity risk
- Operational risk (including legal and outsourcing risks)
- Business risk
- Real estate risk

Risk-Bearing Capacity

Helaba uses its established procedures for measuring and containing risks to ensure that all material risks within the Helaba Group are always covered by risk cover assets pools and that its risk-bearing capacity is thus assured. Helaba's calculation of risk-bearing capacity was significantly enhanced as at 30 June 2013.

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. In this process, risk exposures are quantified according to a confidence level of 95.0 % and of 99.9 % as part of an economic assessment and the regulatory expected loss (EL) and regulatory capital requirement are calculated using the regulatory specifications on valuation. A capital deduction from the regulatory EL / impairment comparison is taken into account when quantifying core capital and total capital.

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

The scenarios applied comprise a base scenario, which maps the 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 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 met even if expected and unexpected losses are incurred. In these cases, risk exposures are quantified at a 95.0 % confidence level. The calculation of risk-bearing capacity under the gone-concern approach demonstrates that the Helaba Group's capital is sufficient to satisfy all creditors in full even in the unlikely event of heavy losses being incurred (expected and unexpected losses at a confidence level of 99.9 %).

The going-concern approach is used to compare total economic risk exposures according to the calculation of risk-bearing capacity against a sustainable result before risks, the cost of servicing the silent participations that have not been brought into line with the requirements for Tier 1 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 on 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 its operating and Group units on the basis of the associated anticipated development in the total and core 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 assets pool based on the IFRS accounts to cover the internal capital requirement. This pool comprises the cumulative consolidated net profit on the reporting date, the equity capital and the subordinate debt under IFRS. Cover assets pool components also undergo a correction under economic criteria. The gone-concern approach does not recognise hidden reserves as a cover assets pool component.

The risk-bearing capacity assessment for the Group, which covers all risk types, continues to show considerable surplus cover of the quantified risk potential due to the existing risk cover pools at the end of the second quarter of 2013 and also documents Helaba's conservative risk approach.

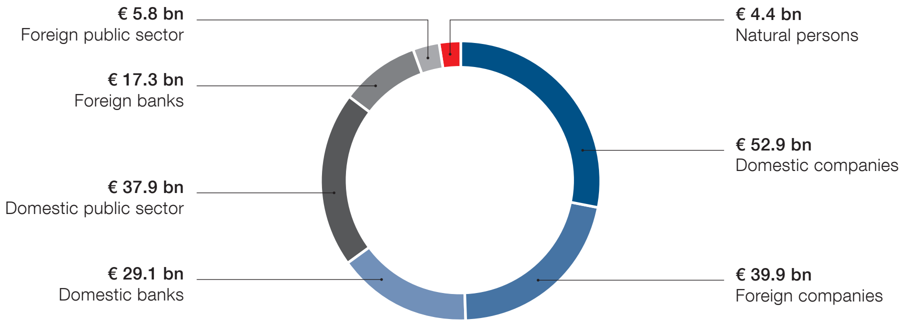
In the base scenario of the going-concern approach, there is a capital buffer of € 2.9 bn for the economic risk exposures. In addition to the capital buffer reported under the going-concern approach, there is an internal risk buffer of € 1.2 bn. The capital buffer for economic risk exposures under the gone-concern approach amounts to € 6.3 bn (31 December 2012: € 6.8 bn).

As of 30 June 2013, the regulatory total capital ratio in the Helaba Group was 16.6 % (31 December 2012: 15.9 %) and the Tier 1 ratio was 11.7 % (31 December 2012: 11.2 %). 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 lending volume as at 30 June 2013, which consists of drawings and undrawn committed credit lines, of the narrow group of consolidated companies (Helaba single entity including the subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG) totalling € 187.3 bn (31 December 2012: € 207.4 bn), broken down according to customer groups.

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



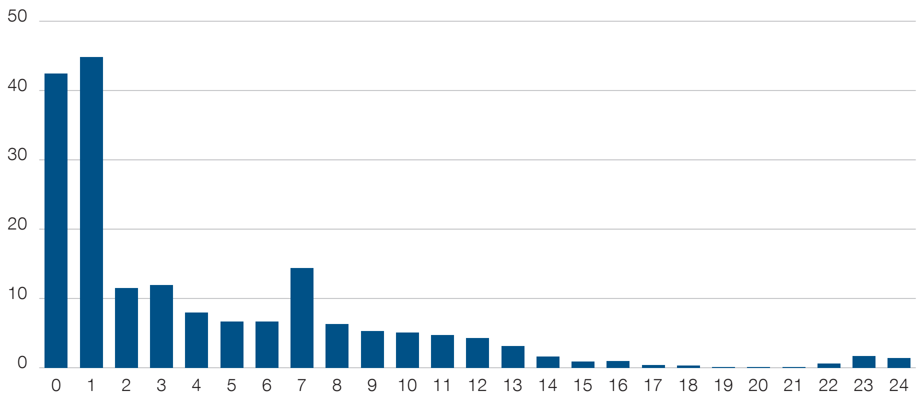
Credit rating / risk assessment

The Bank has 15 rating systems, developed in cooperation with the DSGV and other Landesbanks, as well as three internally developed rating systems. 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.

Since 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, further relevant factors that mitigate or increase risk for a particular credit transaction are taken into account (in particular maturity, collateralisation, ranking of the loan). For this purpose, in addition to the default rating, Helaba has developed a risk rating which enables the risk level of transactions to be compared across segments. The risk rating approximates the expected loss (EL). The default rating is used as the basis for the EL-relevant adjustments for determining the risk rating.

In the narrow group of consolidated companies (Helaba single entity plus the subsidiaries Helaba Dublin, Frankfurter Sparkasse and Frankfurter Bankgesellschaft (Schweiz) AG), the total lending volume of € 187.3 bn (31 December 2012: € 207.4 bn) is broken down into risk rating classes as detailed in chart 2.

Total lending volume by risk-rating class (narrow group of consolidated companies)
(Chart 2) in € bn



Provisions for losses on loans and advances
Adequate provisions for losses on loans and advances are recognised for default risks. The adequacy of provisions for losses on loans and advances is reviewed regularly and adjustments are made where necessary. Specific loan loss allowances are recognised and updated in the credit loss database, which is used as a central archive for exposures that are potentially subject to default.

Country risks
Helaba's transfer, conversion and event risks from loans issued to borrowers based abroad amounted to € 43.7 bn (31 December 2012: € 44.4 bn); the regional focus of these exposures is in Europe (83.0 %) and North America (14.1 %). As at 30 June 2013, 92.2 % (31 December 2012: 92.8 %) were assigned to country rating classes 0 and 1. A further 6.2 % (31 December 2012: 5.7 %) was generated in rating classes 2 – 9. Only 0.2 % (31 December 2012: 0.1 %) was rated in rating class 14 and worse.

Exposure in selected European countries

As at 30 June 2013, the net exposure to borrowers in GIIPS countries amounted to € 5.8 bn (31 December 2012: € 6.7 bn). This figure breaks down as follows:

in € m

	Greece		Ireland		Italy	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Country rating internal (LCR)	**23**	**23**	**8**	**8**	**11**	**9**
Country rating external (S&P/Moody's)	**SD/C**	**SD/C**	**BBB+/ Ba1**	**BBB+/ Ba1**	**BBB+/ Baa2**	**BBB+/ Baa2**
Sector						
Government	0.0	0.0	38.2	37.9	290.5	266.0
Banks	3.0	3.0	36.5	48.1	968.3	1,296.6
Other financial institutions	0.0	0.0	19.1	18.9	18.6	23.4
Corporates	0.0	0.0	272.9	216.1	311.4	331.9
Other (incl. nat. persons)	0.0	0.0	4.1	7.1	38.1	44.1
Direct gross exposure	**3.0**	**3.0**	**370.8**	**328.1**	**1,626.8**	**1,962.0**
Less collateral	0.0	0.0	–186.6	–120.2	–165.5	–160.1
Direct net exposure	**3.0**	**3.0**	**184.2**	**208.0**	**1,461.3**	**1,802.0**

in € m

	Portugal		Spain	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Country rating internal (LCR)	**14**	**14**	**11**	**9**
Country rating external (S&P/Moody's)	**BB/ Ba3**	**BB/ Ba3**	**BBB–/ Baa3**	**BBB–/ Baa3**
Sector				
Government	2.6	25.3	1,139.3	1,207.3
Banks	18.9	20.0	928.3	1,015.4
Other financial institutions	–	0.0	665.2	894.1
Corporates	38.2	30.7	1,316.3	1,434.3
Other (incl. nat. persons)	4.6	6.7	123.0	134.7
Direct gross exposure	**64.3**	**82.7**	**4,171.9**	**4,685.7**
Less collateral	0.0	17.5	–73.4	–92.6
Direct net exposure	**64.3**	**100.2**	**4,098.5**	**4,593.1**

The net exposure to borrowers in Malta, Slovakia, Slovenia and Cyprus as at 30 June 2013 totalled approximately € 0.2 bn, of which € 0.1 bn was attributable to Slovakia (31 December 2012: € 0.2 bn, of which € 0.1 bn for Slovakia).

Equity investment risks

There were only minor changes in the composition of the equity investment portfolio in the first half of 2013. The total carrying amount of the equity investments portfolio was € 2,378 m, an increase of about € 6 m compared with the end of 2012.

Market Price Risks

Market price risks are quantified using a money-at-risk approach plus stress tests and sensitivity analyses for credit spread risks and the consideration 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 given 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 specifies the maximum loss that will not be exceeded, with a probability of 99 %, on the basis of the underlying historical period of observation of one year with 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 2013 plus a breakdown by trading book and banking book. The linear interest rate risk is the most significant of the market price risk types. As part of continuous enhancement, the number of rating and sector-specific yield curves was increased as at the beginning of 2013. For the overall portfolio of the narrow group of consolidated companies, euro positions account for 81 % (31 December 2012: 84 %) of the linear interest rate risk and US dollar positions account for 12 % (31 December 2012: 9 %). The focus in equities trading is 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. The credit spread sensitivity amounts to € 6.0 m in the trading book (31 December 2012: € 5.2 m) and € 9.6 m in the banking book (31 December 2012: € 10.8 m). The incremental risk in the trading book amounts to € 255.5 m (31 December 2012: € 247.1 m), with a time horizon of one year and a confidence level of 99.9 %.

Group MaR by risk type
(Chart 3) in € m (NRW-Verbundbank portfolio share in parentheses)

	Overall risk		Interest rate risk		Currency risk		Share price risk	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Total	91.4 (8.9)	61.6 (15.1)	75.7	46.7	2.4	2.0	13.4	12.9
Trading book	38.3 (1.8)	16.0 (2.2)	35.0	12.8	2.1	1.8	1.2	1.4
Banking book	59.2 (7.1)	50.0 (12.9)	45.5	36.1	0.8	0.4	12.8	13.5

Positions currently serviced by Portigon AG in connection with the acquisition of NRW-Verbundbank are subject to the risk measurement systems of Portigon AG up to the point of transfer to Helaba's IT systems. Hedges entered into in Frankfurt am Main for the NRW-Verbundbank portfolio are allocated to the latter. The dominant risk type in the NRW-Verbundbank portfolio is the interest rate risk.

Market price risks in the trading book

All market price risks are calculated daily on the basis of the end-of-day position of the previous trading day and the current market parameters. Helaba also uses the parameters specified by the regulatory authorities for internal risk management. Chart 4 shows the MaR of the trading book (Helaba single entity, including subsidiary Helaba Dublin) for the first half of 2013. In the first half of 2013, average MaR amounted to € 31.8 m (full-year 2012: € 17.0 m), maximum MaR was € 41.4 m (full-year 2012: € 22.2 m) and minimum MaR € 25.8 m (full-year 2012: € 13.2 m). An average of € 2.4 m of this total was attributable to the NRW-Verbundbank trading book in the first half of 2013. The maximum was € 3.0 m, the minimum € 1.8 m.

Daily MaR of the trading book in the first half of 2013
(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 € 177.0 m as at 30 June 2013 (31 December 2012: € 95.9 m). Of this figure, € 157.0 m (31 December 2012: € 79.3 m) is attributable to local currency and € 20.0 m (31 December 2012: € 16.6 m) to foreign currencies. Helaba carries out the 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 again fully secured at all times in the first half of 2013.

In 2013, liquidity management will continue to focus on meeting the new regulatory requirements under Basel III / CRD IV.

In February 2011, Helaba was the second bank in Germany to receive approval from the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority) for its own liquidity risk measurement and management procedure in accordance with section 10 of the Liquidity Regulation (Liquiditätsverordnung, LiqV). 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. Helaba always complied in full with the regulatory liquidity surplus requirements in the first half of 2013. Positions currently serviced by Portigon AG in connection with the acquisition of NRW-Verbundbank are subject to the LiqV standard method, backed up with additional stress tests, up to the point of transfer to Helaba's IT systems. The liquidity risk ratio for the NRW-Verbundbank portfolio amounted on 30 June 2013 to 3.19.

Loan and liquidity commitments not recognised in the statement of financial position, which are maintained in a central database, are reviewed regularly with regard to their drawing potential and features of relevance to liquidity and are integrated into liquidity management. Guarantees and warranties are also considered. 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, during the recent years of the financial market crisis, the liquidity maintained at all times exceeded the liquidity actually drawn.

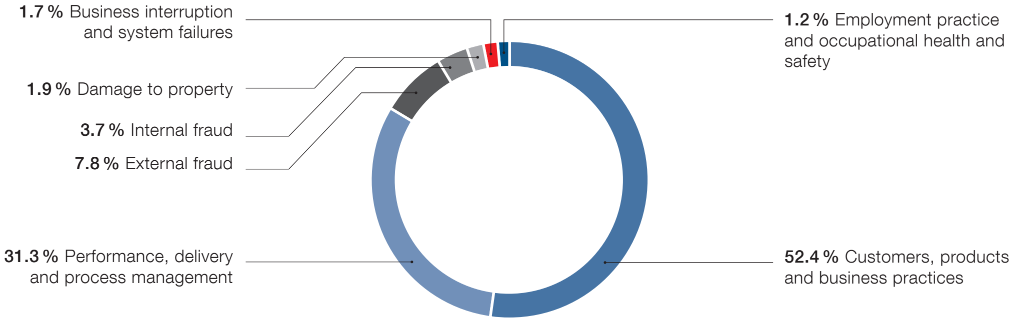
The Board of Managing Directors defines the risk tolerance for liquidity risk at least annually. This covers the limit applicable for short-term and structural liquidity risk, liquidity building for liquidity risks not recognised in the statement of financial position and the definition of the corresponding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

Operational Risks

The standard approach is used for quantifying operational risks for regulatory capital backing in accordance with the SolvV. Risks are quantified for internal management purposes on the basis of the loss data collected and the quantitative risk assessments from the units. In addition to the estimate of expected losses, the unexpected losses are quantified by separately modelling the frequency of default and amount of loss.

Chart 5 below presents the risk profile of the narrow group of consolidated companies plus further subsidiaries in the first half of 2013:

Expected loss as at 30 June 2013 by loss event
(Chart 5)



The expected loss as at 30 June 2013 was € 37.7 m (31 December 2012: € 36.9 m).

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.

Operational and strategic risk containment is the responsibility of the Bank’s front office units and the management of the respective equity investments. The Credit Risk Controlling and Risk Controlling Treasury units analyse the development of business risks and are responsible for quarterly risk reporting to the Risk Committee of the Board of Managing Directors.

As at 30 June 2013, there was a slight increase in business risks compared with the end of 2012 as a result of incorporating the 2013 business plan.

Real Estate Risks

Real estate risk is the risk to the real estate portfolio in the form of potential economic loss from fluctuations in the value of an entity's own real estate and the real estate project management risk arising from the 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 from fluctuations in market values currently arise above all for the portfolio properties of the GWH Group and for properties owned by Helaba. Risks in the 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 (GWH Wohnungsgesellschaft mbH Hessen 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 slightly in the first half of 2013. The risks continue to be fully covered by the expected income from this business.

Outlook and Opportunities

Global economic conditions
After its weak performance in the previous year, the global economy has stabilised so far this year. Recent reports from emerging economies such as China and Brazil have been disappointing as the upswing there has lagged behind expectations. By comparison, economic growth in the USA continues at a moderate pace. Growth is being boosted by private consumption as well as residential construction. Fiscal policies continue to create headwinds. Consequently, in spite of the very loose monetary policy and a return to more generous lending by US banks, the US economy is again expected to grow by no more than around 2 % in 2013, in line with its medium-term trend. Unemployment will fall further, but fail to reach the low pre-crisis levels in the foreseeable future. The euro zone will continue to hold back global economic development for the time being, although conditions are expected to improve gradually in the course of the year. Overall, the risks associated with the sovereign debt crisis will decrease further. Major crisis-hit countries such as Spain and Italy should return to growth by the end of the year. Competitiveness will improve slowly, but not in all countries. The cyclically adjusted deficit has already fallen sharply, so that fiscal austerity will now have a less restrictive impact. In light of this, the recession should come to an end across the entire euro zone in the course of 2013. Given the generally weak economic growth, there are no inflation risks in the current year. This will allow the central banks in the industrialised countries to continue their expansionary fiscal policy and keep interest rates at very low levels. Overall, global economic growth in 2013 is hardly expected to exceed the previous year figure of around 3 %. However, an upturn is expected for 2014 and there are signs that growth will accelerate both in the euro zone and in the USA.

Opportunities

Helaba has long had a stable and viable strategic business model in place and has consequently been able not only to cope with the challenges posed in recent years by the financial and economic crisis and the crisis in the euro zone's periphery countries without resorting to external support, but also to consolidate its market position in its core business areas. The EU requirements for institutions in receipt of state aid and the changing regulatory environment have led many competitors to withdraw from business areas of major significance for Helaba. This affects real estate lending and municipal business in particular, but also medium- and long-term project finance and infrastructure business. Helaba believes these developments in principle present it with a good opportunity to increase its potential business volume and earnings while retaining its conservative risk standards and ensuring compliance with the new regulatory requirements. For example, the first placement transactions for municipal borrowers' note loans were managed with great success in the first half of the year.

The acquisition of NRW-Verbundbank made Helaba the S-Group and Sparkasse central bank for almost 170 savings banks in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. The addition of four new public owners has increased the public ownership interest of the Sparkasse organisation in Helaba to 88 %, thus making Helaba the leading S-Group bank in the German Sparkasse organisation. The market in North Rhine-Westphalia is served from the Düsseldorf branch. With its sales teams and product specialists, Helaba is in an excellent position to successfully tap into the potential offered by the market of North Rhine-Westphalia.

In view of its risk policy and the risk-return profiles of business areas, which have changed because of the new regulatory framework, among other factors, Helaba continued to pursue its business and risk strategies in the first half of 2013 by honing its product and service portfolio and by further improving cost and process efficiency. A project for comprehensive process and resource optimisation helps Helaba to align itself with the continuously increasing quality and efficiency expectations of customers and thus further extend its successful market position.

Helaba finds itself well placed to meet the challenges of the future with its established strategic business model and sees additional development opportunities in the expansion of regional private customers and SME business, 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

From today's perspective, Helaba expects consolidated net profit for full-year 2013 to be below the previous year's result. This forecast result is supported by the steady operating performance and anticipated above-average net trading income, which is, however, expected to finish below the very good result of the previous year. For the second half of the year, the Bank expects the necessary additions to provisions for losses on loans and advances to develop at a steady pace. The cost of integrating NRW-Verbundbank will continue to impact on general and administrative expenses during the remainder of the year. Helaba expects the volume of new medium-term and long-term business to be slightly above the volume of business closed in the previous year.

Forward-looking statements are by their nature subject to risks and uncertainties. A large number of factors may contribute to causing the actual results to differ from the forward-looking statements.

On the basis of the development of the results in the first six months and the results forecast for full-year 2013, it is expected that all silent participations, profit-participation rights and subordinate debt will be fully serviced in financial year 2013. The Tier 1 ratio and the overall capital ratio are expected to end the year on a slightly lower level than the 11.7 % and 16.6 % reached in mid-2013. Helaba already meets all equity ratios required under CRD IV / CRR.

Overall assessment
Against the backdrop of slower economic growth in Germany and the steady performance of the financial markets in light of the continuing period of low interest rates, Helaba's positive business and results performance continued in the first half of 2013. Unless the anticipated need for provisions for losses on loans and advances increases substantially or there is significant turbulence on the financial markets, Helaba expects its results to continue to move in a positive direction due to the stable development of the operating business. From today's perspective, Helaba may exceed the target specified in the annual budget and generate a profit expected to be 5 to 10 % down on the high profit generated in the previous year.

Frankfurt am Main / Erfurt, 20 August 2013

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 2013

	Notes	1.1.–30.6. 2013 in € m	1.1.–30.6. 2012 [1] in € m	Change in € m	Change in %
Interest income		2,400	2,488	–88	–3.5
Interest expenses		–1,819	–1,941	122	6.3
Net interest income	(3)	**581**	**547**	**34**	**6.2**
Provisions for losses on loans and advances	(4)	–137	–162	25	15.4
Net interest income after provisions for losses on loans and advances		**444**	**385**	**59**	**15.3**
Commission income		235	199	36	18.1
Commission expenses		–93	–78	–15	–19.2
Net fee and commission income	(5)	**142**	**121**	**21**	**17.4**
Net trading income or loss	(6)	243	217	26	12.0
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied	(7)	26	–15	41	>100.0
Net income from hedge accounting	(8)	14	–1	15	>100.0
Net income or loss from financial investments	(9)	9	–7	16	>100.0
Net income or loss from equity-accounted companies	(10)	–1	–8	7	87.5
Other operating income or loss	(11)	86	107	–21	–19.6
General and administrative expenses	(12)	–627	–511	–116	–22.7
Profit before tax		**336**	**288**	**48**	**16.7**
Taxes on income		–106	–94	–12	–12.8
Consolidated net profit		**230**	**194**	**36**	**18.6**
thereof: Attributable to non-controlling interests		1	1	–	–
thereof: Attributable to shareholders of the parent company		229	193	36	18.7

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

Statement of Comprehensive Income

for the period 1 January to 30 June 2013

	Notes	1.1.–30.6. 2013 in € m	1.1.–30.6. 2012 in € m	Change in € m	Change in %
Consolidated net income according to the income statement		**230**	**194**	**36**	**18.6**
Items not reclassified to the income statement:					
Remeasurement of net liability from defined benefit plans		**–11**	**–165**	**154**	**93.3**
Taxes on income on items not to be reclassified to the income statement		**3**	**48**	**–45**	**–93.8**
Subtotal		**–8**	**–117**	**109**	**93.2**
Items subsequently reclassified to the income statement:					
Gains or losses on available-for-sale financial assets					
Measurement gains (+) and losses (-) on available-for-sale financial investments		–18	209	–227	>–100.0
Gains (-) and losses (+) reclassified to the income statement upon disposal or impairment of the assets		–3	–3	–	–
Changes due to currency translation					
Gains (+)/losses (-) on currency translation of foreign operations		2	3	–1	–33.3
Gains or losses on cash flow hedges					
Measurement gains (+)/losses (-) on hedging instruments in cash flow hedges		7	–2	9	>100.0
Taxes on income on items to be reclassified to the income statement	(13)	**3**	**–67**	**70**	**>100.0**
Subtotal		**–9**	**140**	**–149**	**>–100.0**
Other comprehensive income after taxes		**–17**	**23**	**–40**	**>–100.0**
Comprehensive income for the reporting period		**213**	**217**	**–4**	**–1.8**
thereof: Attributable to non-controlling interests		2	1	1	100.0
thereof: Attributable to shareholders of the parent company		211	216	–5	–2.3

Statement of Financial Position

as at 30 June 2013

Assets

	Notes	30.6.2013 in € m	31.12.2012 in € m	Change in € m	Change in %
Cash reserve	(15)	2,868	8,925	–6,057	–67.9
Loans and advances to banks	(16)	18,595	23,236	–4,641	–20.0
Loans and advances to customers	(17)	91,404	90,821	583	0.6
Allowances for losses on loans and advances	(18)	–1,241	–1,205	–36	–3.0
Trading assets	(19)	35,177	37,954	–2,777	–7.3
Positive fair values of non-trading derivatives	(20)	5,121	6,992	–1,871	–26.8
Financial investments	(21)	24,329	27,937	–3,608	–12.9
Shares in equity-accounted companies	(22)	95	66	29	43.9
Investment property	(23)	2,427	2,423	4	0.2
Property and equipment	(24)	260	266	–6	–2.3
Intangible assets	(25)	176	193	–17	–8.8
Income tax assets		756	753	3	0.4
Other assets	(26)	939	940	–1	–0.1
Total assets		**180,906**	**199,301**	**–18,395**	**–9.2**

Equity and liabilities

	Notes	30.6.2013 in € m	31.12.2012 in € m	Change in € m	Change in %
Liabilities due to banks	(27)	33,020	39,275	−6,255	−15.9
Liabilities due to customers	(28)	45,766	47,611	−1,845	−3.9
Securitised liabilities	(29)	49,534	57,168	−7,634	−13.4
Trading liabilities	(30)	34,466	36,148	−1,682	−4.7
Negative fair values of non-trading derivatives	(31)	3,932	4,982	−1,050	−21.1
Provisions	(32)	1,636	1,644	−8	−0.5
Income tax liabilities		551	637	−86	−13.5
Other liabilities	(33)	772	656	116	17.7
Subordinate capital	(34)	4,289	4,363	−74	−1.7
Equity	(35)	6,940	6,817	123	1.8
Subscribed capital		2,509	2,509	–	–
Capital reserves		1,546	1,546	–	–
Retained earnings		2,772	2,642	130	4.9
Revaluation reserve		145	162	−17	−10.5
Currency translation reserve		6	4	2	50.0
Cash flow hedge reserve		−18	−23	5	21.7
Non-controlling interests		−20	−23	3	13.0
Total equity and liabilities		**180,906**	**199,301**	**−18,395**	**−9.2**

Statement of Changes in Equity

for the period 1 January to 30 June 2013

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 1.1.2012	**2,397**	**658**	**2,554**	**–88**	**5**	**–19**	**5,507**	**–13**	**5,494**
Dividend payment			–38				–38		–38
Comprehensive income for the reporting period			76	138	3	–1	216	1	217
Equity at 30.6.2012	**2,397**	**658**	**2,592**	**50**	**8**	**–20**	**5,685**	**–12**	**5,673**
Changes in the basis of consolidation			–3				–3	–10	–13
Capital increase	112	888					1,000		1,000
Comprehensive income for the reporting period			53	112	–4	–3	158	–1	157
Equity at 31.12.2012	**2,509**	**1,546**	**2,642**	**162**	**4**	**–23**	**6,840**	**–23**	**6,817**
Changes in the basis of consolidation			–1				–1	1	–
Dividend payment			–90				–90		–90
Comprehensive income for the reporting period			221	–17	2	5	211	2	213
Equity at 30.6.2013	**2,509**	**1,546**	**2,772**	**145**	**6**	**–18**	**6,960**	**–20**	**6,940**

Cash Flow Statement
for the period 1 January to 30 June 2013 – condensed

in € m

	2013	2012
Cash and cash equivalents at 1.1.	**8,925**	**351**
Cash flow from operating activities	– 9,302	2,042
Cash flow from investing activities	3,342	– 1,330
Cash flow from financing activities	– 110	– 117
Effect of exchange rate changes, measurement changes and changes in basis of consolidation	13	– 8
Cash and cash equivalents at 30.6.	**2,868**	**938**
thereof:		
Cash on hand	65	52
Balances with central banks	2,803	886

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 to the Financial Statements

Accounting Policies

(1) Basis of Presentation

Basis of accounting
The consolidated interim financial statements of the Helaba Group for the period ended 30 June 2013 have been prepared in accordance with section 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB) and Directive (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS Directive) in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU. They also take into consideration the requirements of IAS 34 "Interim Financial Reporting". The cash flow statement is presented in a condensed version; only selected information is disclosed in the notes.

Generally, the accounting policies applied in the preparation of the consolidated financial statements for the period ended 31 December 2012 are the same as those applied in the preparation of the interim financial statements. The 2013 interim financial statements of Helaba required the first-time application of the following Standards and Interpretations adopted by the EU:

- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities,
- IFRS 13 Fair Value Measurement,
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets,
- Amendments to IAS 19 Employee Benefits,
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities,
- Annual improvements to the International Financial Reporting Standards – cycle 2009–2011.

The amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income, which also required mandatory application for the first time in the 2013 interim financial statements, had been early adopted by Helaba in the previous year.

With the exception of IFRS 13, the adoption of the new or amended Standards had no or only immaterial effects on the consolidated financial statements.

Under IASB requirements, the following standards also ought to have been applicable for the first time in the 2013 interim financial statements. However, when adopting the standards, the EU postponed mandatory initial application until financial years beginning on or after 1 January 2014. Helaba did not apply these standards in the 2013 interim financial statements.

- 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.

All International Financial Reporting Standards and Interpretations for which application is mandatory in the EU as at 30 June 2013 have been applied.

Changes in accounting policies in accordance with IAS 8
As a result of the new IFRS 13 Fair Value Measurement, which has to be applied prospectively, the definition of fair value has been refined and information is provided as to how fair value is to be determined, if another IFRS stipulates or permits fair value measurement or disclosures about fair value measurement are required. In addition, the respective disclosures in the notes have been harmonised and expanded.

Fair value is now defined as the price that independent market participants would receive to sell an asset or pay to transfer a liability in an orderly transaction at the measurement date (exit price). The Standard emphasises that fair value is a market-specific, not a company-specific measurement variable. As before, the three-level fair value hierarchy under IFRS 7 has to be used for measurement.

For the first-time application of the Standard, Helaba has refined the parametrisation of the measurement model for the determination of credit value adjustment (CVA) and introduced debit value adjustment (DVA). The implementation of the measurement requirements of IFRS 13 as at 1 January 2013 led to an increase of € 61 m in the CVA discount, which was charged to net trading income or loss in the income statement, and to the first-time determination of a DVA discount of € 37 m, which was recognised in net trading income or loss in the income statement.

If an asset or a liability measured at fair value has a bid price and an ask price, IFRS 13 requires fair value to be determined using the price within the bid-ask spread that is most representative of fair value in the circumstances. This applies to all levels of the fair value hierarchy. The use of bid prices for asset positions and of ask prices for liability positions is permitted, but is not required. IFRS 13 does not preclude the use of mid-market pricing, which can be used by market participants as a practical expedient for fair value measurement. Helaba has made use of this expedient. The first-time use of mid-market rates had a positive effect on reported profit in an amount of € 28 m recognised under non-trading derivatives and financial instruments to which the fair value option is applied and in an amount of € 8 m recognised under net trading income or loss. It also led to an increase of € 15 m in the revaluation reserve under equity.

In addition, in the reporting period Helaba changed the measurement principles for derivatives, mainly adopting the overnight interest rate swap curve (OIS curve). The temporary effect this prospectively applied change in estimates had on consolidated net profit was not material.

The revised IAS 19 removes the previous accounting policy choice for recognition of actuarial gains and losses from pension obligations that result from variances between the actuarial assumptions at the beginning of the year and actual performance in the course of the financial year as well as from updating the measurement parameters at the end of the financial year. These gains and losses must now be recognised directly in equity as soon as they occur. This is in line with the approach already adopted by Helaba, so that no adjustment was necessary in this regard.

In addition, the new Standard replaces interest expense from defined benefit obligations and the expected return on plan assets with net interest expense or net interest income, which has to be determined by calculating the interest on the net liability or net asset (defined benefit obligation less plan assets) on the basis of a consistent discount rate. The surplus that resulted for 2012 was almost completely offset because of an asset ceiling, so that the prior-year values were not adjusted. The expected return on plan assets of € 5 m reported under interest income in the previous year has been reclassified to interest expense so that a net amount can be reported (see Note (3)).

Another change resulting from the new Standard relates to provisions for top-up payments under early retirement agreements. They are no longer classified as termination benefits and provisioned in full when the agreement is signed, but recognised in accordance with IAS 19 proportionally over the remaining period of service, normally until the end of the active phase. The effects of this change amounted to less than € 1 m, so that the prior-period amounts were not adjusted.

Reclassifications of the prior-period figures are detailed in Note (12). Please refer to the relevant disclosures there.

(2) Basis of Consolidation

In addition to the parent company Helaba, a total of 125 companies are consolidated in the Helaba Group (31 December 2012: 118 companies). 95 (31 December 2012: 91) companies were fully consolidated and 30 (31 December 2012: 27) companies were accounted for using the equity method. The fully consolidated companies are subsidiaries and special purpose entities, including collective investment undertakings.

The consolidated financial statements do not include 47 subsidiaries, 16 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 companies are reported under financial investments.

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

Changes in the group of fully consolidated companies

Additions

Aeskulap Projekt GmbH & Co. KG, Frankfurt am Main	This company, which was established in the previous year, ceased to be immaterial when it started its operations in June 2013.
HI-HTNW Fonds, Frankfurt am Main	Investment fund launched in March 2013
HTB Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main	Consolidated after the acquisition of shares in Montindu S.A./N.V., Brussels
Montindu S.A./N.V., Brussels	Shares acquired in June 2013
Neunte P 1 Projektgesellschaft mbH & Co. KG, Frankfurt am Main	This company, which was established in the previous year, ceased to be immaterial when it started its operations in June 2013.
Projektentwicklung Königstor GmbH & Co. KG, Kassel	Company acquired in June 2013

The first-time consolidation of HTB Grundstücksverwaltungsgesellschaft mbH, Frankfurt am Main and of Montindu S.A. / N.V., Brussels in the second quarter is due to the acquisition of the shares in the real estate company Montindu S.A. / N.V., Brussels, by the Bank (99.97 %) and by HTB Grundstücksverwaltungsgesellschaft mbH (0.03 %). Before the shares were acquired, HTB Grundstücksverwaltungsgesellschaft mbH was only of minor significance and therefore not included in the basis of consolidation.

Disposals

FMZ Fulda Verwaltung GmbH, Fulda	Company became immaterial after the sale of the real estate project had been completed.
Fellnerstraße 5 GmbH & Co. KG, Frankfurt am Main	Company became immaterial after the sale of the real estate project had been completed.

The gain or loss on deconsolidation of the two companies mentioned above was recognised in equity.

Changes in the group of equity-accounted companies

Additions

Erste ILZ Leipzig GmbH & Co. KG, Frankfurt am Main	Established in April 2013
OFB & Procom Objekt Neu-Ulm GmbH & Co. KG, Hamburg	Acquired in June 2013
Zweite ILZ Leipzig GmbH & Co. KG, Frankfurt am Main	Established in April 2013

Income Statement Disclosures

(3) Net Interest Income

in € m

	1.1.–30.6.2013	1.1.–30.6.2012 [1]
Interest income from		
Lending and money market transactions	1,570	1,723
Fixed-income securities	168	202
Hedging derivatives under hedge accounting	136	143
Derivatives not held for trading	460	345
Financial instruments to which the fair value option is applied	24	28
Home savings business	20	23
Current income from		
Equities and other non-fixed-income securities	3	2
Shares in affiliates	3	11
Equity investments	16	11
Interest income	**2,400**	**2,488**
Interest expense on		
Liabilities due to banks and customers	–807	–905
Securitised liabilities	–228	–387
Subordinate capital	–63	–79
Hedging derivatives under hedge accounting	–153	–119
Derivatives not held for trading	–358	–276
Financial instruments to which the fair value option is applied	–149	–113
Home savings business	–38	–36
Provisions	–23	–26
Interest expenses	**–1,819**	**–1,941**
Total	**581**	**547**

[1] Prior-year figures restated: amount of € 5 m reclassified from interest income from lending and money market transactions to interest expense on provisions.

(4) Provisions for Losses on Loans and Advances

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Additions	**–168**	**–222**
Allowances for losses on loans and advances	–162	–195
Provisions for credit risks	–6	–27
Reversals	**55**	**72**
Allowances for losses on loans and advances	39	64
Provisions for credit risks	16	8
Direct write-downs of loans and advances	**–27**	**–15**
Recoveries on loans previously written off	**3**	**3**
Total	**–137**	**–162**

(5) Net Fee and Commission Income

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Lending and guarantee business	14	11
Payment transactions and foreign trade business	49	36
Asset management and fund design	31	27
Securities and securities deposit business	21	19
Placement and underwriting obligations	10	10
Management of public-sector subsidy and development programmes	16	14
Home savings business	–5	–4
Trustee business	2	2
Other	4	6
Total	**142**	**121**

(6) Net Trading Income or Loss

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Share-price-related business	**4**	**–**
Equities	–8	5
Equity derivatives	12	–5
Interest-rate-related business	**222**	**210**
Primary interest-rate-related business	122	351
Interest-rate derivatives	100	–141
Currency-related business	**19**	**4**
Foreign exchange	–9	–101
FX derivatives	28	105
Net income from credit derivatives	**–1**	**17**
Commodity-related business	**9**	**–**
Net commission income/expense	**–10**	**–14**
Total	**243**	**217**

Net trading income or loss 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 commissions in connection with trading activities.

The net income from primary interest-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) Net Income or Loss from Derivatives and Financial Instruments Not Held for Trading to which the Fair Value Option is Applied

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Net income (loss) from derivatives not held for trading	–195	41
Net income (loss) from financial instruments to which the fair value option is applied	221	–56
Total	**26**	**–15**

This caption includes the net income 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 income or loss from derivatives not held for trading, credit derivatives account for € 10 m (H1 2012: € 4 m). The net loss attributable to FVO financial instruments held by consolidated special and retail funds and to non-trading derivatives amounts to € 22 m (H1 2012: net income of € 24 m).

(8) Net Income on Hedge Accounting

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

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Remeasurement gains (losses) on hedging instruments	–74	8
Remeasurement gains (losses) on hedged items	88	–9
Total	**14**	**–1**

(9) Net Income or Loss from Financial Investments

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

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Net disposal gains (losses) on available-for-sale financial investments	**17**	**9**
Equity investments	1	–
Bonds and other fixed-income securities	16	9
Remeasurement gains (losses) on available-for-sale financial investments	**–8**	**–16**
Impairment losses	–8	–17
Reversals of impairment losses	–	1
Total	**9**	**–7**

Under impairment losses, an amount of € 8 m (H1 2012: € 5 m) is attributable to bonds and other fixed-income securities and € 0.5 m (H1 2012: € 12 m) to equity investments and shares in affiliates.

(10) Net Income or Loss from Equity-Accounted Companies

The net income or loss from equity-accounted companies is attributable to all earnings contributions of equity-accounted joint ventures and associated companies, which are recognised in the income statement.

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Net income (loss) from equity-accounted joint ventures	5	–
Net income (loss) from equity-accounted associates	–6	–8
Total	**–1**	**–8**

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 companies are recognised directly in consolidated shareholders' equity.

As in the previous period, no impairments were recognised on the value recognised in equity during the reporting period. There were also no gains or losses on the disposal of equity-accounted companies.

(11) Other Net Operating Income

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Other operating income	**232**	**229**
Rental and lease income (operating leases)	181	184
Income from the disposal of non-financial assets	17	13
Income from the reversal of provisions	6	5
Income from non-banking services	14	11
Income from the deconsolidation of subsidiaries	–	2
Miscellaneous other operating income	14	14
Other operating expenses	**–146**	**–122**
Operating costs of property not used for owner occupancy	–79	–79
Depreciation, amortisation and impairment losses on non-financial assets	–22	–19
Goodwill amortization/impairment of goodwill	–16	–
Expenses from the deconsolidation of subsidiaries	–	–1
Miscellaneous other operating expenses	–29	–23
Total	**86**	**107**

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

In the reporting period, impairment losses of € 16 m were recognised on the goodwill recognised as part of the acquisition of the S-Group Bank business as at 1 July 2012.

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

in € m

	1.1.–30.6.2013	1.1.–30.6.2012
Income from investment property	**175**	**172**
Rental income	162	162
Income from disposals	13	10
Expenses from investment property	**–100**	**–97**
Operating expenses from investment property	–78	–78
thereof: from property leased to third parties	–78	–78
Depreciation and impairment losses	–22	–19
Total	**75**	**75**

(12) General and Administrative Expenses

in € m

	1.1.–30.6.2013	1.1.–30.6.2012 [1)]
Personnel expenses	**–288**	**–266**
Wages and salaries	–237	–214
Social security	–34	–32
Expenses for pensions and other benefits	–17	–20
Other administrative expenses	**–322**	**–229**
Buildings and premises	–37	–36
IT costs	–77	–57
Mandatory contributions, audit and consultancy fees	–119	–86
Cost of advertising, public relations and representation	–16	–15
Cost of business operations	–73	–35
Depreciation, amortisation and impairment losses	**–17**	**–16**
Depreciation of and impairment losses on property and equipment	–9	–11
Amortisation of and impairment losses on other intangible assets	–8	–5
Total	**–627**	**–511**

1) Prior-year figures restated: amount of € 3 m reclassified from consultancy fees to cost of business operations.

The mandatory contributions include contributions to the restructuring fund for credit institutions of € 48 m (H1 2012: € 26 m).

(13) Taxes on Income

The following table shows a breakdown of the gains and losses recognised directly in equity as well as the related deferred taxes.

in € m

	Before tax		Taxes		After tax	
	1.1.–30.6. 2013	1.1.–30.6. 2012	1.1.–30.6. 2013	1.1.–30.6. 2012	1.1.–30.6. 2013	1.1.–30.6. 2012
Items not reclassified to the income statement:						
Remeasurement of net liability from defined benefit plans	–11	–165	3	48	–8	–117
Items subsequently reclassified to the income statement:						
Gains or losses on available-for-sale financial assets	–21	206	4	–68	–17	138
Changes due to currency translation	2	3	–	–	2	3
Gains or losses on cash flow hedges	7	–2	–1	1	6	–1
Total	**–23**	**42**	**6**	**–19**	**–17**	**23**

(14) Segment Reporting

in € m

	Real Estate		Corporate Finance		Financial Markets		Asset Management	
	30.6.2013	**30.6.2012**	**30.6.2013**	**30.6.2012**	**30.6.2013**	**30.6.2012**	**30.6.2013**	**30.6.2012**
Net interest income	187	169	156	132	31	12	7	15
Provisions for losses on loans and advances	−80	−78	−45	−66	–	−6	–	−6
Net interest income after provisions for losses on loans and advances	**107**	**91**	**111**	**66**	**31**	**6**	**7**	**9**
Net fee and commission income	9	9	10	8	8	15	30	26
Net trading income or loss	–	–	−2	−2	238	211	–	–
Net income (loss) from derivatives and financial instruments not held for trading to which the fair value option is applied	8	−3	10	3	−16	−44	2	1
Net gain (loss) from hedging activities	–	–	–	–	14	−1	–	–
Net income or loss from financial investments	–	–	1	–	–	−1	–	–
Net income or loss from equity-accounted companies	–	–	−6	−12	–	–	–	–
Other net operating income	88	96	14	12	–	–	–	2
Total income	**212**	**193**	**138**	**75**	**275**	**186**	**39**	**38**
General and administrative expenses	−91	−91	−47	−44	−86	−66	−34	−32
Profit before tax	**121**	**102**	**91**	**31**	**189**	**120**	**5**	**6**
Assets (€ bn)	32.2	33.3	27.2	25.9	74.7	77.5	1.3	1.5
Liabilities (€ bn)	2.7	2.8	5.2	5.6	100.1	102.5	1.2	1.5
Risk-weighted assets (€ bn)	18.5	20.9	14.9	14.0	12.3	9.6	0.6	0.7
Allocated capital (€ m)	2,133	2,131	1,810	1,397	1,402	897	71	63
Return on allocated capital (%)	11.4	9.5	10.1	4.3	27.0	26.8	10.8	17.9
Expense-income ratio before provisions for losses on loans and advances (%)	31.1	33.7	25.6	31.5	31.0	34.2	89.1	72.2

in € m

	S-Group Business		Public Development and Infrastructure Business		Frankfurter Sparkasse		Other/ reconciliation		Group	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012	30.6.2013	30.6.2012	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Net interest income	52	51	23	21	147	157	–22	–10	581	547
Provisions for losses on loans and advances	–3	–2	–	–	–6	–	–3	–4	–137	–162
Net interest income after provisions for losses on loans and advances	**49**	**49**	**23**	**21**	**141**	**157**	**–25**	**–14**	**444**	**385**
Net fee and commission income	21	9	17	15	35	35	12	4	142	121
Net trading income or loss	7	8	–	–	–	–	–	–	243	217
Net income (loss) from derivatives and financial instruments not held for trading to which the fair value option is applied	–1	1	–	–	–2	10	25	17	26	–15
Net gain (loss) from hedging activities	–	–	–	–	–	–	–	–	14	–1
Net income or loss from financial investments	–	–	–	–	8	–6	–	–	9	–7
Net income (loss) from equity-accounted companies	–	–	–	–	5	4	–	–	–1	–8
Other net operating income	1	1	–	–	4	4	–21	–8	86	107
Total income	**77**	**68**	**40**	**36**	**191**	**204**	**–9**	**–1**	**963**	**799**
General and administrative expenses	–69	–58	–29	–29	–125	–122	–146	–69	–627	–511
Profit before tax	**8**	**10**	**11**	**7**	**66**	**82**	**–155**	**–70**	**336**	**288**
Assets (€ bn)	14.9	14.2	12.8	8.9	18.5	18.7	–0.7	–13.5	180.9	166.5
Liabilities (€ bn)	31.1	23.4	12.8	8.9	18.5	18.7	9.3	3.1	180.9	166.5
Risk-weighted assets (€ bn)	1.7	1.0	1.1	1.1	3.9	4.1	7.0	4.9	60.0	56.3
Allocated capital (€ m)	195	93	123	100	446	382	665	545	6,845	5,608
Return on allocated capital (%)	7.8	20.9	18.2	13.9	29.9	43.0	–	–	9.8	10.3
Expense-income ratio before provisions for losses on loans and advances (%)	86.4	82.6	72.0	80.7	63.3	59.9	–	–	57.0	53.2

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 below:

- Real estate lending and real estate management business lines are shown 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, leasing finance as well as the structuring and distribution of fund concepts. The contribution to earnings of the HANNOVER LEASING Group are 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 Global Markets, Asset / Liability Management, Sales Public Authorities, Financial Institutions and Public Finance 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 management 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 accordingly includes services relating to traditional asset management and administration, private banking as well as 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 shown in the S-Group Business segment. This segment deals primarily with providing support for the Sparkassen and their customers for whom products are developed and provided.
- The Public Development and Infrastructure Business segment mainly comprises Wirtschafts- und Infrastrukturbank Hessen. This segment thus pools the results of Helaba's activities in connection with development and infrastructure measures in the fields of housing, municipal and urban development, agriculture as well as environmental protection.
- The Frankfurter Sparkasse segment shows the results of the credit institution of the same name as a subgroup including the corresponding consolidated subsidiaries. The product portfolio comprises the traditional products of a retail bank in lending, borrowing and service business as well as the capital market products for the investment of own funds, refinancing and liquidity management.

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

Net interest income in the lending business is calculated by internal control 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 income from trading, from derivatives and financial instruments not held for trading to which the fair value option is applied, from hedges, financial investments and equity-accounted companies is determined in accordance with external accounting rules under IFRSs.

The directly attributable costs plus the corporate centre costs, which are based on market prices and volume drivers agreed as part of internal management accounting and allocated 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 price risk exposure in accordance with the German Solvency Regulation (Solvabilitätsverordnung, SolvV). The average shareholders' 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.

Profit before tax is expressed as a percentage of the allocated capital so that the profitability ratios can be calculated. The expense-income ratio is calculated as the ratio between general administrative expenses and income before provisions for losses on loans and advances.

The other / reconciliation column shows the contributions to income and expenses that cannot be attributed to the segments. In particular, this column includes the net income from the transactions 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. Moreover, the profit generated by centrally investing own funds as well as through strategic planning decisions are shown in this segment. Consolidation adjustments between the segments are also shown at this point.

Reconciliation effects between the segment results and the consolidated income statement relate mainly to net interest income. 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.

Statement of Financial Position Disclosures

(15) Cash Reserve

in € m

	30.6.2013	31.12.2012
Cash	65	78
Balances with central banks	2,803	8,847
Total	**2,868**	**8,925**

(16) Loans and Advances to Banks

in € m

	30.6.2013	31.12.2012
Affiliated savings banks	9,350	11,432
Central giro institutions	406	405
Banks	8,839	11,399
Total	**18,595**	**23,236**
thereof:		
Domestic banks	13,789	17,829
Foreign banks	4,806	5,407

in € m

	30.6.2013	31.12.2012
Loans and advances payable on demand	7,061	9,163
Other loans and advances	11,534	14,073
Total	**18,595**	**23,236**
thereof:		
Overnight and time deposits	1,629	5,294
Cash collateral provided	4,704	5,374
Forwarding loans	4,890	4,792
Promissory note loans	881	1,041

(17) Loans and Advances to Customers

in € m

	30.6.2013	31.12.2012
Corporate customers	64,625	65,200
Retail customers	5,773	5,978
Public sector	21,006	19,643
Total	**91,404**	**90,821**
thereof:		
Domestic customers	60,857	59,158
Foreign customers	30,547	31,663

in € m

	30.6.2013	31.12.2012
Loans and advances payable on demand	2,483	1,826
Other loans and advances	88,921	88,995
Total	**91,404**	**90,821**
thereof:		
Commercial real estate loans	31,127	30,691
Mortgage lending	3,561	3,567
Bausparkasse building loans	909	945
Forwarding loans	2,553	2,565
Infrastructure loans	5,654	4,029
Consumer loans	122	126
Promissory note loans	3,887	4,341
Financial assets from credit substitute business	1,290	1,627
Receivables from finance leases	7	7
Receivables purchased before maturity	42	50

The other loans and advances to customers amounting to € 42,252 m (31 December 2012: € 42,873 m) primarily relate to repayment and roll-over loans in the corporate finance business.

(18) Provisions for Losses on Loans and Advances

The provisions for losses on loans and advances break down as follows as at the reporting date:

in € m

	30.6.2013	31.12.2012
Allowance on loans and advances to banks	**16**	**16**
Specific loan loss allowances	1	1
Portfolio loan loss allowances	15	15
Allowance on loans and advances to customers	**1,225**	**1,189**
Specific loan loss allowances	840	803
Specific loan loss allowances evaluated on a group basis	103	109
Portfolio loan loss allowances	282	277
Provisions for credit risks	**75**	**89**
Total	**1,316**	**1,294**

The allowances for losses on loans and advances are shown separately on the assets side of the statement of financial position. The provisions for losses on loans and advances for business not reported in the statement of financial position are recognised as a provision 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	
	2013	2012	2013	2012	2013	2012	2013	2012
As at 1.1.	**804**	**839**	**109**	**91**	**292**	**326**	**1,205**	**1,256**
Changes in basis of consolidation	–	2	–	–	–	–	–	2
Changes due to currency translation	−3	5	–	–	–	–	−3	5
Use	−50	−199	−17	−10	–	–	−67	−209
Reversals	−33	−41	−6	−1	–	−22	−39	−64
Reclassifications	5	12	–	–	–	−13	5	−1
Unwinding	−22	−18	–	–	–	–	−22	−18
Additions	140	185	17	10	5	–	162	195
As at 30.6.	**841**	**785**	**103**	**90**	**297**	**291**	**1,241**	**1,166**

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

in € m

	30.6.2013	31.12.2012
Public sector	5	4
Financial institutions	22	23
Property and housing	573	551
Energy and water utilities	42	41
Manufacturing	243	210
Other services	182	179
Natural persons	92	104
Insurance	4	4
Investment companies	40	35
Other	22	38
Total	**1,225**	**1,189**

(19) Trading Assets

in € m

	30.6.2013	31.12.2012
Bonds and other fixed-income securities	**19,855**	**19,573**
Money market instruments	997	1,079
Public-sector issuers	37	–
Other issuers	960	1,079
Bonds and notes	18,858	18,494
Public-sector issuers	5,554	5,168
Other issuers	13,304	13,326
Equities and other non-fixed-income securities	**152**	**79**
Positive fair values of derivatives	**10,188**	**12,873**
Share-price derivatives	203	209
Interest-rate derivatives	9,105	11,657
Currency derivatives	819	959
Credit derivatives	49	39
Commodity derivatives	12	9
Loans held for trading	**4,982**	**5,429**
Total	**35,177**	**37,954**

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 Derivatives Not Held for Trading

in € m

	30.6.2013	31.12.2012
Hedging derivatives under hedge accounting	1,630	2,203
Other non-trading derivatives	3,491	4,789
Total	**5,121**	**6,992**

The hedging derivatives under hedge accounting are used within the framework of qualifying micro fair value hedges under IAS 39. As other derivatives not held for trading, this item comprises derivative financial instruments used as economic hedges as part of hedge management, although fulfilment of the hedge accounting requirements is not documented in accordance with IAS 39.

(21) Financial Investments

in € m

	30.6.2013	31.12.2012
Bonds and other fixed-income securities	**23,527**	**27,154**
Public-sector issuers	10,563	13,522
Other issuers	12,964	13,632
Equities and other non-fixed-income securities	**174**	**134**
Equities	79	51
Other non-fixed-income securities	95	83
Shares in unconsolidated affiliates	**32**	**35**
Measured at fair value	24	27
Measured at cost	8	8
Equity investments	**403**	**420**
Measured at fair value	378	395
Measured at cost	25	25
Purchase of receivables from endowment insurance policies	**193**	**194**
Measured at fair value	193	194
Total	**24,329**	**27,937**

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

(22) Shares in Equity-Accounted Companies

in € m

	30.6.2013	31.12.2012
Shares in joint ventures	68	50
Shares in associates	27	16
Total	**95**	**66**

(23) Investment Property

in € m

	30.6.2013	31.12.2012
Land and buildings leased to third parties	2,346	2,346
Undeveloped land	50	50
Vacant buildings	4	4
Property under construction	27	23
Total	**2,427**	**2,423**

An amount of € 1,767 m (31 December 2012: € 1,794 m) under investment property is attributable to residential property of the GWH Group.

(24) Property and Equipment

in € m

	30.6.2013	31.12.2012
Owner-occupied land and buildings	149	151
Operating and office equipment	54	58
Leased assets	57	57
Total	**260**	**266**

The leased assets relate to ships leased to third parties under operating leases.

(25) Intangible Assets

in € m

	30.6.2013	31.12.2012
Goodwill	136	152
Purchased software	40	41
Total	**176**	**193**

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

(26) Other Assets

in € m

	30.6.2013	31.12.2012
Property held for sale	90	88
Completed property	47	46
Property under construction	43	42
Advance payments and payments on account	97	75
Trade accounts receivable	39	38
Other taxes receivable (excl. income taxes)	4	3
Other assets	709	736
Total	**939**	**940**

(27) Liabilities Due to Banks

in € m

	30.6.2013	31.12.2012
Affiliated savings banks	6,487	8,382
Central giro institutions	1,725	1,873
Banks	24,808	29,020
Total	**33,020**	**39,275**
thereof:		
Domestic banks	28,678	34,720
Foreign banks	4,342	4,555

in € m

	30.6.2013	31.12.2012
Amounts payable on demand	6,871	7,829
Amounts due with an agreed maturity or period of notice	26,149	31,446
Total	**33,020**	**39,275**
thereof:		
Promissory note loans raised	9,010	9,761
Forwarding loans	7,723	7,570
Issued registered bonds	2,555	2,824
Overnight and time deposits	1,065	5,659
Current accounts	4,515	5,482

(28) Liabilities Due to Customers

in € m

	30.6.2013	31.12.2012
Corporate customers	25,786	27,118
Retail customers	15,791	15,714
Public sector	4,189	4,779
Total	**45,766**	**47,611**
thereof:		
Domestic customers	42,273	44,311
Foreign customers	3,493	3,300

in € m

	30.6.2013	31.12.2012
Amounts payable on demand	19,539	18,672
Amounts due with an agreed maturity or period of notice	26,227	28,939
Total	**45,766**	**47,611**
thereof:		
Current accounts	9,408	9,325
Overnight and time deposits	12,684	13,571
Savings deposits	2,226	2,368
Home savings deposits	3,746	3,595
Issued registered bonds	11,202	11,598
Promissory note loans raised	5,232	6,281

(29) Securitised Liabilities

in € m

	30.6.2013	31.12.2012
Bonds issued	**48,370**	**56,334**
Mortgage Pfandbriefe	2,956	3,139
Public Pfandbriefe	12,352	13,318
Other debt instruments	33,062	39,877
Other securitised liabilities	**1,164**	**834**
Total	**49,534**	**57,168**

(30) Trading Liabilities

in € m

	30.6.2013	31.12.2012
Negative fair values of derivatives	**11,009**	**13,845**
Share-price derivatives	94	90
Interest-rate derivatives	10,169	12,897
Currency derivatives	692	815
Credit derivatives	46	36
Commodity derivatives	8	7
Issued money market instruments	**4,328**	**4,230**
Liabilities held for trading	**19,129**	**18,073**
Total	**34,466**	**36,148**

This item exclusively 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.

(31) Negative Fair Values of Non-Trading Derivatives

in € m

	30.6.2013	31.12.2012
Hedging derivatives under hedge accounting	834	1,230
Other non-trading derivatives	3,098	3,752
Total	**3,932**	**4,982**

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

(32) Provisions

in € m

	30.6.2013	31.12.2012
Provisions for pensions and similar obligations	**1,289**	**1,268**
Other provisions	**347**	**376**
Personnel provisions	72	101
Provisions for credit risks	75	89
Other provisions	200	186
Total	**1,636**	**1,644**

A discount rate of 3.5 % has been used for calculating the pension provisions in Germany (31 December 2012: 3.5 %).

(33) Other Liabilities

in € m

	30.6.2013	31.12.2012
Trade accounts payable	164	178
Liabilities to employees	31	23
Advance payments and payments on account	286	251
Other taxes payable (excl. income taxes)	54	71
Other liabilities	237	133
Total	**772**	**656**

(34) Subordinate Capital

in € m

	30.6.2013	31.12.2012
Subordinate liabilities	2,424	2,445
thereof: Accrued interest	37	10
Profit participation rights	777	798
thereof: Accrued interest	20	37
Silent partner contributions	1,088	1,120
thereof: Accrued interest	18	50
Total	**4,289**	**4,363**
thereof:		
Securitised subordinated debt	3,038	3,067

The silent partner contributions shown under this item do not meet the equity criteria of IAS 32.

(35) Equity

in € m

	30.6.2013	31.12.2012
Subscribed capital	2,509	2,509
Capital reserves	1,546	1,546
Retained earnings	2,772	2,642
Revaluation reserve	145	162
Currency translation reserve	6	4
Cash flow hedge reserve	–18	–23
Non-controlling interest	–20	–23
Total	**6,940**	**6,817**

The subscribed capital comprises the share capital of € 589 m paid in by the three 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 2013, the share capital is 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 Beta GmbH	28	4.75
Fides Alpha GmbH	28	4.75
State of Thuringia	24	4.05
Total	**589**	**100.00**

The capital reserve comprises 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 directly in equity, as well as the appropriate deferred taxes.

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

Further Disclosures about Financial Instruments

(36) Disclosures about Offsetting Assets and Liabilities in the Statement of Financial Position

Helaba has entered into master netting agreements with counterparties in the derivatives and securities repurchase business, which give conditional netting rights. If these conditions are met, for example if a counterparty defaults for reasons related to its credit rating, the transactions are settled on a net basis.

		Conditional netting rights on basis of master netting agreements		
Assets	**Amount in statement of financial position**	**Collateral in the form of financial assets**	**Cash collateral [1]**	**Net amount after conditional netting rights are taken into account**
Derivative transactions	15,309	–8,879	–653	5,777
Securities repurchase transactions	335	–326	–	9
Total	**15,644**	**–9,205**	**–653**	**5,786**

		Conditional netting rights on basis of master netting agreements		
Liabilities	**Amount in statement of financial position**	**Collateral in the form of financial assets**	**Cash collateral [1]**	**Net amount after conditional netting rights are taken into account**
Derivative transactions	14,941	–8,879	–4,765	1,297
Securities repurchase transactions	863	–854	–	9
Total	**15,804**	**–9,733**	**–4,765**	**1,306**

[1] The figures do not include any other conditional offsetting options from other loan collateral or real estate not covered by the master netting agreement.

(37) Derivative Transactions

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. This figure is 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 derivative transactions as at the reference dates are as follows:

in € m

	Nominal amounts		Positive fair values		Negative fair values	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Equity-/index-related transactions	**4,145**	**2,101**	**204**	**209**	**95**	**90**
OTC products	**3,129**	**1,310**	**175**	**190**	**65**	**69**
Equity options	3,079	1,298	175	189	63	68
Calls	2,725	956	175	189	–	–
Puts	354	342	–	–	63	68
Other transactions	50	12	–	1	2	1
Listed products	**1,016**	**791**	**29**	**19**	**30**	**21**
Equity/index futures	219	153	10	–	2	1
Equity/index options	797	638	19	19	28	20
Interest-related transactions	**480,141**	**495,672**	**14,070**	**18,365**	**13,822**	**17,617**
OTC products	**437,901**	**431,177**	**14,053**	**18,358**	**13,815**	**17,606**
Forward rate agreements	14,956	12,875	1	–	1	1
Interest rate swaps	363,701	360,103	12,932	17,142	11,997	15,566
Interest rate options	58,767	58,194	1,120	1,216	1,816	2,039
Calls	25,967	25,399	1,119	1,212	10	–
Puts	32,800	32,795	1	4	1,806	2,039
Other interest contracts	477	5	–	–	1	–
Listed products	**42,240**	**64,495**	**17**	**7**	**7**	**11**
Interest rate futures	28,252	29,159	17	6	7	10
Interest rate options	13,988	35,336	–	1	–	1
Currency-related transactions	**54,043**	**60,513**	**967**	**1,238**	**943**	**1,040**
OTC products	**54,043**	**60,513**	**967**	**1,238**	**943**	**1,040**
Currency spot and future transactions	30,888	36,926	337	417	292	378
Cross-currency swaps	21,874	21,865	608	803	630	644
Currency options	1,281	1,722	22	18	21	18
Calls	656	856	22	18	–	–
Puts	625	866	–	–	21	18
Credit derivatives	**7,275**	**6,446**	**56**	**44**	**73**	**73**
OTC products	**7,275**	**6,446**	**56**	**44**	**73**	**73**
Commodity-related transactions	**379**	**280**	**12**	**9**	**8**	**7**
OTC products	**379**	**195**	**12**	**9**	**8**	**7**
Commodity swaps	120	137	3	5	3	5
Commodity options	259	58	9	4	5	2
Listed products	**–**	**85**	**–**	**–**	**–**	**–**
Commodity options	–	85	–	–	–	–
Total	**545,983**	**565,012**	**15,309**	**19,865**	**14,941**	**18,827**

Nominal amounts, broken down by remaining term:

in € m

	Equity-/index-related transactions		Interest-related transactions		Currency-related transactions	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Up to three months	426	299	58,297	89,233	20,615	25,363
More than three months and up to one year	712	739	92,078	84,694	12,839	13,369
More than one year and up to five years	2,928	1,051	182,625	184,274	16,846	17,640
More than five years	79	12	147,141	137,471	3,743	4,141
Total	**4,145**	**2,101**	**480,141**	**495,672**	**54,043**	**60,513**

in € m

	Credit derivatives		Commodity-related transactions		Total	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Up to three months	458	775	133	75	79,929	115,745
More than three months and up to one year	1,048	1,225	61	82	106,738	100,109
More than one year and up to five years	5,683	4,319	118	97	208,200	207,381
More than five years	86	127	67	26	151,116	141,777
Total	**7,275**	**6,446**	**379**	**280**	**545,983**	**565,012**

Derivatives have been entered into with the following counterparties:

in € m

	Nominal amounts		Positive fair values		Negative fair values	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Banks in OECD countries	334,765	350,212	9,343	11,763	11,802	14,481
Banks outside OECD countries	18	19	–	–	3	4
Other counterparties (including exchanges)	141,262	137,026	2,608	3,638	904	1,591
Public institutions in OECD countries	69,938	77,755	3,358	4,464	2,232	2,751
Total	**545,983**	**565,012**	**15,309**	**19,865**	**14,941**	**18,827**

(38) Carrying Amounts and Results, Broken Down by Measurement Category

The following table sets out the carrying amounts of financial assets and liabilities as at 30 June 2013 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	2,868				2,868
Loans and advances to banks	18,300			295	18,595
Loans and advances to customers	90,718			686	91,404
Trading assets			35,177		35,177
Positive fair values of non-trading derivatives			5,121		5,121
Financial investments		21,477		2,852	24,329
Total	**111,886**	**21,477**	**40,298**	**3,833**	**177,494**
Equity and liabilities					
Liabilities due to banks	32,447			573	33,020
Liabilities due to customers	42,753			3,013	45,766
Securitised liabilities	39,834			9,700	49,534
Trading liabilities			34,466		34,466
Negative fair values of non-trading derivatives			3,932		3,932
Subordinate capital	3,766			523	4,289
Total	**118,800**		**38,398**	**13,809**	**171,007**

The following amounts were applicable as at 31 December 2012:

in € m

	LaR/OL	AfS	HfT	FVO	Total
Assets					
Cash reserve	8,925				8,925
Loans and advances to banks	22,941			295	23,236
Loans and advances to customers	90,103			718	90,821
Trading assets			37,954		37,954
Positive fair values of non-trading derivatives			6,992		6,992
Financial investments		25,632		2,305	27,937
Total	**121,969**	**25,632**	**44,946**	**3,318**	**195,865**
Equity and liabilities					
Liabilities due to banks	38,580			695	39,275
Liabilities due to customers	44,652			2,959	47,611
Securitised liabilities	45,799			11,369	57,168
Trading liabilities			36,148		36,148
Negative fair values of non-trading derivatives			4,982		4,982
Subordinate capital	3,840			523	4,363
Total	**132,871**		**41,130**	**15,546**	**189,547**

The following table presents the contributions to earnings from financial instruments for the period from 1 January to 30 June 2013 for each measurement category:

in € m

	LaR	OL	AfS	HfT	FVO	Non-trading derivatives	Total
Net interest income	1,590	–1,136	187		–122	84	603
Provisions for losses on loans and advances	–137						–137
Net trading income or loss				243			243
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied					221	–195	26
Net income from hedge accounting	21	67				–74	14
Net income or loss from financial investments			9				9
Contributions to net income recognised under other comprehensive income			–21				–21
Total	**1,474**	**–1,069**	**175**	**243**	**99**	**–185**	**737**

The following amounts were recognised in the first six months of 2012:

in € m

	LaR	OL	AfS	HfT	FVO	Non-trading derivatives	Total
Net interest income	1,746	–1,407	224		–83	93	573
Provisions for losses on loans and advances	–162						–162
Net trading income or loss				217			217
Gain or loss on non-trading derivatives and financial instruments to which the fair value option is applied					–56	41	–15
Net income from hedge accounting	–3	–6				8	–1
Net income or loss from financial investments			–7				–7
Contributions to net income recognised under other comprehensive income			206				206
Total	**1,581**	**–1,413**	**423**	**217**	**–139**	**142**	**811**

Net interest income reported in the income statement includes interest on financial instruments as well as net interest expense or net interest income from pension obligations, the interest cost component of 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	
	30.6.2013	**31.12.2012**	**30.6.2013**	**31.12.2012**	**30.6.2013**	**31.12.2012**
Assets						
Cash reserve	2,868	8,925	2,868	8,925	–	–
Loans and advances to banks[1]	19,013	23,483	18,579	23,220	434	263
Loans and advances to customers[1]	94,906	95,504	90,179	89,632	4,727	5,872
Trading assets	35,177	37,954	35,177	37,954	–	–
Positive fair values of non-trading derivatives	5,121	6,992	5,121	6,992	–	–
Financial investments	24,329	27,937	24,329	27,937	–	–
Total	**181,414**	**200,795**	**176,253**	**194,660**	**5,161**	**6,135**
Equity and liabilities						
Liabilities due to banks	33,275	39,583	33,020	39,275	255	308
Liabilities due to customers	47,477	49,626	45,766	47,611	1,711	2,015
Securitised liabilities	50,274	57,651	49,534	57,168	740	483
Trading liabilities	34,466	36,148	34,466	36,148	–	–
Negative fair values of non-trading derivatives	3,932	4,982	3,932	4,982	–	–
Subordinate capital	4,308	4,401	4,289	4,363	19	38
Total	**173,732**	**192,391**	**171,007**	**189,547**	**2,725**	**2,844**

[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. The measurement of unlisted equity interests recognised at fair value is also based on unobservable inputs, particularly the results derived from corporate planning (level 3).

The breakdown of financial instruments measured at fair value according to the hierarchy of the inputs used is as follows, if they are assets:

in € m

	Level 1		Level 2		Level 3		Total	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Non-derivative financial instruments	**39,678**	**39,874**	**9,796**	**13,299**	**792**	**825**	**50,266**	**53,998**
Loans and advances to banks	–	–	295	295	–	–	295	295
Loans and advances to customers	–	–	686	718	–	–	686	718
Trading assets	19,288	18,867	5,674	6,184	27	30	24,989	25,081
Financial investments	20,390	21,007	3,141	6,102	765	795	24,296	27,904
Derivatives	**46**	**26**	**15,225**	**19,799**	**38**	**40**	**15,309**	**19,865**
Positive fair values of the trading portfolio	36	25	10,118	12,810	34	38	10,188	12,873
Positive fair values of non-trading derivatives	10	1	5,107	6,989	4	2	5,121	6,992
Total	**39,724**	**39,900**	**25,021**	**33,098**	**830**	**865**	**65,575**	**73,863**

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

in € m

	Level 1		Level 2		Level 3		Total	
	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012	30.6.2013	31.12.2012
Non-derivative financial instruments	**1,400**	**1,372**	**35,769**	**36,401**	**97**	**76**	**37,266**	**37,849**
Liabilities due to banks	–	–	549	695	24	–	573	695
Liabilities due to customers	–	–	2,994	2,940	19	19	3,013	2,959
Securitised liabilities	–	28	9,657	11,297	43	44	9,700	11,369
Trading liabilities	1,400	1,344	22,046	20,946	11	13	23,457	22,303
Subordinate capital	–	–	523	523	–	–	523	523
Derivatives	**37**	**32**	**14,875**	**18,781**	**29**	**14**	**14,941**	**18,827**
Negative fair values of the trading portfolio	33	26	10,951	13,809	25	10	11,009	13,845
Negative fair values of non-trading derivatives	4	6	3,924	4,972	4	4	3,932	4,982
Total	**1,437**	**1,404**	**50,644**	**55,182**	**126**	**90**	**52,207**	**56,676**

Level 3 non-derivative financial instruments that are assets break down as follows:

in € m

	30.6.2013	31.12.2012
Bonds and other fixed-income securities	**144**	**156**
Bonds	41	42
Promissory notes	25	26
Asset-backed securities	78	88
Unlisted equity investments	**404**	**424**
Investment units	**51**	**51**
Purchase of receivables from endowment insurance policies	**193**	**194**
Total	**792**	**825**

Level 3 bonds and other fixed-income securities break down over the various ratings as follows:

in € m

	30.6.2013	31.12.2012
AAA	3	1
AA	15	15
A	41	50
BBB and below	56	55
No external rating	29	35
Bonds and other fixed-income securities	**144**	**156**

To measure level 3 instruments according to this model, inputs have been used that result in a price that knowledgeable market participants would apply. For individual inputs, more or less favourable factors may be applied as an alternative. This relates primarily to the estimation and determination of credit spreads. This process uses scenario values on the basis of determined standard deviations in the sectors concerned. For the bonds and other fixed-income securities, this has resulted in prices that may be up to € 1 m (31 December 2012: € 2 m) lower or higher.

For shares in unlisted companies, the expected returns have been calculated through simulations. The main action performed to this end was to increase or reduce by 10 % the cash flows to be discounted. The enterprise values determined in this way have been used to identify alternative values that were up to € 32 m (31 December 2012: € 34 m) lower or up to € 29 m (31 December 2012: € 32 m) higher.

There are no significant sensitivities for the other level 3 instruments.

The following tables show the changes in financial instruments measured at fair value and allocated to level 3 as well as the remeasurement gains or losses on the financial instruments still held in the portfolio as at 30 June 2013:

in € m

	Trading assets		Financial investments		Positive fair values of the trading portfolio		Positive fair values of non-trading derivatives	
Assets	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Carrying amounts as at 1.1.	**30**	**31**	**795**	**624**	**38**	**3**	**2**	**–**
Gains or losses recognised in the income statement								
Net interest income			–	1			–	1
Net trading income or loss	–	1			–1	1		
Gain or loss on non-trading derivatives and financial instruments of the FVO			4	3			–	1
Net income or loss from financial investments			–	–10				
Profits or losses recognised in other comprehensive income			3	18				
Additions	4	–	11	26	–	–	–	–
Disposal/liquidations	–7	–	–49	–47	–3	–	–	–
Changes in basis of consolidation	–	–	–	3	–	–	–	–
Changes due to currency translation	–	–	–1	3	–	–	–	–
Transfers from level 1 or 2	–	–	2	4	–	–	2	–
Transfers to level 1 or 2	–	–	–	–1	–	–	–	–
Carrying amounts as at 30.6.	**27**	**32**	**765**	**624**	**34**	**4**	**4**	**2**
Gains or losses on financial assets recognised in the income statement	–	1	4	–7	1	1	–	1

in € m

	Liabilities due to banks		Liabilities due to customers		Securitised liabilities		Trading liabilities		Negative fair values of the trading portfolio		Negative fair values of non-trading derivatives	
Equity and liabilities	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Carrying amounts as at 1.1.	**–**	**–**	**20**	**18**	**44**	**46**	**13**	**–**	**10**	**3**	**4**	**6**
Gains or losses recognised in the income statement												
Net trading income or loss							–	–	–1	1		
Gain or loss on non-trading derivatives and financial instruments of the FVO	1	–	–1	1	–1	1					–	–1
Additions	23	–	–	–	–	–	–	–	16	–	–	–
Disposal/liquidations	–	–	–	–	–	–4	–2	–	–	–	–	–
Transfers from level 1 or 2	–	–	–	–	–	–	–	–	–	–	–	–
Carrying amounts as at 30.6.	**24**	**–**	**19**	**19**	**43**	**43**	**11**	**–**	**25**	**4**	**4**	**5**
Gains or losses on liabilities recognised in the income statement	–	–	–	–	–	–	–1	–	1	–1	–	1

(40) Securitisation Transactions

Helaba's exposures in securitisation business are reported below in line with the recommendations of the Financial Stability Forum. Receivables resulting from customer business activities are securitised for customers through the OPUSALPHA asset-backed commercial paper programme initiated by Helaba. OPUSALPHA involves an ABS portfolio as well as the customer transactions. This ABS portfolio is consolidated in accordance with IAS 27 / SIC-12 because the majority of opportunities and risks accrue to Helaba. Helaba and Helaba subsidiaries have also invested directly in asset-backed securities.

The Group's total exposure in asset-backed securities as at 30 June 2013 is broken down by product type and rating category as follows:

		Volume by rating category				
	Carrying amount in € m	AAA	AA	A	BBB	BB and lower
RMBS	254	3.0 %	18.1 %	37.0 %	35.1 %	6.8 %
CMBS	185	–	20.7 %	47.6 %	11.7 %	20.0 %
CDO/CLO	125	10.4 %	34.7 %	12.1 %	23.9 %	18.9 %
Other ABS	749	94.7 %	1.1 %	2.3 %	1.2 %	0.7 %
ABS total	**1,313**	**55.6 %**	**10.3 %**	**16.4 %**	**11.4 %**	**6.3 %**

The table below shows the same breakdown as at 31 December 2012:

		Volume by rating category				
	Carrying amount in € m	AAA	AA	A	BBB	BB and lower
RMBS	274	4.2 %	21.1 %	53.5 %	17.9 %	3.3 %
CMBS	241	–	–	70.2 %	29.8 %	–
CDO/CLO	177	10.2 %	31.1 %	5.7 %	28.1 %	24.9 %
Other ABS	961	95.5 %	1.1 %	1.9 %	0.9 %	0.6 %
ABS total	**1,653**	**57.3 %**	**7.5 %**	**20.8 %**	**10.9 %**	**3.5 %**

The portfolios added as part of the acquisition of NRW-Verbundbank accounted for € 709 m (31 December 2012: € 915 m) of 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.

Liquidity lines are extended in the context of securitisation transactions and some of these have been drawn down. As at 30 June 2013, lines of liquidity for third-party securitisation platforms amounted to € 91 m (31 December 2012: € 490 m), of which € 25 m (31 December 2012: € 410 m) had been drawn down. The liquidity line provided for OPUSALPHA amounted to € 2,032 m (31 December 2012: € 1,840 m), of which € 1,738 m had been drawn down as at 30 June 2013 (31 December 2012: € 1,292 m).

(41) Reclassification of Financial Assets

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

	30.6.2013 Carrying amount	30.6.2013 Fair value	31.12.2012 Carrying amount	1.7.2008 Carrying amount
Trading assets, reclassified as loans and advances to customers	154	159	173	437
Financial investments, reclassified as loans and advances to customers	441	501	538	1,722
Total	**595**	**660**	**711**	**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.

Had these reclassifications not been performed, this would have resulted in the first half of 2013 in additional unrealised measurement gains of € 4 m (H1 2012: € 2 m) on trading assets in the income statement and in additional unrealised measurement gains of € 22 m (H1 2012: € 13 m) on financial investments in other comprehensive income.

Impairment losses of € 1 m (H1 2012: € 1 m) were recognised on the reclassified financial assets.

(42) Disclosures Relating to Issuing Activities

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

in € m

	Issued money market securities of the trading portfolio		Securitised liabilities		Securitised subordinate capital		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
As at 1.1.	**4,230**	**2,500**	**57,168**	**37,243**	**3,067**	**3,139**	**64,465**	**42,882**
Changes due to currency translation	−45	38	−24	60	−8	–	−77	98
Additions from issues	7,077	10,282	8,326	8,488	–	–	15,403	18,770
Disposals due to repayment	−6,935	−8,324	−15,064	−8,341	–	−50	−21,999	−16,715
Disposals due to repurchases	–	−127	−415	−354	–	–	−415	−481
Changes in accrued interest	–	−1	−241	−107	2	4	−239	−104
Changes in value recognised through profit or loss	1	6	−216	16	−23	–	−238	22
As at 30.6.	**4,328**	**4,374**	**49,534**	**37,005**	**3,038**	**3,093**	**56,900**	**44,472**

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

Additions from issues and disposals due to repayment also comprise the placement volume of short-term money market papers that could be repaid by as early as the end of the reporting period. The changes in value recognised through profit or loss result from measurement effects from financial liabilities held as at the reporting date which were either accounted for as hedged items or allocated to the FVO.

Off-Balance-Sheet Transactions and Obligations

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

in € m

	30.6.2013	31.12.2012
Contingent liabilities	**5,413**	**4,951**
Liabilities from guarantees and warranty agreements	5,413	4,951
Other obligations	**17,569**	**17,601**
Placement and underwriting obligations	1,966	2,072
Irrevocable loan commitments	15,447	15,365
Obligations to provide further capital	39	39
Contribution obligations	64	67
Contractual obligations for the acquisition of property and equipment, intangible assets and other assets	12	12
Contractual obligations in connection with investment property	7	12
Other obligations	34	34
Total	**22,982**	**22,552**

(44) Fiduciary Transactions

in € m

	30.6.2013	31.12.2012
Trust assets	**966**	**1,060**
Loans and advances to banks	163	216
Loans and advances to customers	521	560
Equity investments	271	272
Other assets	11	12
Trust liabilities	**966**	**1,060**
Liabilities due to banks	4	4
Liabilities due to customers	647	738
Other liabilities	315	318

Other Disclosures

(45) Information Concerning Equity Management and Regulatory Ratios

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

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

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

In accordance with the Solvency Regulation, the regulatory own funds of the Helaba Group consist of core tier 1 capital, tier 2 capital and tier 3 funds and are broken down as follows as at the reporting date (30 June 2013):

in € m

	30.6.2013	31.12.2012
Ordinary capital	589	589
Sundry capital	1,920	1,920
Other capital	953	1,053
Open reserves and consolidation effects	3,113	2,954
Special item for general banking risks in accordance with Section 340g HGB	555	479
Deductions in accordance with Section 10 (2a) KWG	–51	–40
Tier 1 capital	**7,079**	**6,955**
Capital in accordance with Section 10 (5) KWG	676	707
Longer-term subordinate liabilities	2,274	2,290
Other components and consolidation effects	19	4
Tier 2 capital	**2,969**	**3,001**
Deductions in accordance with Section 10 (6) and (6a) KWG	–94	–273
Liable equity	**9,954**	**9,683**
Available tier 3 capital used	–	–
Own funds, total	**9,954**	**9,683**

The following capital requirements and ratios are applicable as at the end of the reporting period:

in € m

	30.6.2013	31.12.2012
Default risks	3,959	4,158
Market risks	531	422
Operational risks	309	284
Capital requirements	**4,799**	**4,864**
Tier 1 capital ratio	11.7 %	11.2 %
Total ratio	16.6 %	15.9 %

The tier 1 and equity ratios comply with the target ratios formulated by Helaba in its equity planning. The regulatory capital backing requirements are also met.

(46) Related Party Disclosures

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

As of 30 June 2013, the Helaba Group had the following receivables from and liabilities to related parties as well as obligations not recognised in the statement of financial position:

in € m

	30.6.2013	31.12.2012
Loans and advances to banks	**45**	**44**
Investments in joint ventures and associates	4	4
Shareholders of Helaba	41	40
Loans and advances to customers	**2,218**	**2,418**
Non-consolidated subsidiaries	3	6
Investments in joint ventures and associates	475	598
Shareholders of Helaba	1,517	1,589
Other related parties	223	225
Trading assets	**694**	**884**
Investments in joint ventures and associates	25	20
Shareholders of Helaba	669	864
Financial investments	**324**	**580**
Non-consolidated subsidiaries	20	22
Investments in joint ventures and associates	38	38
Shareholders of Helaba	266	520
Other assets	**199**	**170**
Investments in joint ventures and associates	1	–
Shareholders of Helaba	198	170
Liabilities due to banks	**182**	**311**
Non-consolidated subsidiaries	1	1
Shareholders of Helaba	181	310
Liabilities due to customers	**688**	**889**
Non-consolidated subsidiaries	18	22
Investments in joint ventures and associates	96	82
Shareholders of Helaba	559	772
Other related parties	15	13
Trading liabilities	**249**	**65**
Non-consolidated subsidiaries	7	5
Investments in joint ventures and associates	8	6
Shareholders of Helaba	234	54
Subordinate capital	**83**	**84**
Shareholders of Helaba	83	84
Other liabilities	**53**	**49**
Investments in joint ventures and associates	53	47
Shareholders of Helaba	–	2
Contingent liabilities	**316**	**307**
Investments in joint ventures and associates	67	67
Shareholders of Helaba	76	68
Other related parties	173	172

No allowances were recognised on loans and advances to related parties recognised in the statement of financial position in H1 2013 or H1 2012. Loans and advances amounting to € 1 m (H1 2012: € 9 m) were waived or written off.

Transactions with related parties that are not recognised as loans, advances or receivables or as deposits or liabilities mainly relate to purchases and sales of securities and investment fund units as well as the business of placing closed-end funds operated 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

Klaus-Dieter Gröb
(until 31 July 2013)

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, 20 August 2013

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, 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 2013, 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, 20 August 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Markus Burghardt	Wolfgang Weigel
Wirtschaftsprüfer	Wirtschaftsprüfer

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