



Investor Presentation

The Helaba Group

Frankfurt / Main, September 2018



1. Helaba Business Model

2. Helaba as Sparkassen Central Bank

3. Business Development

4. Asset Quality

5. Funding





Owner



12 % Federal States Hesse & Thuringia
88 % Sparkassen-Finance Group



Sparkassen

Sparkassen central institute and S- Group business, partner rather than competitor

Customer



Long-term customer relationships with corporates, institutional clients, the public sector and retail customers



Core Markets

Regional focus on Germany and international markets

- **Total assets:** € 167 bn
- **RWA:** € 52 bn
- **CET1 ratio¹:** 15.5 %

- **Pre-tax profit:** € 200 m
- **Employees:** ca 6,100
- **Ratings:** Moody's Aa3 / Fitch A+ / S&P A

¹) Fully loaded



Helaba



Real estate
Corporates & Markets
Retail & Asset Management
Development business

Commercial bank

Sparkasse central bank

Development bank

 Frankfurter Sparkasse 1822

 LBS

Frankfurter Bankgesellschaft
PRIVATBANK | Zürich | Frankfurt

Helaba Invest

 GWH

 OFB
Projektentwicklung

 WI Bank
Wirtschafts- und Infrastrukturbank Hessen



Helaba's strategic Business Model



As a **commercial bank** Helaba is active both in Germany and abroad. Helaba works together with companies, institutional clients, the public sector as well as municipal corporations. Stable, long-term customer relationships are what characterise Helaba.



Helaba is **Sparkassen central bank** and preferred service provider and product supplier for Sparkassen in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg, accounting for 40 % of all Sparkassen in Germany. Helaba is a partner of the Sparkassen rather than a competitor.



As the central **development bank** of the State of Hesse, Helaba bundles the administration of public development programmes through WIBank




Comprehensive Range of Products for our Customers




- Commercial Real Estate lending

- Corporate Finance
- Sparkassen lending business
- Capital Markets and Treasury products
- Cash Management
- Public Finance
- Foreign Trade Finance

- Retail Banking  
- Private Banking 
- Home loans and savings business 
- Asset Management 
- Residential Real Estate portfolio 
- Custody services

- Administration of public development programs for the federal state of Hesse 

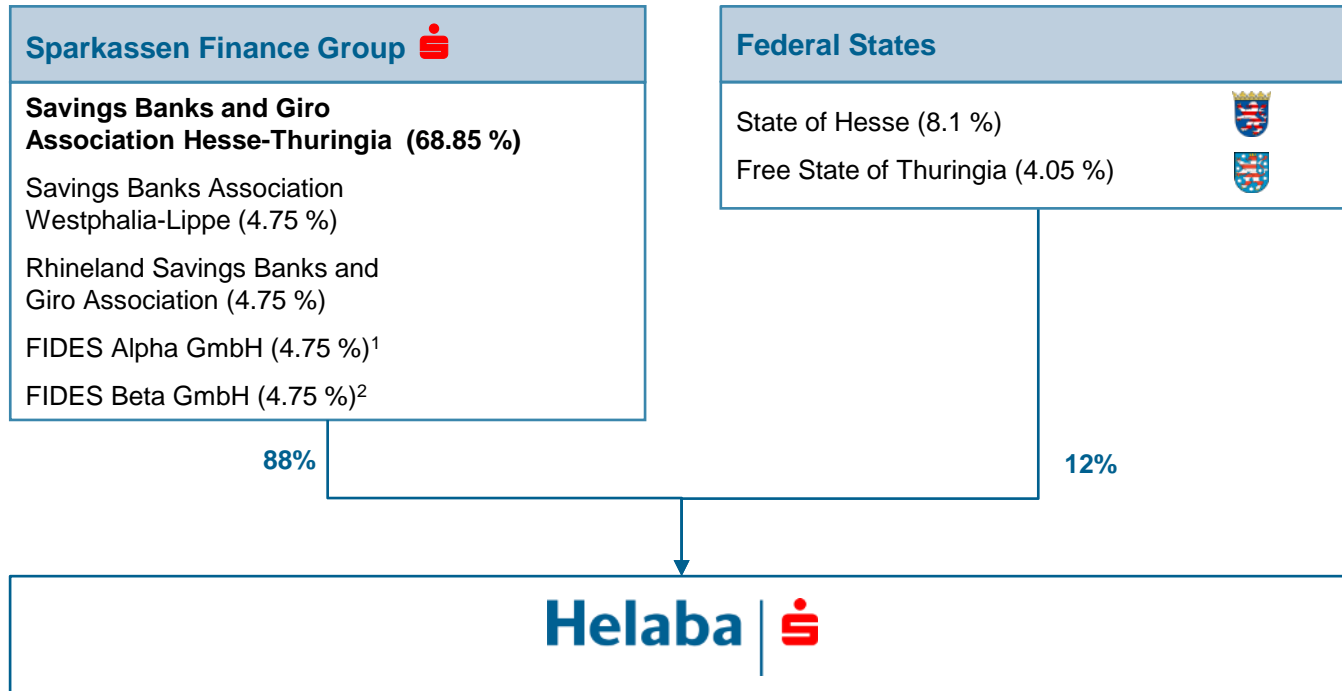
- Project development and management 
- Retail issues and structured bonds
- Issuance of own debt instruments



Helaba's Ownership Structure

Dominated by the Sparkassen sector (88%)

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Helaba is tightly integrated into the Sparkassen-Finance Group

¹) FIDES Alpha GmbH, operating as trustee of the regional Savings Banks Associations in its capacity as supporting institution of the regional savings banks guarantee fund

²) FIDES Beta GmbH, Beta GmbH operating as trustee of the German Savings Banks and Giro Association (DSGV) in its capacity as supporting institution of the Guarantee Fund of the Landesbanken and Girozentralen





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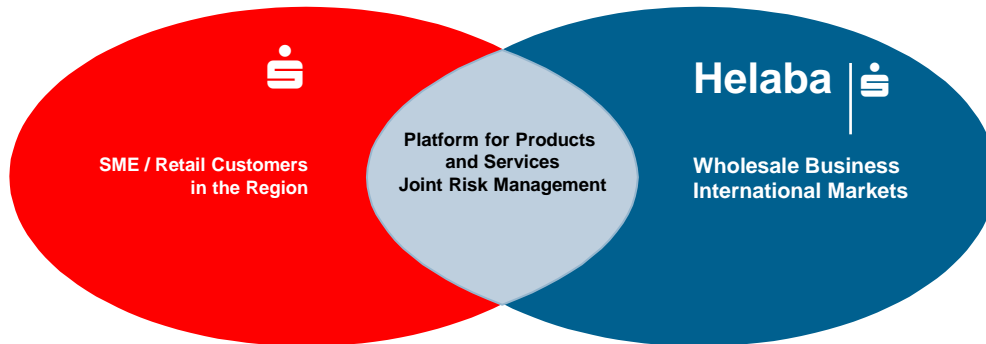


Helaba and Sparkassen in Hesse-Thuringia

A single economic unit with a unique franchise

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Group Hesse-Thuringia



Group Hesse-Thuringia

Results 2017

- Total assets: € 252 bn
- Earnings before taxes (IFRS): € 1,441 m
- Employees: 24,700
- Locations/Branches: 1,543

Joint Market Presence

- Joint business strategy
- Full market coverage (retail and wholesale business)
- Clear allocation of customer responsibility
- Co-ordinated range of products

Joint Risk Management

- Uniform risk management strategy
- Risk monitoring system with early warning indicators
- Risk-adjusted contributions to the group's reserve fund

Joint Group Reserve Fund

- Integrated in joint risk management system
- Approx. € 518 m in addition to existing nationwide voluntary support mechanisms as at 31.12.2017
- Direct legal investor protection in addition to institutional support

Consolidated Accounts

- Audited consolidated group accounts since 2003
- Earnings before taxes in 2017 (IFRS): € 1,441 m
- Group rating from Fitch Ratings (A+) and Standard & Poor's (A)



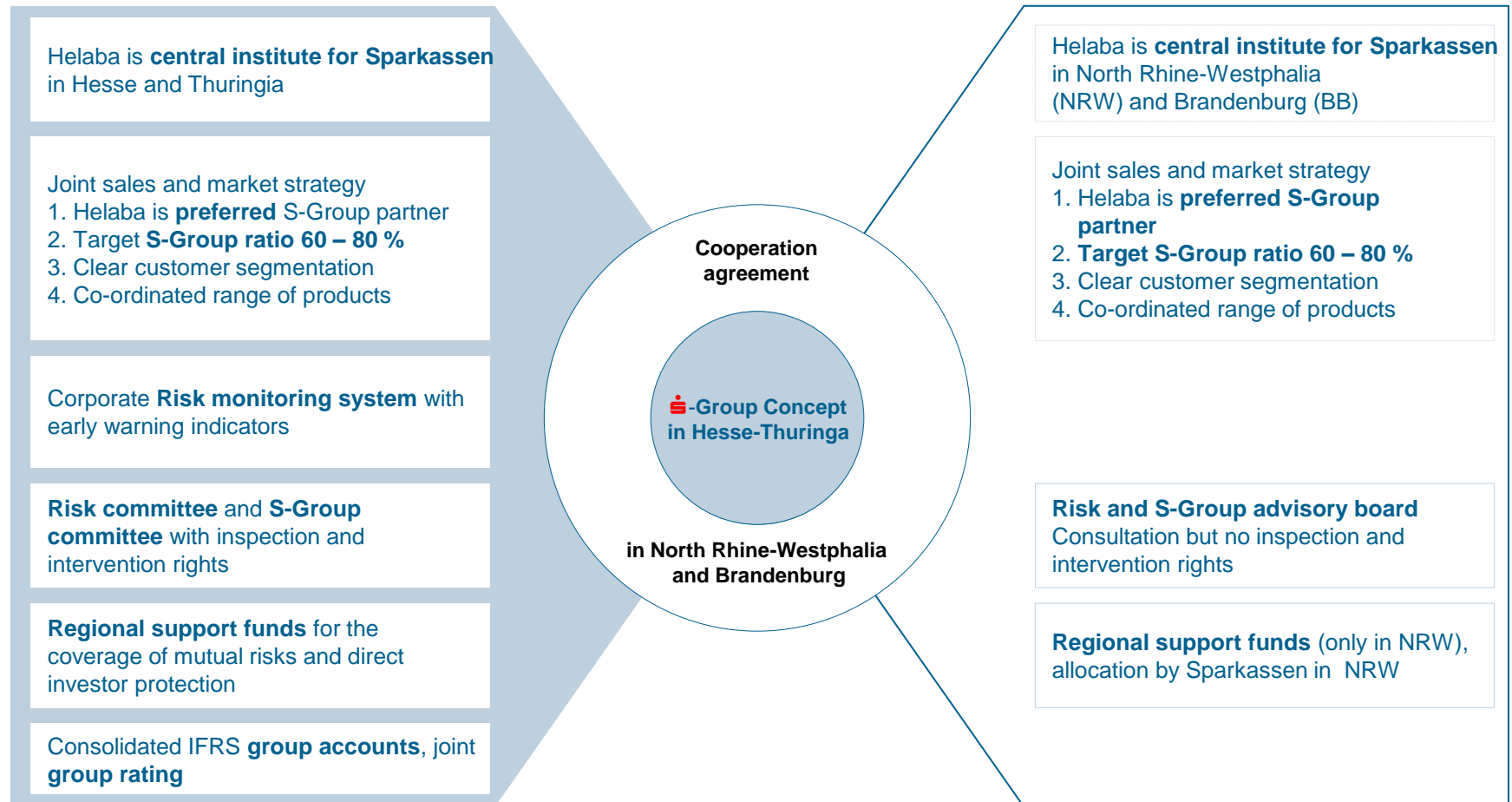
The -Group concept in Hesse-Thuringia

Cooperation agreements with -Organisations in NRW and Brandenburg

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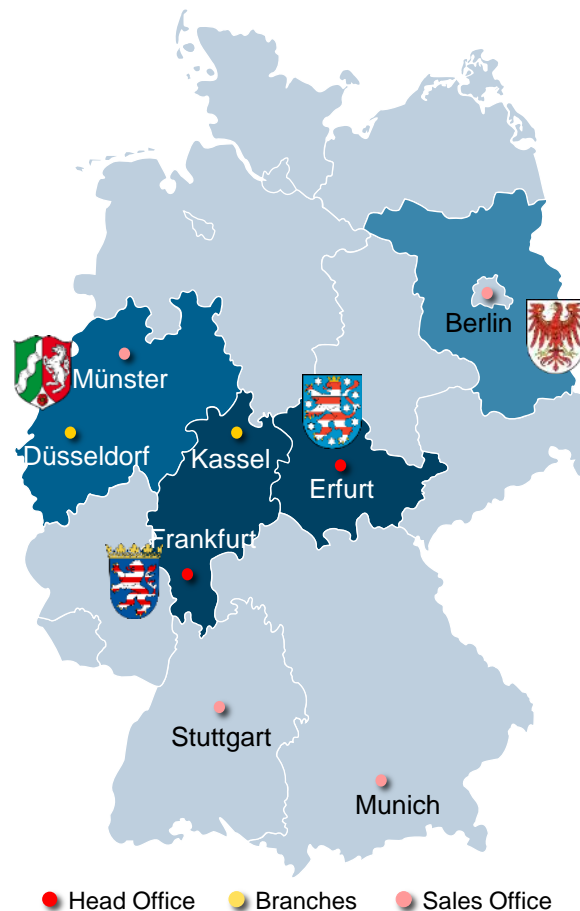
S-Group concept in Hesse-Thuringia based on the business model as single economic unit

Cooperation agreements with -Organisations in NRW and Brandenburg



Hesse-Thuringia

- Home Region with central institute function for associated Sparkassen
- Sparkassen and the Federal States of Hesse and Thuringia are Helaba's shareholders
- Successful business model of a "single economic entity" with S-Group's Sparkassen; regional support funds, consolidated annual accounts and group-ratings
- Head offices in Frankfurt / Main and Erfurt



North Rhine-Westphalia

- Home Region with central institute function for associated Sparkassen
- Savings banks associations of NRW are Helaba's shareholders
- S-Group agreement as basis for cooperation; regional support funds in NRW
- Branch office in Düsseldorf, sales office in Münster

Brandenburg

- Home Region with central institute function for associated Sparkassen and S-Group agreements
- Sales Office Berlin

Other regions

- Focus on Rhineland-Palatinate, Bavaria and Baden-Wuerttemberg
- Sales offices in Munich, Stuttgart and Berlin



Helaba is S-Group Bank for about 40% of the German Sparkassen





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Management Summary

Helaba generates profit before tax of € 200 m in H1 2018

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Profit before tax on target level



Conditions continue to be challenging and weigh in particular on the net interest income. In this context, the consolidated profit before tax of € 200 m was € 38 m below H1 2017



Risk situation remains comfortable and, as in the previous quarters, the risk provisioning requirement is low



Second quarter saw a noticeable rise in the volume of new business



Implementation of regulatory requirements weighing on general and administration expenses



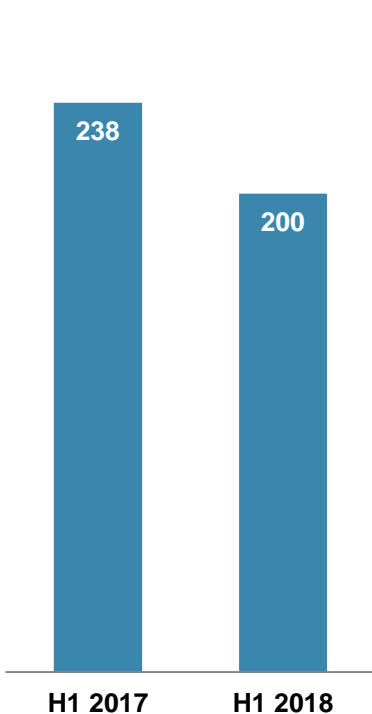
CET1 ratio (phased-in and fully loaded) of 15.5 % and total capital ratio of 21.5 % both remain significantly above regulatory requirements



Development of key financial ratios reflects the challenging market environment

Profit before tax

in € m



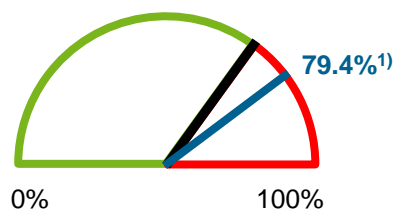
Total assets

in € bn



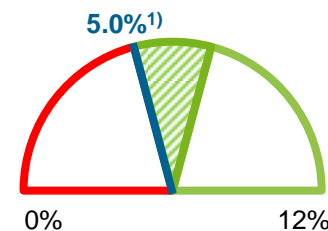
Cost-income ratio

Target ratio 2018
< 70%



Return on equity

Target range 2018
5.0-7.0%



1) Full consideration of bank levy and contributions paid into the guarantee schemes of the S-Finance Group as of March 31, 2018

CET1 ratio (fully loaded) and Liquidity Coverage Ratio

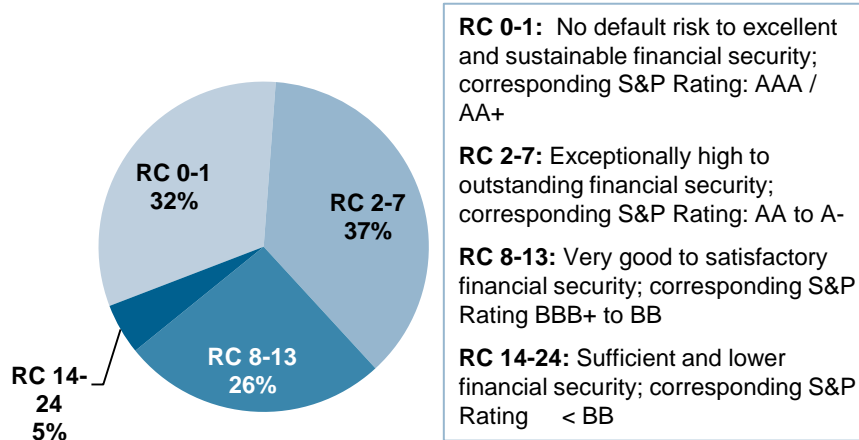
	Requirement 2018	Target ratio/ range	Ratio H1 2018
CET1 ratio (fully loaded)	8.89% ²⁾	12%	15.5%
Liquidity Coverage Ratio	100%	>120%	141.9%

2) Derived from SREP requirement for 2017 taking capital buffers into account



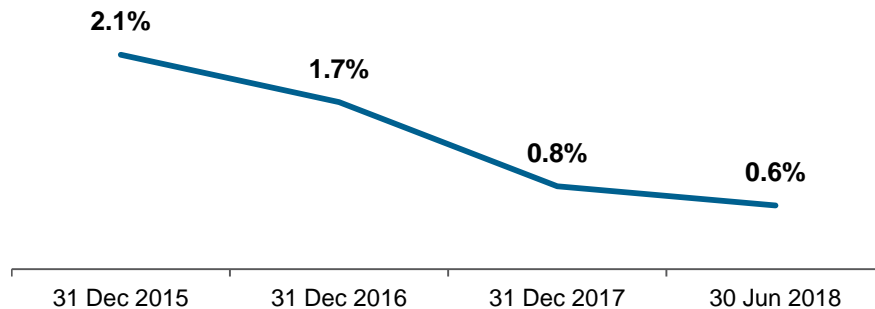
Further Reduction in NPL Ratio and stable Rating Structure

Total volume of lending by default rating category (RC)



- Total lending volume of € 186.5 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

Development NPL¹ ratio



- As of June 30, 2018, NPL ratio had fallen further to 0.6 %
- Of “total loans and advances” of € 121.0 bn, € 0.8 bn were classified as non-performing exposures

1) The NPL ratio is the share of non-performing exposures as of the EBA definition in relation to loans and advances



High Quality of Portfolio reflected in low Net Additions to Loan Loss Provisions

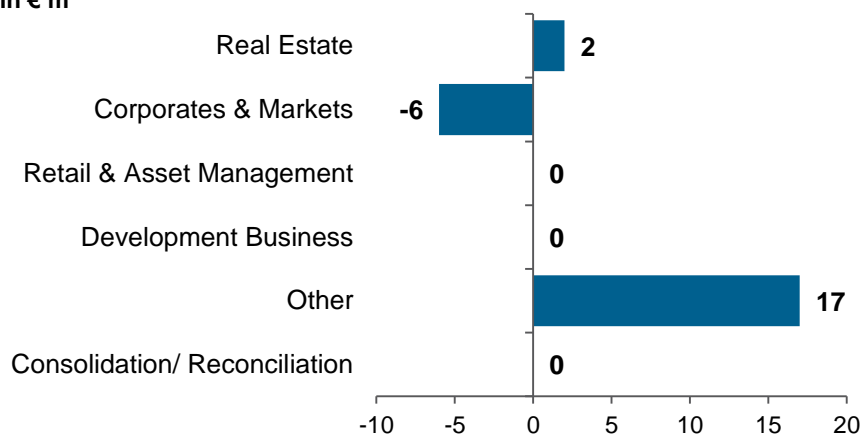
Composition of loan loss provisions (in € m)

01 Jan – 30 Jun 2017		01 Jan – 30 Jun 2018	
Net risk provisioning	-2	Net risk provisioning	13
		Risk provisioning on loans and advances	16
		Risk provisioning on liquidity securities	0
		Provisions for off-balance lending business	-3

- Thanks to the high quality of the credit portfolio and the good economic environment, small increases were overcompensated by reversals and recoveries on loans and advances previously written off

Breakdown by segment

in € m

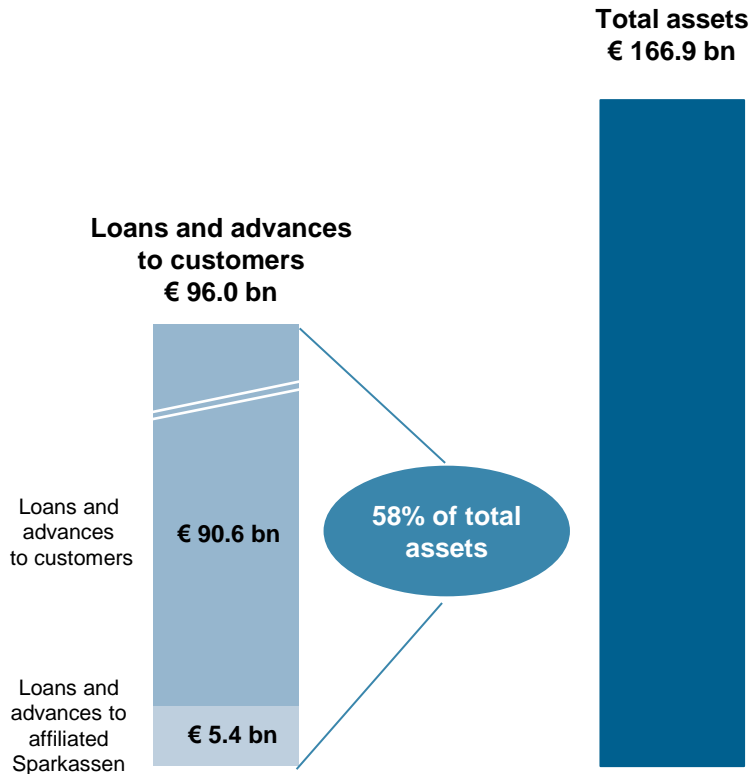


- Low level of net additions to impairments in segment of Corporates & Markets mainly from Corporate Finance activities
- “Other” segment includes reversals of portfolio impairments on credit exposures with no significant risk of default



Customer Business dominates Balance Sheet Structure

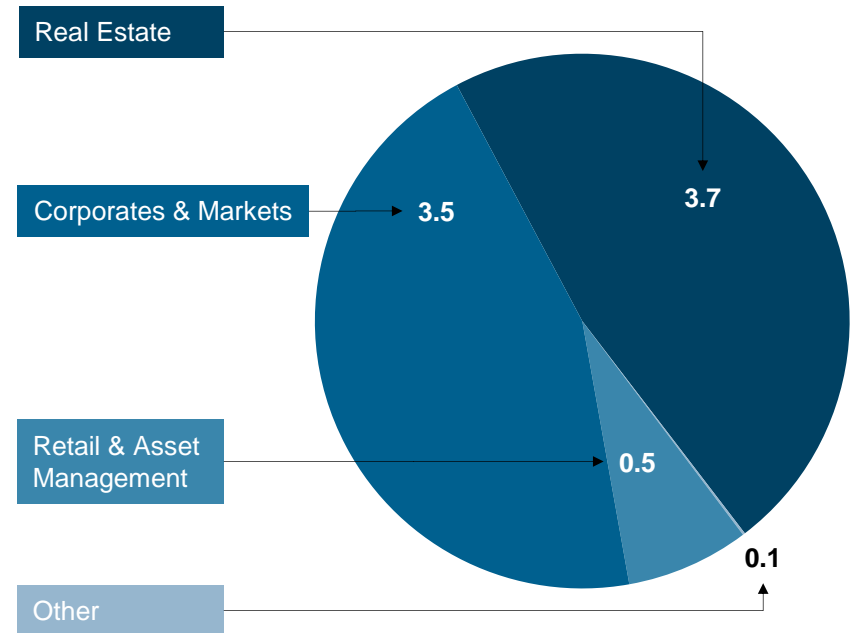
Closely intertwined with the real economy



- In H1 2018 degree of interconnectedness with real economy slightly decreased to 58 % due to an increase in total assets (2017: 60 %)
- Small increase in loans and advances to customers to € 96.0 bn (2017: € 95.3 bn)

Medium- and long-term new business volume: € 7.8 bn ¹

in € bn



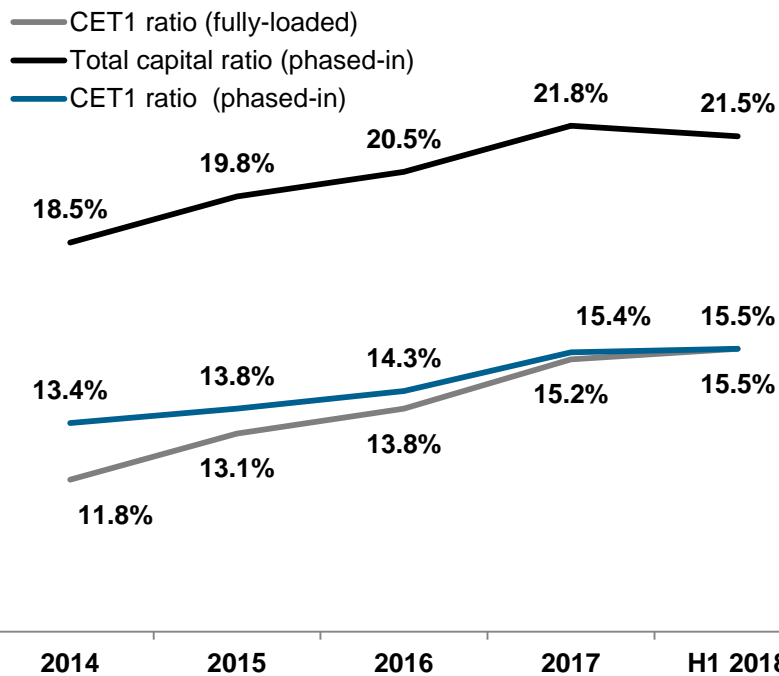
¹ Medium- and long-term new business volume without WIBank

- Recovery in new business volume in the second quarter; volume of new medium and long-term business (duration greater than one year) at € 7.8 bn, but still below volume in H1 2017 of € 9.1 bn

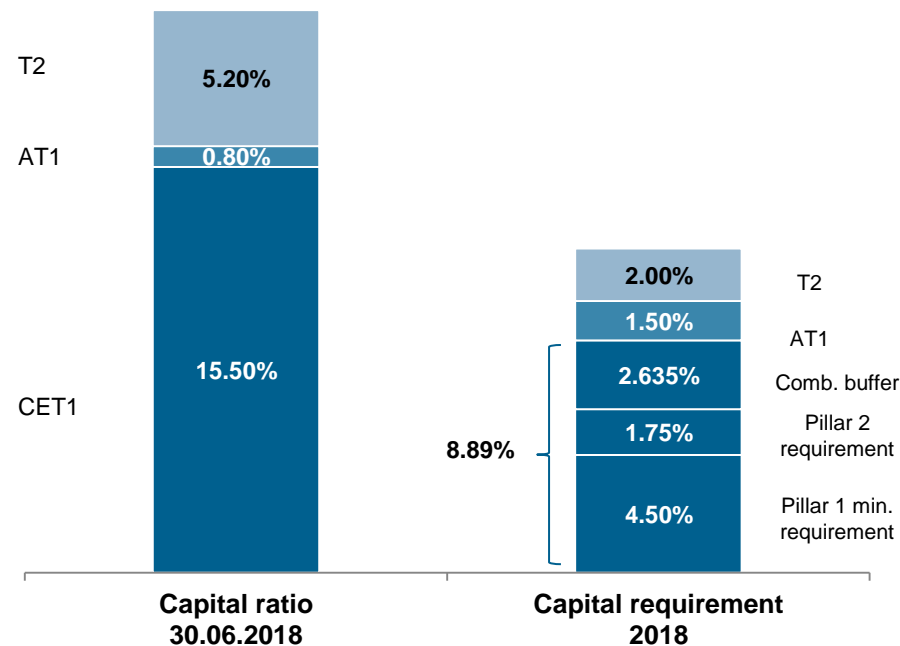


Capital Ratios significantly exceeds Regulatory Capital Requirements

Development of capital ratios



Capital requirements and components



- Continuous improvement in capital ratios to a very high level
- There will be no further differences in 2018 for Helaba's CET1 ratio as a result of CRD IV / CRR transitional arrangements
- Leverage ratio at 4.8% (phased-in) and 4.5% (fully loaded)
- Risk-weighted assets of € 51.9 bn

- Derived CET1 capital requirement 2018 consists of following components:
- Pillar 1: minimum capital requirement of 4.50%
- Pillar 2: capital requirement of 1.75%
- Total capital buffer of 2.64%





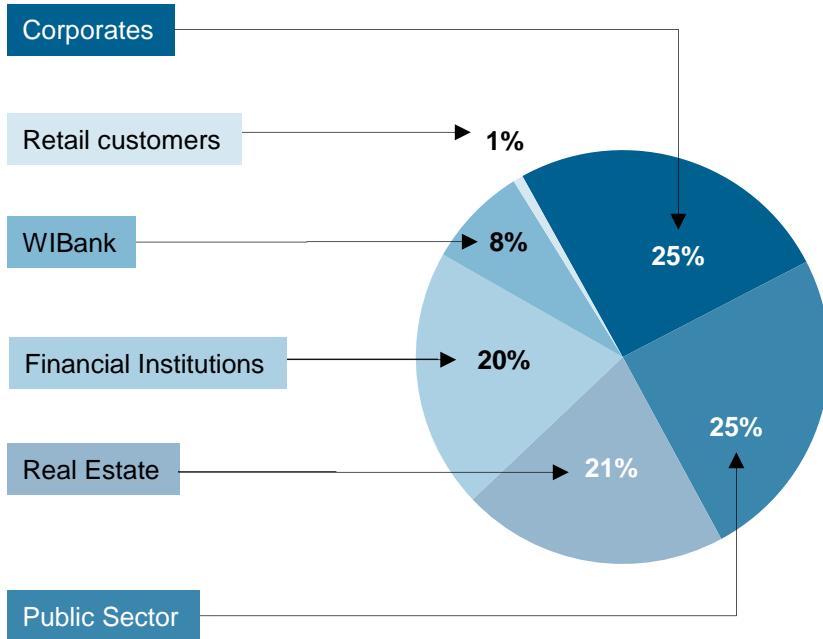
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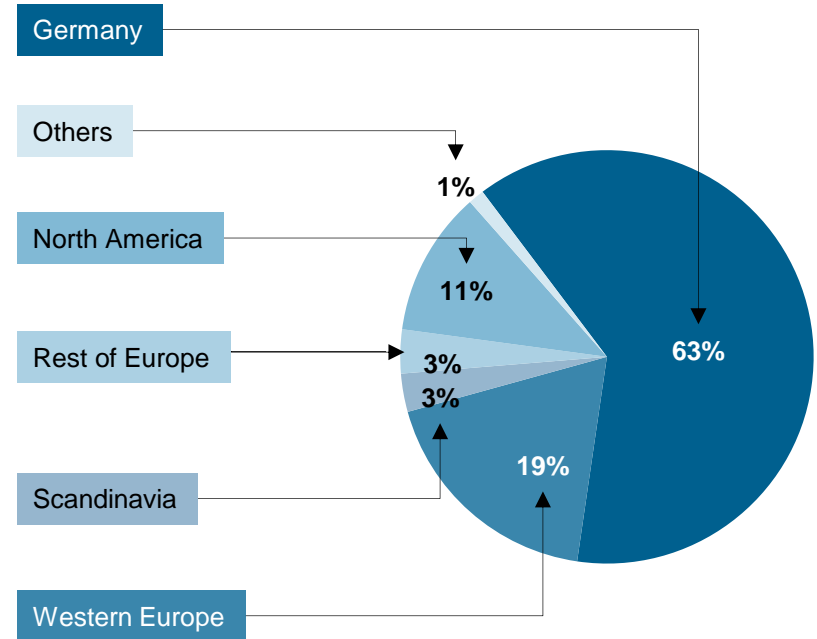
Helaba Risk Profile – Total Volume of Lending (€ 186.5 bn)

Diversified portfolio with focus on Germany

Breakdown by customers



Breakdown by region



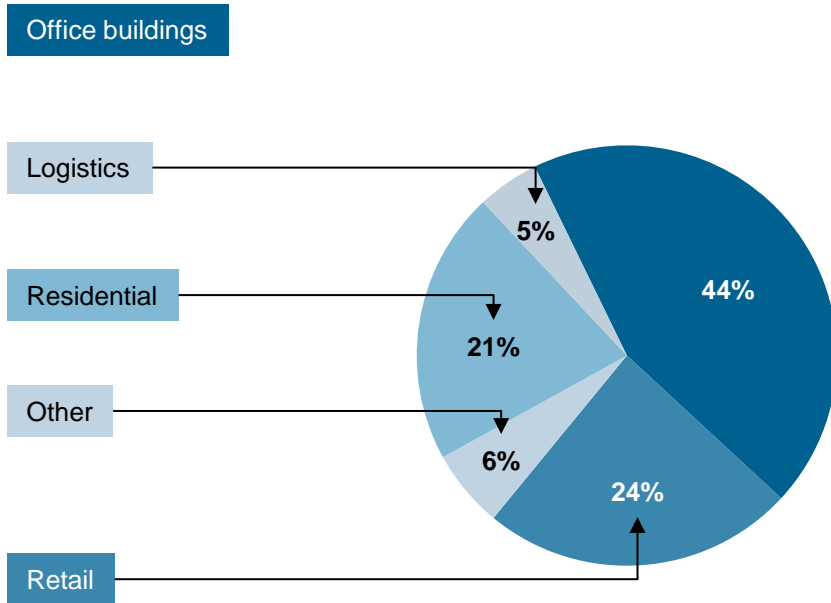
As of June 30, 2018



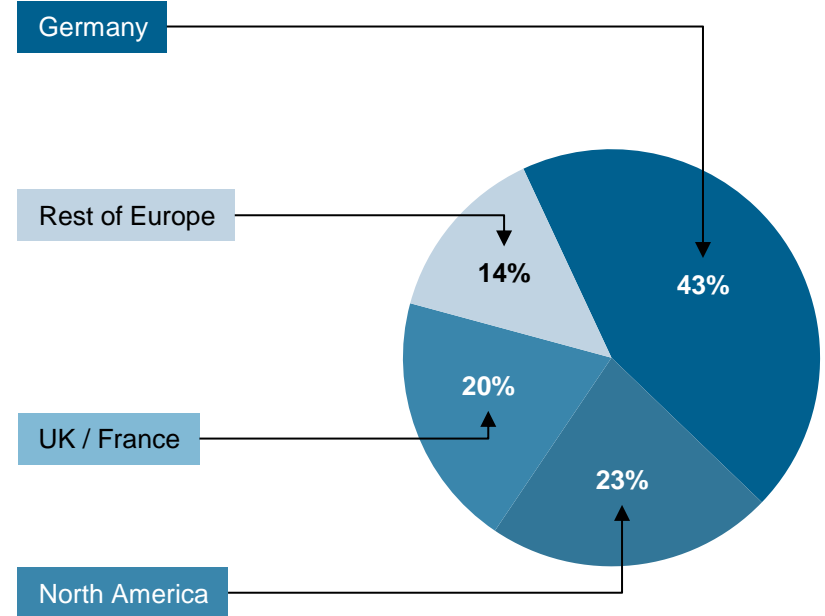
Real Estate Lending Portfolio

Lending volume of € 33.7 bn

Breakdown by usage



Breakdown by region



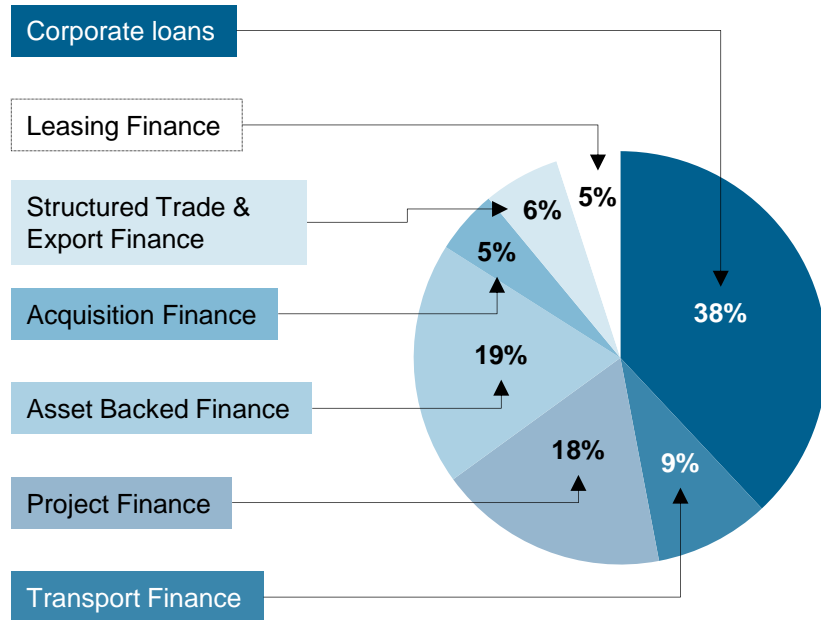
→ Balanced portfolio by regions and type of use



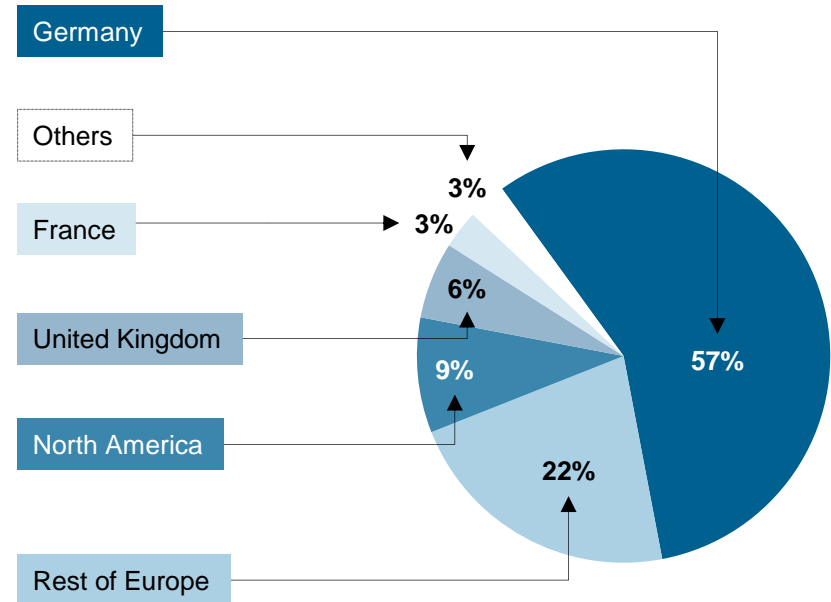
Corporate Finance Portfolio

Lending volume of € 40.4 bn

Breakdown by product area



Breakdown by region



→ Broadly diversified portfolio with focus on Europe

As of June 30, 2018





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Funding Strategy

Strong regional engagement as success factor and anchor of stability

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Funding Strategy

- Continued matched funding of new business
- Expand the already strong position within the German investor base and further develop the international investor base
- Intensive marketing of Helaba's solid "Credit Story" inside and outside of Germany
- Further develop the product and structuring capacity through the issuance programmes


Funding Volume

	Covered	Unsecured	Total
2017	€ 4.8 bn	€ 12.7 bn	€ 17.5 bn
2018 planned	€ 5.0 bn	€ 8.0 bn	€ 13.0 bn

Funding Programmes

- EUR 35 bn Euro Medium Term Note Programme
- Domestic issuance (Basisprospekt)
- EUR 10 bn Euro-CP/CD Programme
- EUR 6 bn NEU CP (former French CD) Programme
- USD 5 bn USCP Programme

Broad Liquidity Access

- € 34 bn collateral pool for German covered bonds ("Pfandbriefe")
- € 32 bn securities eligible for ECB / central bank funding
- € 19 bn retail deposits within Helaba Group
- € 97 bn deposits within the  Finance Group Hesse-Thuringia (as of Dec. 31, 2017)



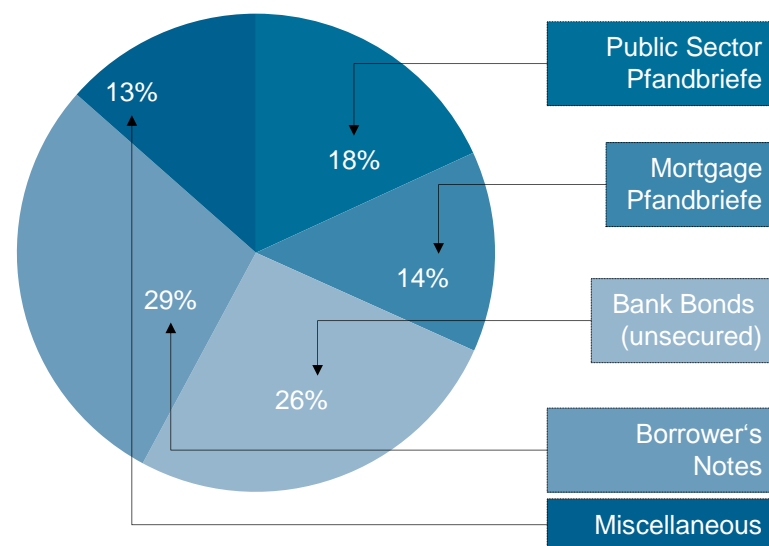
Funding

Sustainable liquidity management and high level of acceptance in the market

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Outstanding medium- and long-term funding (≥ 1 year): € 84.1 bn

	H1 2018	2017	2016
	in m €	in m €	in m €
Covered securities (“Pfandbriefe”)	26,666	26,334	27,477
- Public sector	15,253	16,482	17,605
- Mortgage backed	11,413	9,852	9,872
Senior, unsecured bonds	21,976	20,906	20,113
Borrower's notes	24,096	23,197	21,050
Miscellaneous*	11,342	12,283	12,852
Summe	84,080	82,720	81,492



* Subordinated bonds / participation rights certificates / silent deposits / earmarked funds

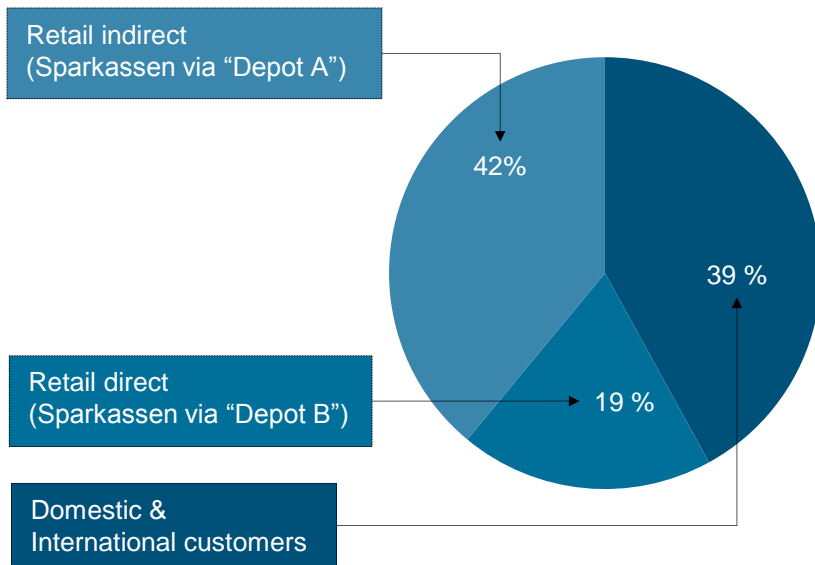
As of June 30, 2018



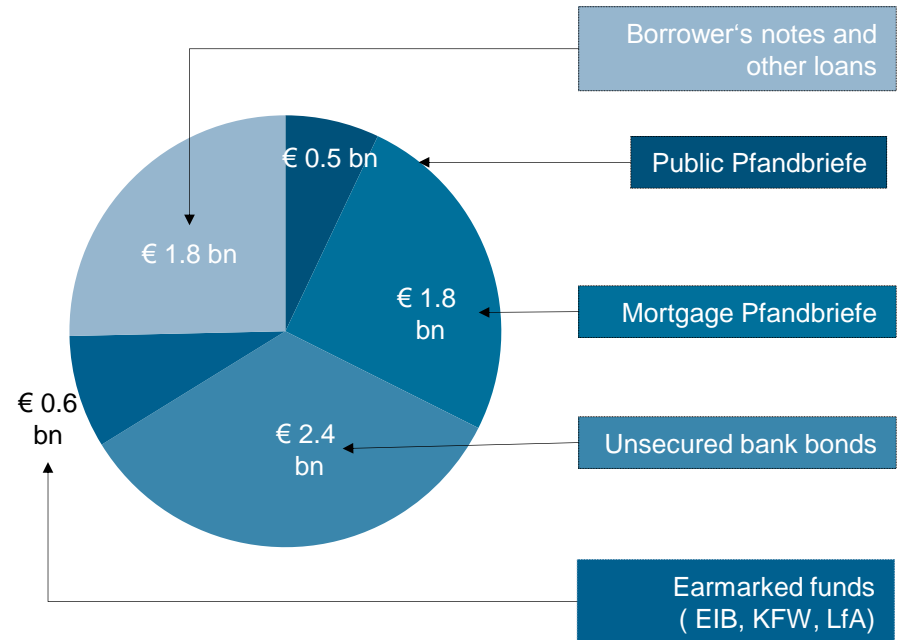
Medium- and long-term funding (≥ 1 year) in H1 2018

Diversified funding mix

Breakdown by Investor



Breakdown by Product



Medium- and long-term funding volume in H1 2017 : € 7.1 bn

As of June 30, 2018



Helaba's Ratings on a high Level

Moody's		Fitch		Standard & Poor's ¹⁾	
Outlook	Stable	Outlook	Stable	Outlook	Stable
Issuer Rating	Aa3	Long-term Issuer Default Rating ¹⁾	A+	Long-term Issuer Credit Rating	A
Baseline Credit Assessment	baa2	Viability-Rating ¹⁾	a+	Standalone Credit Profile	A
Short-term Deposit Rating ²⁾	P-1	Short-term Issuer Default Rating ^{1), 2)}	F1+	Short-term Issuer Credit Rating ²⁾	A-1
Public-Sector Covered Bonds	Aaa	Public Sector Pfandbriefe	AAA		
		Mortgage Pfandbriefe	AAA		
Counterparty Risk Assessment ³⁾	Aa3(cr)	Derivative Counterparty Rating ^{1), 3)}	AA- (dcr)		
Long-term Deposit Rating ³⁾	Aa3	Long-term Deposit Rating ^{1), 3)}	AA-		
Long-Term Senior Unsecured ³⁾	Aa3			Long-term Senior Unsecured ³⁾	A
Long-Term Junior Senior Unsecured ⁴⁾	A2	Senior Unsecured ^{1), 4)}	A+	Long-term Senior Subordinated ⁴⁾	A-
Subordinate Rating ⁵⁾	Baa2	Subordinated debt ^{1), 5)}	A		

Ratings for Helaba liabilities covered by statutory guarantee ⁶⁾

	Moody's	Fitch	Standard & Poor's
Long-term ratings	Aaa	AAA	AA-

1) Joint group rating for the S-Group Hesse-Thuringia

2) Corresponds to short-term liabilities

3) Corresponds in principle to long-term senior unsecured debt according to §46f (5 and 7) KWG ("with preferential right to payment")

4) Corresponds in principle to long-term senior unsecured debt according to §46f (6) KWG ("without preferential right to payment")

5) Corresponds to subordinated liabilities

6) Applies to all liabilities in place on 18 July 2001 (indefinitely)





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The H1 2018 group financial information are based on the audited, non-attested IFRS group accounts. Therefore, all calculations based upon these figures are preliminary and should be regarded as informative only.

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