

Report and Financial Statements 2003



Year ended 31 December 2003

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Directors and other Information

Board of Directors

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

Secretary

Wilton Secretarial Limited

Registered Office

P.O. Box 3137
Guild Street
IFSC
Dublin 1
Registered Number: 166933

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
George's Quay
Dublin 2

Solicitors

William Fry
Fitzwilton House
Wilton Place
Dublin 2

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2003.

Statement of Directors' Responsibilities

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

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the bank and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish Statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. The directors are also responsible for safeguarding the assets of the bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Books of Account

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

Principal Activities and Review of the Business

Background of the Bank

Helaba Dublin was founded in November 1990 under the name "Helaba Asset Management". On 1 December 1993, the company received its banking licence from the Central Bank of Ireland and changed its name to Helaba Dublin Landesbank Hessen-Thüringen International ("Helaba Dublin"). It is wholly owned by Landesbank Hessen-Thüringen Girozentrale, Frankfurt am Main/Erfurt ("Helaba") which senior, unsecured debt is rated AAA/Aaa/AA+ by the leading international rating agencies Fitch, Moody's Investors Service and Standard & Poor's respectively. The legal form of Helaba Dublin is that of a private unlimited company. In addition, Helaba submitted a letter of comfort to the Central Bank of Ireland in favour of Helaba Dublin.

In view of its legal status and the assertion by the parent company that Helaba Dublin will always be in a position to meet its liabilities (see “ultimate holding company”), Helaba Dublin was assigned a short term debt rating of “A-1+” and a long-term senior unsecured debt rating of “AA” by Standard & Poor’s Corp.

The guarantees of the owners of Landesbank Hessen-Thüringen Girozentrale (the Savings Banks and Giro Association of Hesse-Thuringia and the Federal States of Hesse and Thuringia) in the form of Anstaltslast (statutory liability) and Gewährträgerhaftung (guarantor obligation) ensure a high credit quality of Helaba. The German authorities and the European Commission agreed, in July 2001 and February 2002, on a restructuring of the guarantee mechanisms of German public banks. Anstaltslast can be maintained in its present form until 18 July 2005. Gewährträgerhaftung will phase out as from 19 July 2005:

- Existing obligations at 18 July 2001 maturing any time will be covered by Gewährträgerhaftung;
- New obligations incurred between 19 July 2001 and 18 July 2005 and maturing by 31 December 2015 will also be covered by Gewährträgerhaftung;
- New obligations incurred between 19 July 2001 and 18 July 2005 and maturing after 31 December 2015 will be guaranteed until 18 July 2005;
- New obligations incurred after 18 July 2005 will not be guaranteed.

Landesbank Hessen-Thüringen Girozentrale opened a branch

- Helaba Irish Branch – in Dublin on 2 January 2001.

Performance of the Bank

In its thirteenth year, Helaba Dublin had an increase of its total balance sheet from € 3,625 million to € 3,843 million (6%). This increase was mainly due to the increase in the bank’s holding of debt securities and in loans and advances to customers, offset by a decrease in loans and advances to banks.

Lending Activity

In the year under review, total loans and advances to corporate customers and public law entities increased by € 115 million or 5.6% to € 2,171 million, while loans and advances to banks in excess of 1 year reduced by € 47 million or 70.2% to € 20 million.

Total loans and advances to corporate customers, public law entities and banks (in excess of 1 year) represented 57% of the total balance sheet. They were granted in all major currencies with fixed or variable interest rates.

Debt Securities and other Fixed Income Securities

The Bank’s securities portfolio increased by € 167 million or 12.5% to € 1,498 million. Securities issued by banks and building societies amount to € 950 million and by other issuers to € 548 million. The securities held are primarily floating rate notes issued in various currencies with an average remaining maturity of 4.35 years.

**Money Market,
Foreign Exchange and
Derivatives Business**

Money market, foreign exchange and derivative instruments were only utilised to a very limited extent for proprietary trading and principally served as funding and hedging tools for the asset side. Deposits by banks decreased by € 6 million to € 302 million. Other customer deposits increased by € 322 million to € 2,682 million, of which € 1,731 million have a maturity of more than 5 years. The outstandings under a USD 1.5 billion Euro Commercial Paper (ECP) Program, signed on 29 August 1997 as USD 1 billion and increased to USD 1.5 billion on 16th November 1999, amounted to € 656 million (USD 828 million) at year end. This program was assigned a short term rating of “A-1+” by Standard and Poor’s Corp.

**Profit and Loss Account,
Dividends and Reserves**
in thousand €

	2003
Profit for the financial year after tax	11,684
Dividend proposed	-10,000
Profit retained for the year	1,684
Balance at beginning of year	12,556
Balance at end of year	<u>14,240</u>

In line with decreased lending activity until the latter part of 2003, and the flattened yield curve in money and capital markets, net interest income fell from € 16.5 million to € 13.8 million. Conversely, fees and commissions earned increased by € 1 million to € 3.7 million, largely due to the early recognition of deferred fee income following the early termination of several structured finance deals. Administrative expenses of € 4.1 million increased by € 0.6 million, reflecting start-up costs in relation to new securitisation activity, where the Bank will act as Arranger and Adviser.

Capital

The Bank’s original capital of DEM 240 million was converted to Euro and increased to € 125 million by means of conversion of retained earnings of € 2.29 million in 2001.

The Tier 1 Capital/Risk Assets ratio remained well above minimum requirements.

Staff

At year-end 35 employees were employed by the company. The Directors would like to take this opportunity to thank the employees for their dedication and loyalty during the year.

Events since the Year End	There have been no significant events since the year end.
Safety, Health and Welfare of Employees	It is the policy of the bank to ensure the health and welfare of its employees by maintaining a safe place and system of work. This policy is based on the requirements of employment legislation, including the Safety, Health and Welfare at Work Act, 1989.
Future Developments	During the year 2004 the bank will continue to develop its international customer base for the provision of short and long term, fixed or variable interest rate financing facilities to mainly non-bank customers, continue to broaden its short and long term funding arrangements with banks and non-banks and increase its range of non-lending services for customers.
Directors	<p>The names of the persons who were directors during the year ended 31 December 2003 are set out below. They served as directors for the entire year, except where noted.</p> <p>Dr. N. Schraad (German) R. Krick (German) L. Steinborn-Reetz (German) P. von Gordon (Resigned 13 January 2004) (German) P. Murray P. Smyth E. Hanly N. O'Byrne</p> <p>The directors are not required to retire by rotation under the terms of the bank's Articles of Association.</p>
Ultimate Holding Company	The ultimate holding company of Helaba Dublin Landesbank Hessen-Thüringen International is Landesbank Hessen-Thüringen Girozentrale, Federal Republic of Germany which has stated that it will ensure that Helaba Dublin Landesbank Hessen-Thüringen International will always be in a position to meet its liabilities for so long as it remains a subsidiary of Landesbank Hessen-Thüringen Girozentrale.
Directors' and other Interests	None of the directors in office at 31 December 2003 had any interest in the shares or debentures of the bank, its holding company or other group companies.
Transactions involving Directors	<p>Dr. N. Schraad, Chairman of the Board of Directors received a loan of T € 52 from the bank on the 30th June 2002, at a fixed rate of interest of 6.5%, which is repayable on the 18th December 2023. At the 31st December 2003, after capitalisation of interest of T € 4, and repayments of T € 2, T € 54 of this loan was outstanding.</p> <p>There were no transactions involving the other directors during the year as defined by Section 41 of the Companies Act 1990.</p>

**Risk Management
and Control**

The Board of Directors approves the policy, the limits and the process for the monitoring of risk. The policy includes the product groups and markets in which trading may be transacted, the type, scope, legal form and documentation of trading transactions and the counterparties with whom transactions may be concluded. It also sets out the procedures for the measurement, analysis, monitoring and controlling of risks.

Credit Risk

The Bank's credit risk is monitored in accordance with the credit risk procedures of Helaba Group, with a particular focus on the higher quality/lower risk end of the market (minimum investment grade rating or equivalent credit quality). All assets are regularly reviewed by the Board of Directors, with a formal review of all risk weighted assets on a minimum basis of at least once every 12 months.

All assets must comply with sectoral and other regulatory limits as set out in the credit risk procedures.

Liquidity Risk

The Bank's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding and to meet its financial obligations. This is achieved through maintaining a prudent level of liquid assets, and through wholesale funding facilities, including a USD 1.5 billion ECP program and management control of the growth of the business.

Currency Risk

After hedging, the bank has no substantial net exposure to foreign exchange rate fluctuations or changes in foreign currency interest rates.

Interest Rate Risk

The net interest income of the bank is exposed to movements in interest rates due to the controlled mismatching of the dates on which assets and liabilities mature or are reset to market rates. We refer to the Interest Rate Repricing table in note 30. This table sets out these mismatches on the trading and non-trading book, having taken into account the hedging effect of interest rate swaps as at 31 December 2003.

Trading Book

The trading book positions giving rise to interest rate risk are derivatives with exposures maturing within 24 months.

Banking Book

The interest rate risk has been limited by the bank to cash positions up to 12 months and off-balance sheet positions up to 24 months, with the exception of assets funded with the € 125 million share capital. All other fixed rate interest positions maturing after 12 months are hedged using interest rate swaps with 3 or 6 monthly fixings.

A single system is used by the Helaba group for the measurement of the interest rate risk. This system monitors the risk and reviews the limit utilisation on a daily basis. The limits of the bank are allocated to it by the group Board of Directors and these limits are then approved by the Board of Directors of the bank.

Value at Risk is called Money at Risk (MaR) in Helaba. Money at Risk is the potential loss in value of the group's positions which might arise due to movements in markets over a defined time horizon with a specified confidence level.

The bank's MaR, calculated on a variance/covariance basis, uses a ten day time horizon and a 99% confidence level. This means that there is a one in a 100 chance that daily losses will exceed the MaR. The effectiveness of MaR is assessed by back-testing, which compares the estimated MaR against the realised losses. This is done for a one day horizon and a 99% confidence level.

The MaR for the bank at 31 December 2003 was € 6,053,677 and the average, highest and lowest during the year to 31 December 2003 were € 5,396,009, € 6,648,897 and € 4,132,208 respectively.

The modelling of the risk characteristics of the bank's positions involves a number of assumptions and estimates. The MaR calculation depends on the following parameters:

- daily business data after system end of day
- daily FX rates
- daily interest rates
- volatilities monthly (calculated on a 250-day basis, and relative changes in interest rates are considered)
- correlations monthly (calculated on a 250-day basis, and relative changes in interest rates are considered).

All parameters, with the exception of the daily business data, are fed into the system centrally in Frankfurt for the whole Helaba group.

The MaR model is being continuously developed and the calculation of spread risks has been improved by the utilisation of a greater number of interest rate curves.

Auditors

The auditors, PricewaterhouseCoopers, offer themselves for re-appointment in accordance with section 160(2) of the Companies Act, 1963.

Dr. N. Schraad, *Chairman of the Board of Directors*

P. Murray, *Managing Director*

P. Smyth, *Managing Director*

Wilton Secretarial Limited, *Company Secretary*

12 March 2004

Independent Auditors' Report

To the Members of Helaba Dublin Landesbank Hessen-Thüringen International

We have audited the financial statements on pages 15 to 50.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements in accordance with Accounting Standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance. We have also audited the information on risk management and control on pages 10 and 11.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and auditing standards issued by the Auditing Practices Board applicable in Ireland. This report, including the opinion, has been prepared for and only for the bank's members as a body in accordance with Section 193 of the Companies Act 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish Statute comprising the Companies Acts, 1963 to 2001, and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

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

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

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the bank's affairs at 31 December 2003 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001, and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

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

In our opinion the information given in the directors' report on pages 6 to 12 is consistent with the financial statements.

The net assets of the bank, as stated in the balance sheet on page 21, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2003, a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the bank.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

12 March 2004

Accounting Policies and Estimates

The significant accounting policies adopted by the bank are as follows:

Basis of Preparation

The financial statements are prepared under the historical cost convention and in accordance with the accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2001, the European Communities (Credit Institutions: Accounts) Regulations, 1992 and the British Banking Association's Statements of Recommended Practice ("SORPs").

Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

Tangible Assets

Tangible assets are stated at cost less accumulated depreciation.

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

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

Office furniture	Average approximately	10 years
Computer equipment		3 years
Fixtures and fittings		5 years
Motor Vehicles		4 years

Reporting Currency

The financial statements are prepared in thousand Euro, denoted by the symbol "T€".

Income and Expense Recognition

Interest income and expense are recognised in the profit and loss account on an accruals basis. Fees and commissions received for services provided are recognised when earned.

Foreign Currencies

All monetary assets and liabilities, denominated in currencies other than Euro are translated into Euro at the exchange rate ruling at the balance sheet date or at the hedge rates where appropriate.

Tangible assets are translated at the historical rate.

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

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

Deferred Taxation

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Debt Securities

Debt securities intended for use on a continuing basis in the bank's activities are classified as investment securities and are stated at cost less provision for any permanent diminution in value. The cost of investment securities in dated stocks is adjusted for the amortisation of premiums or discounts over the period to maturity. The amortisation of premiums or discounts is included in interest income.

Trading securities are stated at fair value. Changes in the fair value of such securities are recognised in the profit and loss account. Profits and losses on disposals are recognised when realised and included in dealing profits.

Capital Instruments

Issue expenses of capital instruments are deducted from the proceeds of issue and, where appropriate, are amortised to profit and loss account so that the finance costs are allocated to accounting periods at a constant rate based on the carrying amount of the instruments.

Derivatives

The bank uses derivative instruments, such as interest rate swaps, financial futures and forward rate agreements, in trading activities and to hedge interest rate exposures. Profits and losses arising from trading activities are taken to the profit and loss account using the mark to market method of accounting. Profits and losses arising from hedging activities are amortised over the lives of the underlying transactions.

The bank uses derivative instruments, such as forward foreign exchange contracts to hedge foreign exchange exposures and in trading activities. Profits and losses arising from these retranslations and from trading activities are included, as appropriate, having regard to the nature of the transactions, in other income or dealing profits.

Pensions

The pension obligations of the bank are met by payments to a pension plan, the annual contributions to which are dealt with in the profit and loss account in the accounting year to which they relate.



Profit and Loss Account

Year ended 31 December 2003
in thousand €

	Notes	Year ended 2003	Year ended 2002
Interest receivable and similar income			
Interest receivable and similar income arising from debt securities and fixed income securities	2	32,646	35,879
Other interest receivable and similar income		199,750	219,791
Interest payable and similar charges		-218,610	-239,179
Net interest income		13,786	16,491
Other income			
Fees and commissions receivable		3,744	2,760
Fees and commissions payable		-1,045	-778
Profit on sale of Schuldscheindarlehen		-	1,898
Profit/(loss) on dealing		820	-48
Rental income		6,324	6,497
Rental expenses		-6,324	-6,497
Other operating (expense)/income		-78	70
Total other income		3,441	3,902
Other expenses			
Administrative expenses	3	-4,113	-3,551
Depreciation	13	-98	-116
Provision for credit risk	11	-104	-3,000
Total other expenses		-4,315	-6,667
Profit on ordinary activities before tax		12,912	13,726
Tax on profit on ordinary activities	4	-1,228	-1,248
Profit on ordinary activities after tax		11,684	12,478
Dividends	5	-10,000	-5,000
Profit retained for the year		1,684	7,478
Balance at beginning of year		12,556	5,078
Balance at end of year	6	14,240	12,556

Profit on ordinary activities arose solely from continuing operations. There are no recognised gains or losses other than those included in the profit and loss account. There is no difference between the profit on ordinary activities before taxation and the retained profits for the years stated above, and their respective historical cost equivalents.

Dr. N. Schraad, *Chairman of the Board of Directors*
P. Murray, *Managing Director*
P. Smyth, *Managing Director*
Wilton Secretarial Limited, *Company Secretary*

12 March 2004

The accounting policies on pages 15 to 17 and the notes to the financial statements on pages 24 to 50 form part of these accounts.

Balance Sheet

31 December 2003

in thousand €

	Notes	2003	2002
Assets			
Cash and balances with Central Banks		15,347	14,978
Loans and advances to banks	9	117,282	175,834
Loans and advances to customers	10	2,171,194	2,055,762
Debt securities and other fixed income securities	12	1,498,339	1,331,627
Tangible fixed assets	13	225	271
Deferred tax	14	230	228
Prepayments and accrued income	15	40,200	46,774
Total Assets		3,842,817	3,625,474
Liabilities			
Deposits by banks	16	302,372	308,660
Customer accounts	17	2,681,628	2,359,816
Debt securities in issue	18	655,695	760,873
Other liabilities	19	10,000	5,000
Accruals and deferred income	20	52,992	52,406
Provisions for liabilities and charges	21	890	1,163
		3,703,577	3,487,918
Shareholders' funds			
Called up equity share capital	22	125,000	125,000
Profit and loss account	6	14,240	12,556
	23	139,240	137,556
Total liabilities and shareholders' funds		3,842,817	3,625,474
Memorandum items			
Guarantees and irrevocable letters of credit	33	2,469,952	2,238,400
Commitments	33	7,264	40,931

Dr. N. Schraad, *Chairman of the Board of Directors*P. Murray, *Managing Director*P. Smyth, *Managing Director*Wilton Secretarial Limited, *Company Secretary*

12 March 2004

The accounting policies on pages 15 to 17 and the notes to the financial statements on pages 24 to 50 form part of these accounts.



Cash Flow Statement

Year ended 31 December 2003
in thousand €

	Notes	Year ended 2003	Year ended 2002
Net cash (outflow)/inflow from operating activities	(A)	-86,754	152,254
Equity dividends paid		-5,000	-
Taxation paid		-1,503	-2,871
Capital expenditure and financial investment	24	85,862	-139,021
(Decrease)/increase in cash	25	-7,395	10,362
(A) Reconciliation of operating profit to net cash outflow/(inflow) from operating activities			
Operating profit		12,912	13,726
Decrease in prepayments and accrued income		6,574	5,644
Increase/(decrease) in accruals and deferred income		586	-20,566
Depreciation		98	116
Profit on sale of asset		-	-4
Amortisation of premiums net of discounts on debt securities held as financial fixed assets		-263	-202
Net cash inflow/(outflow) from trading activities		19,907	-1,286
Net (decrease)/increase in deposits by banks		-6,435	175,963
Net increase in customer accounts		321,812	83,510
Net (decrease) in debt securities in issue		-105,178	-167,748
Net (increase) in loans and advances to customers		-115,432	-32,150
Net decrease in loans and advances to banks		50,935	355,257
Net (increase) in debt securities held for trading purposes		-326,222	-342,343
Effect of exchange translation and other adjustments		73,859	81,051
		-106,661	153,540
Net cash (outflow)/inflow from operating activities		-86,754	152,254

Notes to the Financial Statements

1. Ultimate Holding Company

The ultimate holding company of Helaba Dublin Landesbank Hessen-Thüringen International is Landesbank Hessen-Thüringen Girozentrale, Federal Republic of Germany which, in a letter of comfort to the Central Bank of Ireland, has stated that it will ensure that Helaba Dublin Landesbank Hessen-Thüringen International will always be in a position to meet its liabilities for so long as it remains a subsidiary of Landesbank Hessen-Thüringen Girozentrale.

Landesbank Hessen-Thüringen Girozentrale is the parent company of the only group for which group financial statements are drawn up and of which the bank is a member. Copies of the financial statements of Landesbank Hessen-Thüringen Girozentrale may be obtained from their registered offices at Neue Mainzer Straße 52-58, D-60311, Frankfurt am Main and Bonifaciusstraße 3, D-99084, Erfurt, Federal Republic of Germany.

2. Interest Receivable in thousand €

	2003	2002
Included in interest income		
– Income from listed securities	31,805	33,878
– Income from unlisted securities	841	2,001
	32,646	35,879

3. Administrative Expenses in thousand €

	2003	2002
Staff costs		
– Salaries	1,634	1,799
– Social security costs	121	121
– Other staff costs	276	267
	2,031	2,187
Other administrative expenses	2,082	1,364
	4,113	3,551
Included in administrative expenses		
– Auditors' remuneration	31	25
– Operating lease rentals: property	454	469

4. Taxation

in thousand €

	2003	2002
(A) Based on profit for the year		
Corporation tax at 10%	1,248	1,452
Corporation tax at 12.5% (2002: 16%)	7	11
(Overaccrual)/underaccrual re prior year	-25	54
Total current tax charge for the year	<u>1,230</u>	<u>1,517</u>
(B) Deferred tax		
Capital allowances in excess of depreciation	-2	-19
Other timing differences	-	-250
Total deferred tax for the year	<u>-2</u>	<u>-269</u>
Tax charge for the year	<u>1,228</u>	<u>1,248</u>

(A) Helaba Dublin has received a certificate from the Minister for Finance in Ireland confirming that all qualifying income on financial services activities are subject to Corporation Tax at the reduced rate of 10%.

(B) Provision has been made for deferred tax as there are material timing differences between profits as computed for tax purposes and accounting purposes.

The current tax charge for the year is lower than the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities. The differences are explained below:

	2003	2002
Profit on ordinary activities before tax	12,912	13,726
Profit on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2002: 16%)	1,614	2,196
Effects of:		
Disallowable expenses	5	192
Capital allowances in excess of depreciation	5	3
Double rent deduction	-57	-75
Section 446 TCA 1997 relief	-312	-853
Adjustment to tax charge in respect of previous years	-25	54
Current tax charge for the year	1,230	1,517

(The ending of the special IFSC 10% tax rate on the 31 December 2005 will increase the bank's effective tax rate in the future years).

5. Dividends

in thousand €

	2003	2002
Proposed – interim ordinary dividend of € 0.08 (2002: € 0.04) per share	10,000	5,000
	10,000	5,000

**6. Statement of Movement
in Profit & Loss Account**

in thousand €

	2003	2002
Balance at beginning of year	12,556	5,078
Profit for the year	11,684	12,478
Dividend proposed	-10,000	-5,000
Balance at end of year	14,240	12,556

7. Directors' Remuneration

in thousand €

	2003	2002
Emoluments		
– for services as directors	20	20
– for other services	522	510
	542	530

8. Particulars of Staff

	2003	2002
The average number of persons employed by the bank during the year was	35	36

9. Loans and Advances**to Banks**

in thousand €

	2003	2002
Repayable on demand	5,085	12,702
Repayable in not more than three months	87,230	78,592
Repayable in more than three months but not more than one year	5,113	17,936
Repayable in more than one year but not more than five years	19,854	45,698
Repayable in more than five years	–	20,906
	117,282	175,834
Included in the above are:		
Claims on Group undertakings	20,116	54,342

10. Loans and Advances**to Customers**

in thousand €

	2003	2002
Repayable in not more than three months	90,522	105,364
Repayable in more than three months but not more than one year	96,528	32,697
Repayable in more than one year but not more than five years	919,104	680,164
Repayable in more than five years	1,065,040	1,237,537
	2,171,194	2,055,762
Included in the above are:		
Claims on Group undertakings	–	138,019

11. Provision for Credit Risk

in thousand €

	2003	2002
Against loans and advances to customers – General	1,500	1,500
Against loans and advances to customers – Specific	104	–
Against debt securities and other fixed income securities – General	1,000	1,000
Against debt securities and other fixed income securities – Specific	2,000	2,000
At end of year	4,604	4,500
Increase during the year:		
Against loans and advances to customers – Specific	104	–
Against debt securities and other fixed income securities – General	–	1,000
Against debt securities and other fixed income securities – Specific	–	2,000
	104	3,000

These provisions are netted against the relevant financial statements captions.

12. Debt Securities and other Fixed Income Securities

in thousand €

	2003	2002
Held as financial fixed assets		
Bank and building societies	369,780	469,472
Other debt securities	414,936	474,754
	784,716	944,226
Held for trading purposes		
Bank and building societies	580,472	327,152
Other debt securities	133,151	60,249
	713,623	387,401
Total debt securities	1,498,339	1,331,627

	2003	2002
Analysed by remaining maturity		
Due within one year	135,815	137,589
Due one year and over	1,362,524	1,194,038
	1,498,339	1,331,627

Analysed by listing status

Held as financial fixed assets

Listed on a recognised stock exchange	774,716	885,619
Unlisted	10,000	58,607
	784,716	944,226

Market value of listed securities	763,323	874,170
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Held for trading purposes

Listed on a recognised stock exchange	701,601	387,401
Unlisted	12,022	–
	713,623	387,401

Market value of listed securities	701,601	387,401
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**Analysis of movements
in debt securities held as
financial fixed assets**

	Cost	Amortised Discounts/ Premiums	Book Value
At 1 January 2003	943,541	685	944,226
Acquisitions	–	–	–
Redemptions	–85,914	–18	–85,932
Amortisation of net discounts and premiums	–	281	281
Exchange translation adjustments	–73,859	–	–73,859
At 31 December 2003	783,768	948	784,716

	2003	2002
Unamortised net discounts/(premiums)	512	929

13. Tangible Assets in thousand €	Fixtures and fittings	Computer equipment	Office furniture	Motor vehicles	Total
Cost					
At 1 January 2003	114	382	201	89	786
Additions	8	43	1	–	52
At 31 December 2003	122	425	202	89	838
Accumulated depreciation					
At 1 January 2003	74	292	95	54	515
Charge for year	13	57	17	11	98
At 31 December 2003	87	349	112	65	613
Net book amount					
At 31 December 2002	40	90	106	35	271
At 31 December 2003	35	76	90	24	225

14. Deferred Tax in thousand €	2003	2002
Deferred taxation assets in the accounts amount to:		
Short term timing differences	250	250
Capital allowances on assets	–20	–22
	230	228
Analysis of movements on deferred taxation		
At 1 January 2003	228	–41
Profit and loss account taxation credit	2	269
At 31 December 2003	230	228

**15. Prepayments
and Accrued Income**
in thousand €

	2003	2002
Interest receivable	32,011	42,536
Other debtors	8,189	4,238
	40,200	46,774

16. Deposits by Banks
in thousand €

	2003	2002
Repayable on demand	294	147
Repayable in not more than three months	288,535	308,513
Repayable in more than three months but not more than one year	13,543	–
	302,372	308,660
Included in the above are:		
Liabilities to Group undertakings	294	147

17. Customer Accounts
in thousand €

	2003	2002
Repayable on demand	113,238	21,323
Repayable in not more than three months	94,085	11,266
Repayable in more than three months but not more than one year	56,311	66,587
Repayable in more than one year but not more than five years	686,720	479,557
Repayable in more than five years	1,731,274	1,781,083
	2,681,628	2,359,816
Included in the above are:		
Liabilities to Group undertakings	3,471	2,892

18. Debt Securities in Issue

in thousand €

	2003	2002
Repayable in not more than three months	604,428	696,814
Repayable in more than three months but not more than one year	51,267	64,059
	655,695	760,873

These debt securities have been issued under a USD 1.5 billion Euro Commercial Paper Program, which was signed on 29 August 1997 as USD 1 billion, and increased to USD 1.5 billion on 16th November 1999. It is a multi-currency program subject to terms and conditions.

19. Other Liabilities

in thousand €

	2003	2002
Dividend proposed	10,000	5,000
	10,000	5,000

20. Accruals and Deferred Income

in thousand €

	2003	2002
Interest payable	26,733	31,952
Other accruals	26,259	20,454
	52,992	52,406

Other accruals include deferred fee income on loans of T € 16,779 (2002: T € 15,933).

21. Provisions for Liabilities and Charges

in thousand €

	2003	2002
Provision for corporation tax	890	1,163
	890	1,163

The corporation tax provision is net of preliminary tax paid for 2003 of T € 365 (2002: T € 300).

22. Equity Share Capital

in thousand €

	2003	2002
Authorised:		
125,000,000 ordinary shares of € 1 each	<u>125,000</u>	<u>125,000</u>
Issued and fully paid:		
125,000,000 ordinary shares of € 1 each	<u>125,000</u>	<u>125,000</u>

**23. Reconciliation of Movements
in Shareholders' Funds**

in thousand €

	2003	2002
Profit on ordinary activities after tax	11,684	12,478
Dividend proposed	-10,000	-5,000
Net addition to equity shareholders' funds	1,684	7,478
Opening equity shareholders' funds	137,556	130,078
Closing equity shareholders' funds	<u>139,240</u>	<u>137,556</u>

**24. Capital Expenditure and
Financial Investment**

in thousand €

	2003	2002
Purchase of tangible fixed assets	-52	-123
Sale of tangible fixed assets	-	4
Purchase of financial fixed assets	-	-175,971
Sale of financial fixed assets	85,914	37,069
	<u>85,862</u>	<u>-139,021</u>

25. Cash and Cash Equivalents

in thousand €

	2003	2002
Balance at beginning of year	27,533	17,171
(Decrease)/increase in cash and cash equivalents	-7,395	10,362
Balance at end of year	20,138	27,533
Represented by:		
Cash at bank	15,347	14,978
Loans and advances to banks repayable on demand	5,085	12,702
Deposits by banks repayable on demand	-294	-147
	20,138	27,533

For the purposes of the cash flow statement, cash equivalents are short term highly liquid investments, which are readily convertible into known amounts of cash without notice.

26. Pensions

Pensions for employees arise from a defined contribution scheme. These pensions are funded through an external pension scheme for the sole benefit of qualifying employees or their dependants. The pension cost charge for the year was T € 140 (2002: T € 164) and outstanding contributions at the balance sheet date amounted to T € Nil (2001: T € Nil).

27. Segmental Reporting

The bank has only one main class of business, which is that of the provision of financing facilities, which is carried out from its sole office in Ireland.

28. Currency Information

in thousand €

	2003	2002
(i) Total Assets		
Euro	2,758,518	2,380,974
Other	1,084,299	1,244,500
	3,842,817	3,625,474
(ii) Total liabilities		
Euro	2,797,243	2,465,857
Other	1,045,574	1,159,617
	3,842,817	3,625,474

29. Derivative Transactions

General

Transactions are undertaken in derivative financial instruments, which include interest rate swaps, cross-currency swaps, futures and forward rate agreements, for trading and non-trading purposes. Non-trading transactions are undertaken in order to reduce exposure to movements in interest and foreign exchange rates and to generate income. These derivatives involve, to varying degrees, exposure to loss in the event of default by a counterparty and exposure to future changes in interest and exchange rates.

Derivatives classified as non-trading are those entered into for the purpose of matching or eliminating risk from potential movements in foreign exchange rates and interest rates inherent in the bank's non-trading assets, liabilities and positions. A derivative is designated as non-trading where there is an offset between the effects of potential movements in market rates on the derivative and the non-trading asset, liability or position being hedged. Non-trading derivatives are accounted for on an accruals basis, consistent with the assets, liabilities or positions being hedged.

The bank's objectives and policies in managing the risks that arise in connection with the use of financial instruments are set out on pages 10 to 11 of the Report of the Directors, under the heading of "Risk Management and Control".

The information below gives the nominal principal contract amounts, and risk weighted amounts of off-balance sheet transactions. The nominal principal contract amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the Irish Financial Services Regulatory Authority's guidelines implementing the European Union Own Funds and Solvency Directives.

Trading Derivatives

Trading positions are maintained in forward rate agreements and futures. The following table represents the underlying principal amounts, risk weighted amounts and replacement cost classified by class of derivative trading position held at 31 December 2003:

**Interest Rate
Contracts – Trading**
in thousand €

	2003	2002
Underlying principal amount	200,000	–
Risk weighted amount	5	–
Replacement cost	–	–

Notes:

- (i) Under the Basle agreement, a credit conversion factor is applied to the contract amount to obtain the credit equivalent amount, which is then risk weighted according to the counterparty.
- (ii) For interest rate and exchange rate contracts, replacement cost is obtained by marking all contracts with a positive value to market, plus an additional amount which relates to potential future credit exposure.

**Analysis of Dealing
Profits/(Losses)**
in thousand €

	2003	2002
Profit/(loss) on dealing can be analysed as follows:		
Forward rate agreements	–	157
Foreign exchange	59	–3
Trading bonds	761	–202
	820	–48

Non-Trading Derivatives

As explained in the Report of the Directors on pages 10 to 11, under the heading of “Risk Management and Control”, the bank’s policy is to hedge through interest rate and foreign exchange rate contracts the repricing or maturity characteristics of assets and liabilities in order to achieve liquidity and risk management objectives. The following table provides examples of the main activities undertaken by the bank, the related risks associated with such activities and the types of derivatives used in managing such risks.

Activity	Risk	Type of Hedge
Fixed Rate Lending	Sensitivity to increases in interest rates	Pay fixed interest rate swaps
Fixed Rate Funding	Sensitivity to decreases in interest rates	Receive fixed interest rate swaps
Investment in foreign currency assets	Sensitivity to changes in currency exchange rates	Cross currency swaps Forward foreign exchange contracts
Profits earned in foreign currencies	Sensitivity to changes in currency exchange rates	Forward foreign exchange contracts

The fluctuations in value of non-trading derivatives will be offset by the unrealised appreciation or depreciation of the hedged item.

The table below represents the underlying principal amounts, risk weighted amounts and replacement cost classified by class of derivative position utilised for non-trading at 31 December 2003:

Exchange Rate Contracts – Non Trading in thousand €	2003	2002
Underlying principal amount	413,328	339,570
Risk weighted amount	8,581	4,931
Replacement cost	12,795	17,896

Interest Rate Contracts – Non Trading in thousand €	2003	2002
Underlying principal amount	1,265,146	1,394,395
Risk weighted amount	24,443	26,136
Replacement cost	103,535	109,968

Notes:

- (i) Under the Basle agreement, a credit conversion factor is applied to the contract amount to obtain the credit equivalent amount, which is then risk weighted according to the counterparty.
- (ii) For interest rate and exchange rate contracts, replacement cost is obtained by marking all contracts with a positive value to market, plus an additional amount which relates to potential future credit exposure.

Unrecognised Gains and Losses on Hedge Derivatives

Gains and losses on derivatives used for hedging are recognised in line with the underlying items which are being hedged. The tables below summarise the unrecognised gains and losses on hedges at 31 December 2003 and the movements therein during the year, and the deferred gains and losses on hedges carried forward in the balance sheet at 31 December 2003, pending their recognition in the profit and loss account.

**Unrecognised Gains
and Losses on Hedges**
in thousand €
31 December 2003

	Gains	Losses	Net
Unrecognised gains and losses on hedges at 31 December 2002	127,864	-79,316	48,548
Of which recognised in this year	9,547	-2,908	6,639
Gains and losses arising before 31 December 2002 that were not recognised in the year to 31 December 2003	118,317	-76,408	41,909
Gains and losses arising in the year to 31 December 2003 that were not recognised in that year	-1,987	22,868	20,881
Unrecognised gains and losses on hedges at 31 December 2003	116,330	-53,540	62,790
Of which expected to be recognised in the year to 31 December 2004	6,979	-1,659	5,320

**Unrecognised Gains
and Losses on Hedges**
in thousand €
31 December 2002

	Gains	Losses	Net
Unrecognised gains and losses on hedges at 31 December 2001	84,717	-80,249	4,468
Of which recognised in this year	4,589	-9,189	-4,600
Gains and losses arising before 31 December 2001 that were not recognised in the year to 31 December 2002	80,128	-71,060	9,068
Gains and losses arising in the year to 31 December 2002 that were not recognised in that year	47,736	-8,256	39,480
Unrecognised gains and losses on hedges at 31 December 2002	127,864	-79,316	48,548
Of which expected to be recognised in the year to 31 December 2003	9,547	-2,908	6,639

**Gains and Losses on
Hedges carried forward
in the Balance Sheet**
in thousand €
31 December 2003

	Gains	Losses	Net
Gains and losses carried forward in the balance sheet as at 31 December 2002	24	-321	-297
Of which recognised in this year	12	-158	-146
Gains and losses arising in the year to 31 December 2003 that were not recognised in the year	-	-	-
Gains and losses carried forward in the balance sheet as at 31 December 2003	12	-163	-151
Of which expected to be recognised in the year to 31 December 2004	12	-163	-151

**Gains and Losses on
Hedges carried forward
in the Balance Sheet**
in thousand €
31 December 2002

	Gains	Losses	Net
Gains and losses carried forward in the balance sheet as at 31 December 2001	36	-479	-443
Of which recognised in this year	12	-158	-146
Gains and losses arising in the year to 31 December 2002 that were not recognised in the year	-	-	-
Gains and losses carried forward in the balance sheet as at 31 December 2002	24	-321	-297
Of which expected to be recognised in the year to 31 December 2003	12	-158	146

To date, no credit derivative transactions have been entered into.

30. Interest Rate Repricing Table

Interest rate sensitivity gap analysis

The tables below summarise the repricing mismatches on the Bank's non-trading book as at 31 December 2003 and 31 December 2002.

Items have been allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date, before taking account of the effect of the related off-balance sheet items. The effect of the latter is disclosed as a single line item in the table.

At 31 December 2003

Assets in thousand €

	0-3 mths	>3-6 mths	>6-12 mths	>1-5 yrs	>5 yrs	Non- interest bearing	Total
Cash and balances with Central Banks	15,347	-	-	-	-	-	15,347
Loans and advances to banks	97,427	-	-	19,855	-	-	117,282
Loans and advances to customers	205,402	76,333	12,900	596,198	1,280,361	-	2,171,194
Debt securities and other fixed income securities	1,482,527	15,812	-	-	-	-	1,498,339
Tangible fixed assets	-	-	-	-	-	225	225
Deferred tax	-	-	-	-	-	230	230
Prepayments and accrued income	-	-	-	-	-	40,200	40,200
Total assets	1,800,703	92,145	12,900	616,053	1,280,361	40,655	3,842,817

Liabilities

Deposits by banks	288,830	-	13,542	-	-	-	302,372
Customer accounts	146,275	32,330	-	693,849	1,809,174	-	2,681,628
Debt securities in issue	604,428	51,267	-	-	-	-	655,695
Other liabilities	-	-	-	-	-	10,000	10,000
Accruals and deferred income	-	-	-	-	-	52,992	52,992
Provisions for liabilities and charges	-	-	-	-	-	890	890
Shareholders' funds	-	-	-	-	-	139,240	139,240
Total liabilities	1,039,533	83,597	13,542	693,849	1,809,174	203,122	3,842,817

Off balance sheet items	243,919	-541,020	-4,216	52,259	249,058	-	
Assets/(liabilities) overhang (Interest rate sensitivity gap)	1,005,089	-532,472	-4,858	-25,537	-279,755	-162,467	

Cumulative gap	1,005,089	472,617	467,759	442,222	162,467		
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The cumulative interest rate gap arises mainly from the assets funded with share capital, which are classified as non-interest bearing.

30. Interest Rate Repricing Table (continued)

At 31 December 2002							
Assets							
in thousand €	0-3 mths	>3-6 mths	>6-12 mths	>1-5 yrs	>5 yrs	Non- interest bearing	Total
Cash and balances with Central Banks	14,978	–	–	–	–	–	14,978
Loans and advances to banks	91,294	6,885	15,339	10,328	51,988	–	175,834
Loans and advances to customers	175,248	91,621	41,675	499,769	1,247,449	–	2,055,762
Debt securities and other fixed income securities	1,303,299	28,328	–	–	–	–	1,331,627
Tangible fixed assets	–	–	–	–	–	271	271
Deferred tax	–	–	–	–	–	228	228
Prepayments and accrued income	–	–	–	–	–	46,774	46,774
Total assets	1,584,819	126,834	57,014	510,097	1,299,437	47,273	3,625,474
Liabilities							
Deposits by banks	308,660	–	–	–	–	–	308,660
Customer accounts	21,323	–	39,166	431,791	1,867,536	–	2,359,816
Debt securities in issue	696,814	64,059	–	–	–	–	760,873
Other liabilities	–	–	–	–	–	5,000	5,000
Accruals and deferred income	–	–	–	–	–	52,406	52,406
Provisions for liabilities and charges	–	–	–	–	–	1,163	1,163
Shareholders' funds	–	–	–	–	–	137,556	137,556
Total liabilities	1,026,797	64,059	39,166	431,791	1,867,536	196,125	3,625,474
Off balance sheet items	156,868	–343,305	–134,448	–86,557	407,442	–	–
Assets/(liabilities) overhang (Interest rate sensitivity gap)	714,890	–280,530	–116,600	–8,251	–160,657	–148,852	
Cumulative gap	714,890	434,360	317,760	309,509	148,852		

The cumulative interest rate gap arises mainly from the assets funded with share capital, which are classified as non-interest bearing.

31. Fair Values of Derivatives and other Financial Instruments

(a) General

The tables below compare the book and fair values of some of the bank's financial instruments by category as at 31 December 2003 and 31 December 2002. Where available, market values have been used to determine fair values.

Fair values are the amounts at which an asset or liability could be exchanged at market conditions between informed and willing parties, other than in a forced sale. For derivative contracts the fair values estimated are influenced by the valuation method and reflect underlying assumptions made about the discount rate, volatility, and estimates of the amount and timing of the anticipated cash flows. Changes in these assumptions may significantly affect estimated fair values.

The table excludes certain financial assets and liabilities which are not listed or publicly traded, or for which a liquid and active market does not exist. Thus it excludes loans and advances to banks and customers and deposits by banks and customer accounts whose book and fair values may differ.

At 31 December 2003

in thousand €

Assets

Debt securities and other fixed income securities

	Trading fair value	Trading book value	Non-trading fair value	Non-trading book value
Debt securities and other fixed income securities	713,623	713,623	773,323	784,716

Derivatives

Derivatives	23	23	116,330	18,442
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Liabilities

Debt securities in issue

Debt securities in issue	–	–	655,695	655,695
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Derivatives

Derivatives	–	–	53,540	14,272
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At 31 December 2002

in thousand €

Assets

Debt securities and other fixed income securities

	Trading fair value	Trading book value	Non-trading fair value	Non-trading book value
Debt securities and other fixed income securities	387,401	387,401	932,777	944,226

Derivatives

Derivatives	–	–	127,864	20,629
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Liabilities

Debt securities in issue

Debt securities in issue	–	–	760,873	760,873
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Derivatives

Derivatives	–	–	79,316	20,869
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**(b) Derivatives held
for trading purposes**

At 31 December 2003 and 31 December 2002, the notional principal amounts and fair values of trading instruments entered into with third parties were as follows:

At 31 December 2003

in thousand €

Interest rate derivatives

Forward rate agreements

**Balances arising
from trading derivatives**

	Notional principal amount	Year end positive fair value	Year end negative fair value
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Forward rate agreements	200,000	23	-
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Balances arising from trading derivatives	200,000	23	-
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At 31 December 2002

in thousand €

Interest rate derivatives

Forward rate agreements

**Balances arising
from trading derivatives**

	Notional principal amount	Year end positive fair value	Year end negative fair value
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Forward rate agreements	-	-	-
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Balances arising from trading derivatives	-	-	-
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(c) Derivatives held for non-trading purposes

At 31 December 2003 and 31 December 2002, the notional principal amounts, fair values and book values of non-trading instruments entered into with third parties were as follows:

At 31 December 2003

in thousand €

Interest rate derivatives

Swaps

	Notional principal amount	Year end positive fair value	Year end positive book value	Year end negative fair value	Year end negative book value
	1,265,146	103,535	8,519	33,335	9,245
	1,265,146	103,535	8,519	33,335	9,245

Foreign exchange derivatives

Forward foreign exchange

Cross currency swaps

	350,054	8,014	3,614	4,363	–
	63,274	4,781	6,309	15,842	5,027
	413,328	12,795	9,923	20,205	5,027

Total

	1,678,474	116,330	18,442	53,540	14,272
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At 31 December 2002

in thousand €

Interest rate derivatives

Swaps

	Notional principal amount	Year end positive fair value	Year end positive book value	Year end negative fair value	Year end negative book value
	1,394,395	109,968	11,377	46,127	13,118
	1,394,395	109,968	11,377	46,127	13,118

Foreign exchange derivatives

Forward foreign exchange

Cross currency swaps

	268,877	11,259	304	11,444	768
	70,693	6,637	8,948	21,745	6,983
	339,570	17,896	9,252	33,189	7,751

Total

	1,733,965	127,864	20,629	79,316	20,869
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(d) Maturity of notional principal amounts

At 31 December 2003 and 31 December 2002, the notional principal amounts, by residual maturity, of trading and non-trading derivatives were as follows:

At 31 December 2003

in thousand €

Interest rate derivatives

	Total	One year or less	Over one year but not more than five years	Over five years
Forward rate agreements	200,000	200,000	–	–
Swaps	1,265,146	18,785	475,191	771,170
	1,465,146	218,785	475,191	771,170
Foreign exchange derivatives				
Forward foreign exchange	350,054	304,171	23,848	22,035
Cross currency swaps	63,274	17,391	23,848	22,035
	413,328	321,562	47,696	44,070
Total	1,878,474	540,347	522,887	815,240

At 31 December 2002

in thousand €

Interest rate derivatives

	Total	One year or less	Over one year but not more than five years	Over five years
Forward rate agreements	–	–	–	–
Swaps	1,394,395	96,329	457,081	840,985
	1,394,395	96,329	457,081	840,985
Foreign exchange derivatives				
Forward foreign exchange	268,877	216,671	13,469	38,737
Cross currency swaps	70,693	18,487	13,469	38,737
	339,570	235,158	26,938	77,474
Total	1,733,965	331,487	484,019	918,459

(e) Maturity and counterparty analysis of replacement cost of trading and non-trading derivatives	Total	One year or less	Over one year but not more than five years	Over five years
At 31 December 2003				
in thousand €				
Maturity analysis of replacement cost				
Foreign exchange derivatives	12,795	7,145	3,608	2,042
Interest rate derivatives	103,558	73	21,501	81,984
	116,353	7,218	25,109	84,026
Counterparty analysis of replacement cost				
	Total			
Banks and other financial institutions	116,353			
Other corporate and public bodies	–			
	116,353			
At 31 December 2002				
in thousand €				
Maturity analysis of replacement cost				
Foreign exchange derivatives	17,896	6,515	4,431	6,950
Interest rate derivatives	109,968	3,243	17,495	89,230
	127,864	9,758	21,926	96,180
Counterparty analysis of replacement cost				
	Total			
Banks and other financial institutions	127,864			
Other corporate and public bodies	–			
	127,864			

32. Currency Exposures

As at 31 December 2003, after taking into account the effects of forward exchange contracts, the currency exposures of the bank are not material.

33. Memorandum Items

The information below gives the nominal principal contract amounts, and risk weighted amounts of off-balance sheet transactions. The nominal principal contract amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the Irish Financial Services Regulatory Authority's guidelines implementing the European Union Own Funds and Solvency Directives.

Contingent Liabilities

in thousand €

	2003	2002
Contract Amount		
Guarantees and irrevocable letters of credit	2,469,952	2,238,400
Risk Weighted Amount		
Guarantees and irrevocable letters of credit	18	18
Total	18	18

Commitments

in thousand €

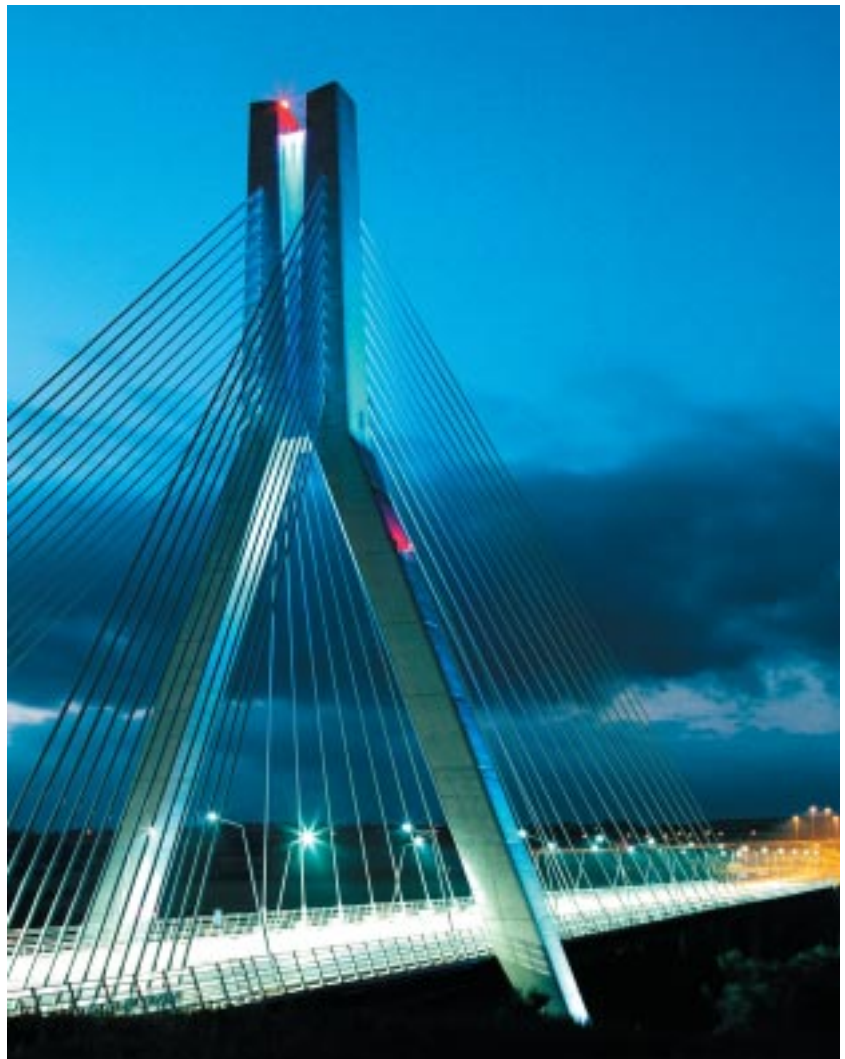
	2003	2002
Contract Amount		
<i>Undrawn formal standby facilities, credit lines and other commitments to lend</i>		
– 1 year and over	7,264	40,931
– less than 1 year	–	–
Total	7,264	40,931
Risk Weighted Amount		
<i>Undrawn formal standby facilities, credit lines and other commitments to lend</i>		
– 1 year and over	3,632	19,734
– less than 1 year	–	–
Total	3,632	19,734

34. Related Party Transactions

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

**35. Approval of the
Financial Statements**

The financial statements were approved by the directors on 12 March 2004.



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