



# Investor Presentation

## The Helaba Group

Frankfurt / Main, August 2018



## 1. Helaba Business Model

## 2. Helaba as Sparkassen Central Bank

## 3. Business Development

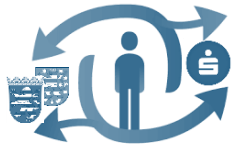
## 4. Asset Quality

## 5. Funding





## Owner



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



## Sparkassen

Sparkassen central bank 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 a presence in carefully selected international markets

- Total assets<sup>1</sup>: € 166.3 bn
- RWA<sup>1</sup>: € 51.0 bn
- CET1 ratio<sup>1, 2</sup>: 15.7%
- Pre-tax Profit <sup>1</sup>: € 79 m
- Employees: ~ 6,000
- Ratings: A1 (Moody's) / A+ (Fitch) / A (S&P)

1) As of March 31, 2018

2) Fully-loaded



# Helaba



Real estate  
Corporates & Markets  
Retail & Asset Management  
Development business

**Commercial bank**

**Sparkasse central bank**

**Development bank**

 Frankfurter Sparkasse 1822



Frankfurter Bankgesellschaft  
PRIVATBANK | Zürich | Frankfurt

**Helaba Invest**



**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

## Real Estate



- Commercial Real Estate lending

## Corporates & Markets



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


## Retail & Asset Management



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


## Development Business



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

## Other

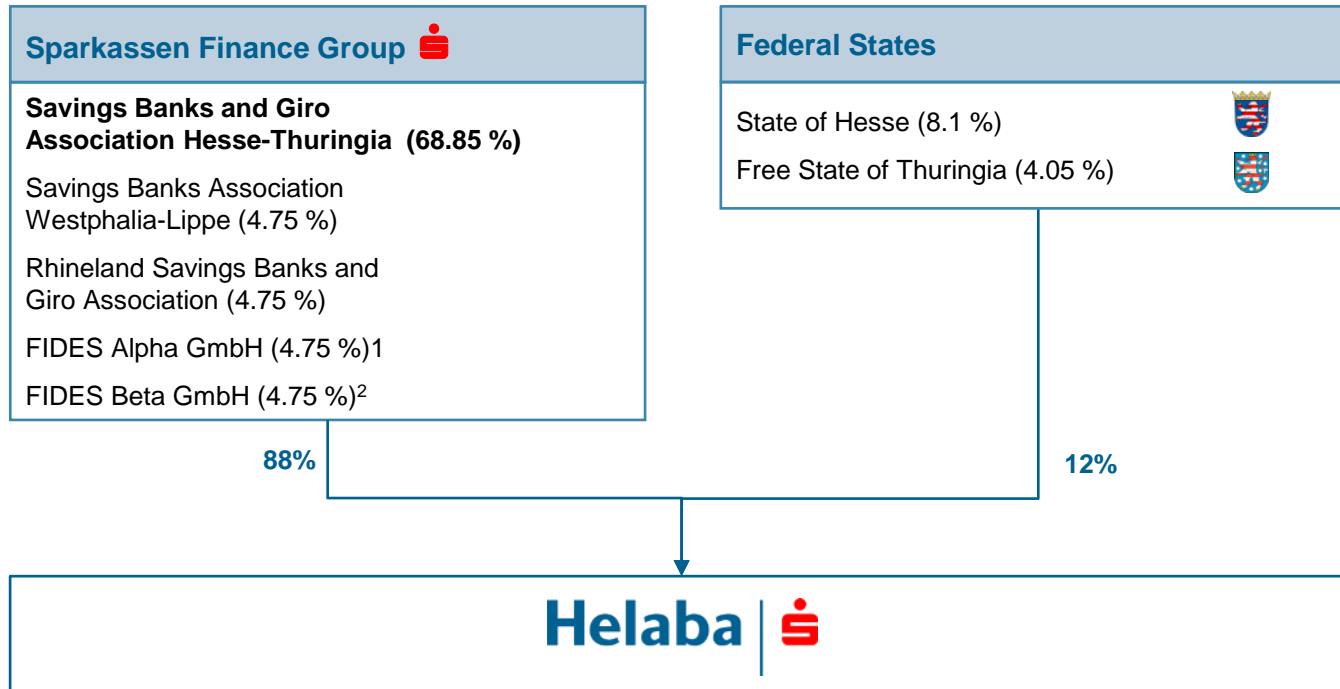


- Project development and management 
- Retail issues and structured bonds
- Issuance of own debt instruments



# Helaba's Ownership Structure

## Dominated by the Sparkassen sector (88%)



### ➔ 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





**1. Helaba Business Model**

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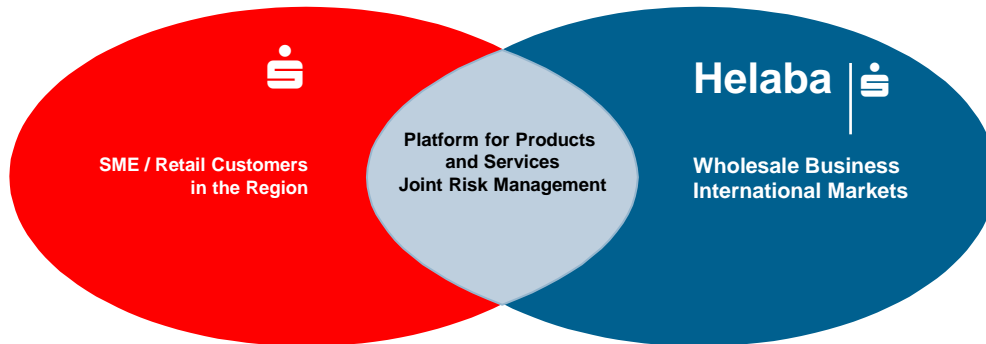


# Helaba and Sparkassen in Hesse-Thuringia

## 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

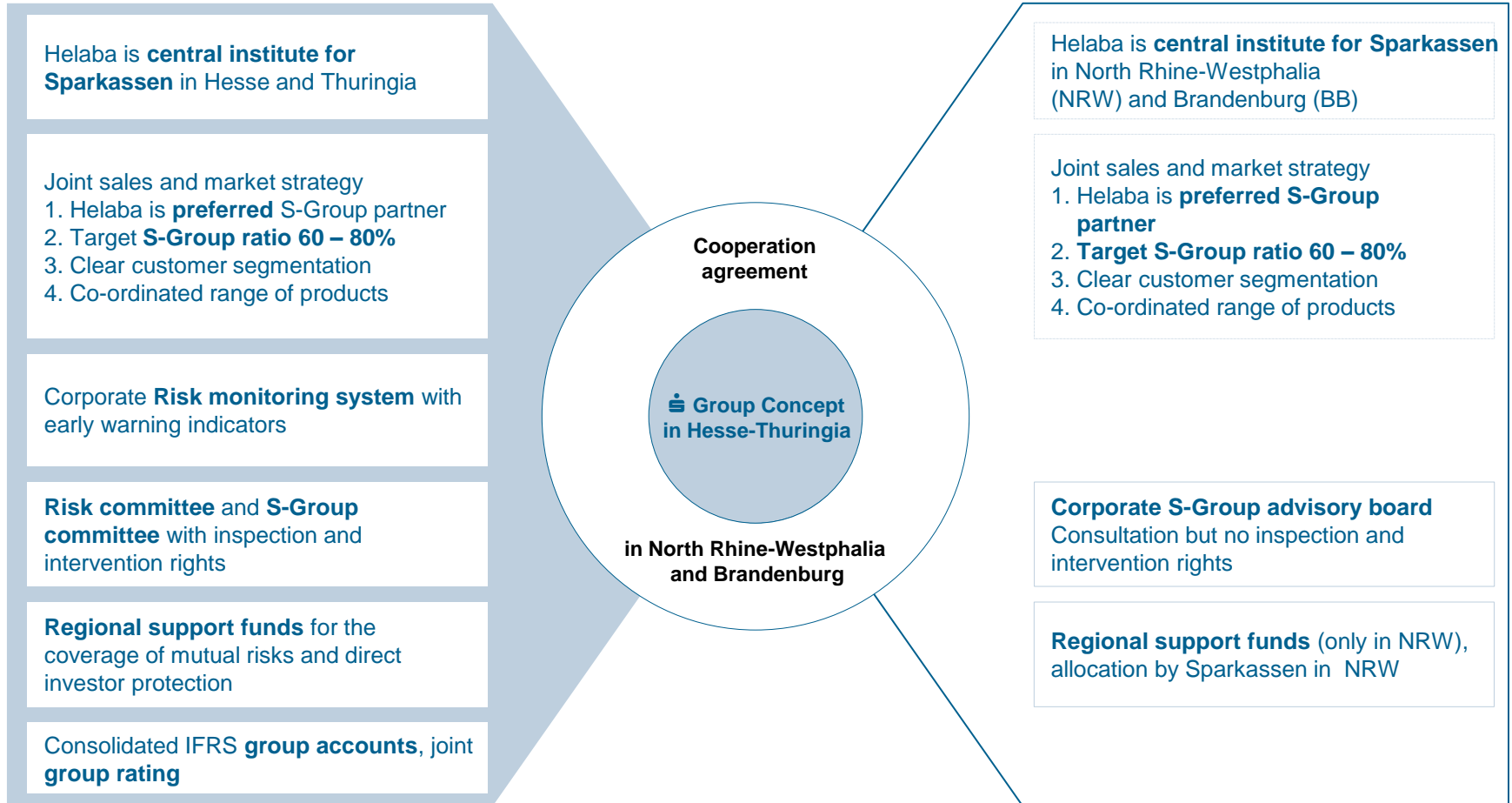
- Audited consolidated group accounts since 2003
- Earnings before taxes in 2017 (IFRS): € 1,441 m
- Group rating from Fitch Ratings (A+) and Standard & Poor's (A)



# S-Group Concept in Hesse-Thuringia and Cooperation Agreements with -Organisations in NRW and Brandenburg

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

*Cooperation agreements with -organisations in NRW and Brandenburg*

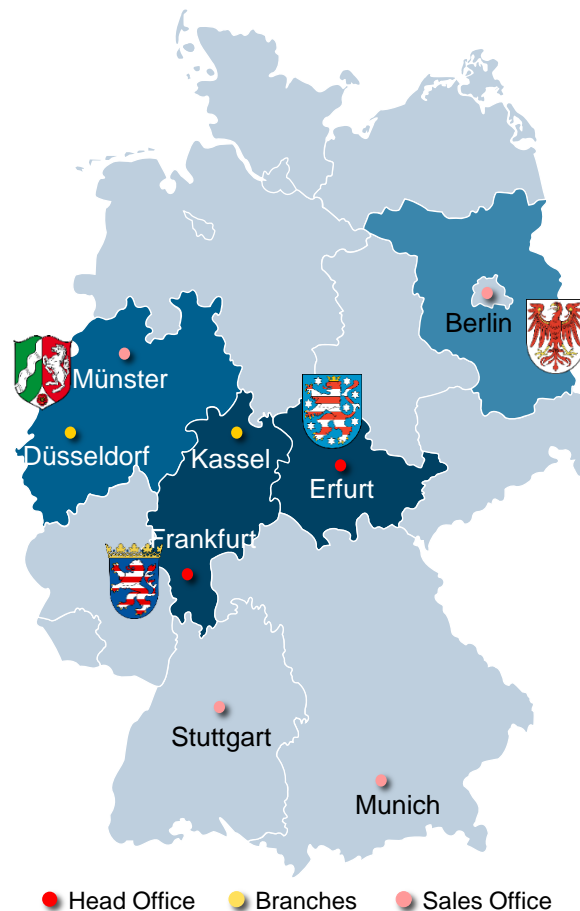


# Leading S-Group Bank within the German Sparkassen Finance Group

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## 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**

As of January 2018





1. Helaba Business Model
2. Helaba as Sparkassen Central Bank
3. Business Development
4. Asset Quality
5. Funding



## Management Summary

### Helaba achieves stable first-quarter profit in 2018

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- » Despite persistent challenging environment, Helaba successfully reported a consolidated profit before tax of € 79 m, which was slightly above the same period in the previous year
- » Risk situation remains comfortable; as in previous quarters, risk provisioning requirement low
- » Further improvement in CET1 ratio (both phased-in and fully-loaded) to 15.7 %, total capital ratio (phased-in) reaches 21.9 %
- » Consequences of changeover to IFRS 9 are manageable
- » Segment reporting amended as of January 1<sup>st</sup>, 2018

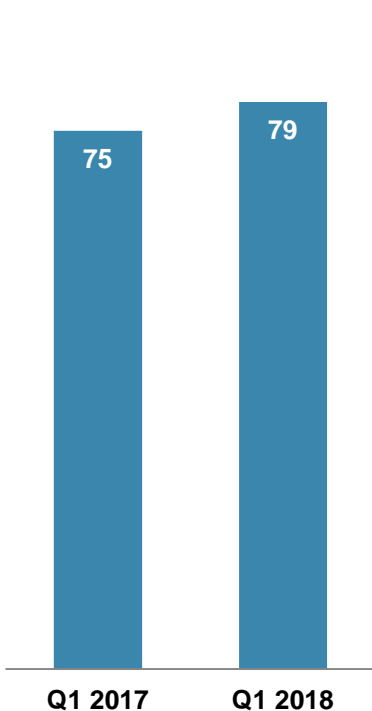


# Development of key financial Ratios in challenging Market Environment as expected

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## Profit before tax

in € m



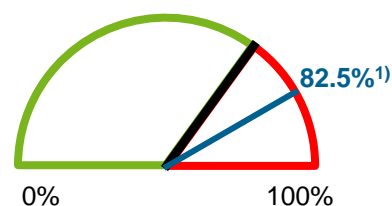
## Total assets

in € bn



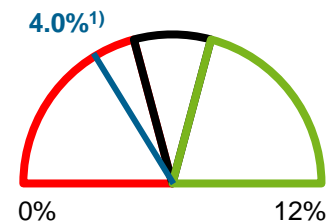
## Cost-income ratio

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

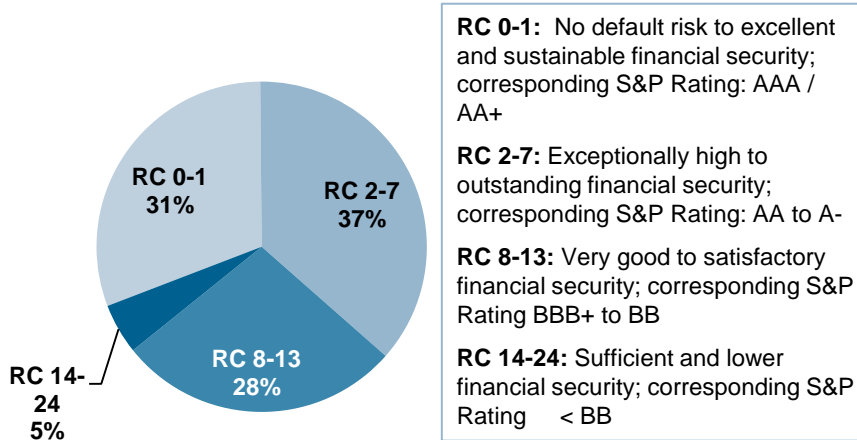
|                             | Requirement 2018    | Target ratio/ range | Ratio Q1 2018 |
|-----------------------------|---------------------|---------------------|---------------|
| CET1 ratio (“fully-loaded“) | 8.89% <sup>2)</sup> | 12%                 | 15.7%         |
| Liquidity Coverage Ratio    | 100%                | >120%               | 164.5%        |

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



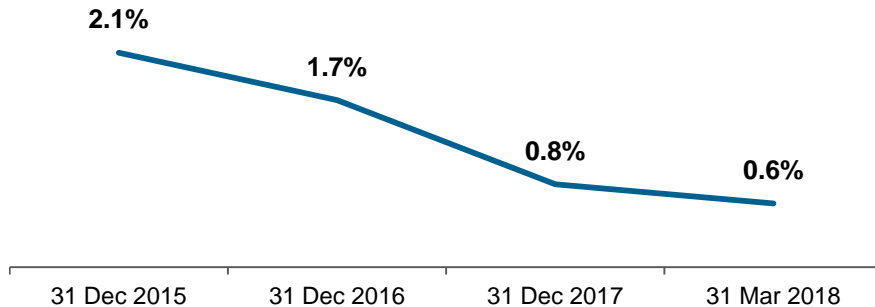
# Further Reduction in NPL Ratio and stable Rating Structure

## Total volume of lending by default rating category (RC)



- Total lending volume of € 185.2 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

## Development NPL<sup>1</sup> ratio



- As of March 31, 2018, NPL ratio had fallen further to 0.6%.
- Of total loans and advances of € 119.4 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

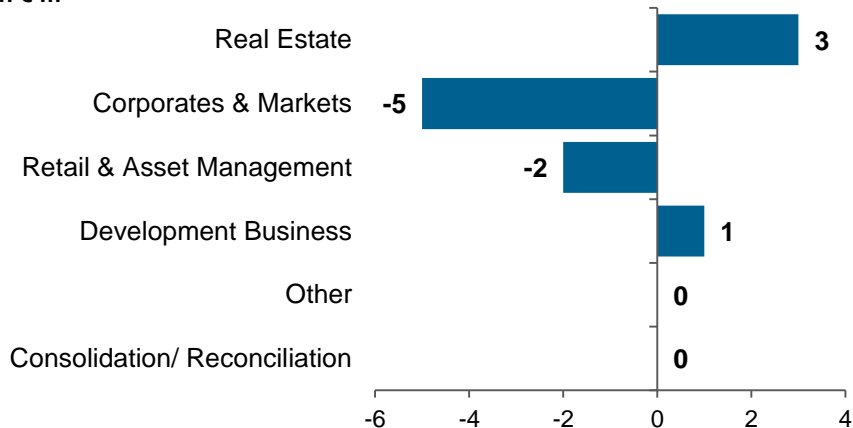
## Composition of loan loss provisions (in € m)

| 01 Jan – 31 Mar 2017         |          | 01 Jan – 31 Mar 2018  |           |
|------------------------------|----------|---|-----------|
| <b>Net risk provisioning</b> | <b>5</b> | <b>Net risk provisioning</b>  | <b>-3</b> |
|                              |          | <b>Risk provisioning on financial assets measured at amortised cost</b>               | <b>-4</b> |
|                              |          | Additions / reversals level 1   | 1         |
|                              |          | Additions / reversals level 2   | 1         |
|                              |          | Additions / reversals level 3   | -9        |
|                              |          | Recoveries on rec. previously written down  | 3         |
|                              |          | <b>Risk provisioning on financial assets measured at FV with no effect on P&amp;L</b> | <b>-</b>  |
|                              |          | <b>Provisions for loan commitments, financial guarantees</b>                          | <b>1</b>  |

- Thanks to the high quality of the loan portfolio and the good economic environment, additions to loan loss provisions remain on a low level

## Breakdown by segment

in € m



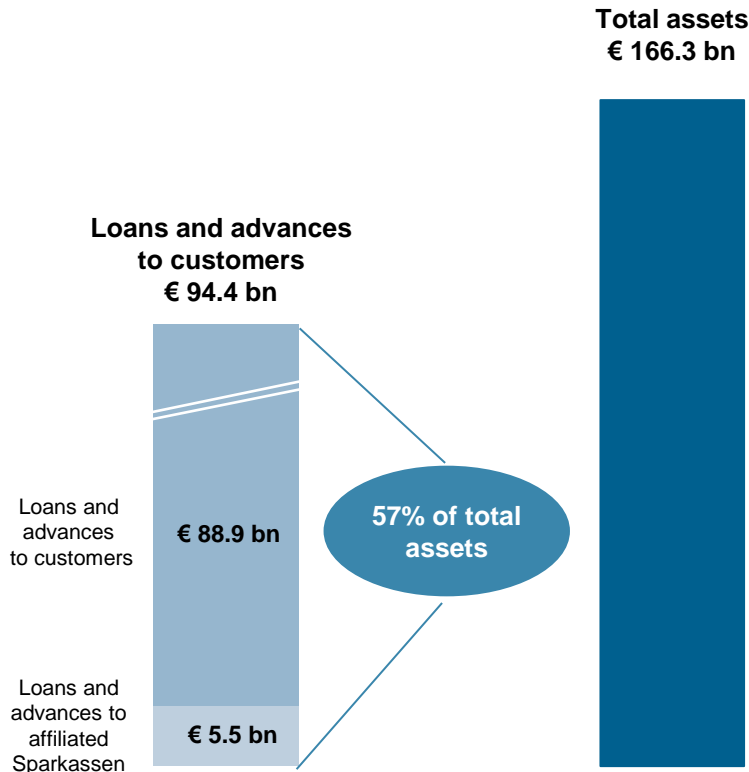
- Low level of net additions to impairments in segment of Corporates & Markets mainly from Corporate Finance activities





# Customer Business dominates Balance Sheet Structure

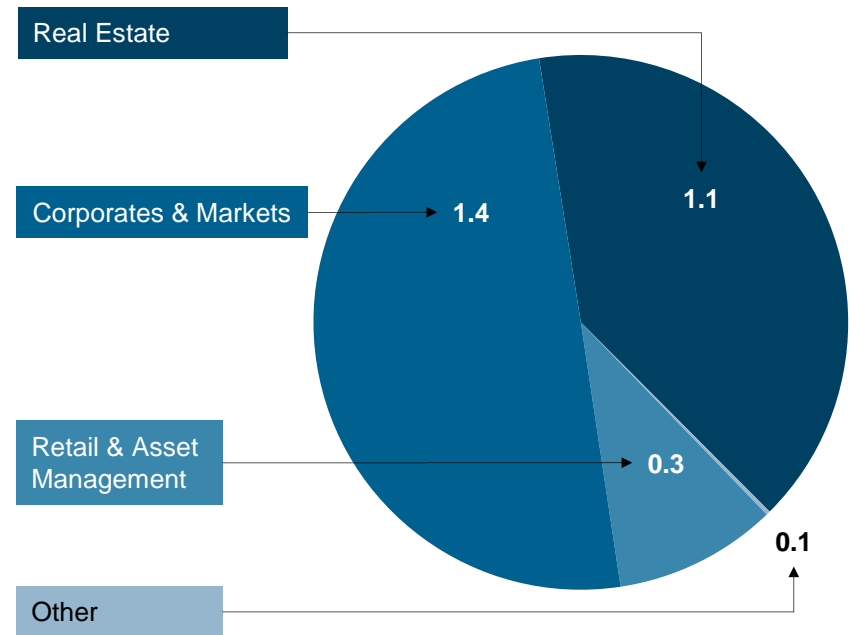
## Closely intertwined with the real economy



- In Q1 2018 degree of interconnectedness with real economy slightly decreased to 57% due to an increase in total assets (2017: 60%)
- Portfolio volume declined to € 94.4 bn (2017: € 95.3 bn) due to maturities, higher-than-planned repayments as well as currency effects

## Medium- and long-term new business volume: € 2.9 bn <sup>1</sup>

in € bn



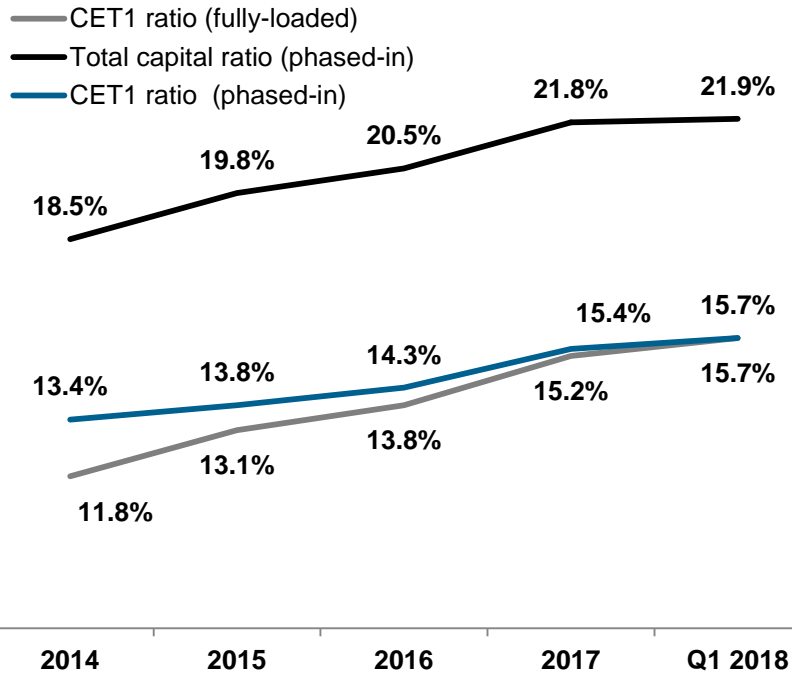
<sup>1</sup> Medium- and long-term new business volume without WIBank

- New medium and long-term business of € 2.9 bn (duration of more than one year) noticeably below previous year (Q1 2017: € 4.6 bn)
- Stabilisation of new business performance anticipated for the year as a whole



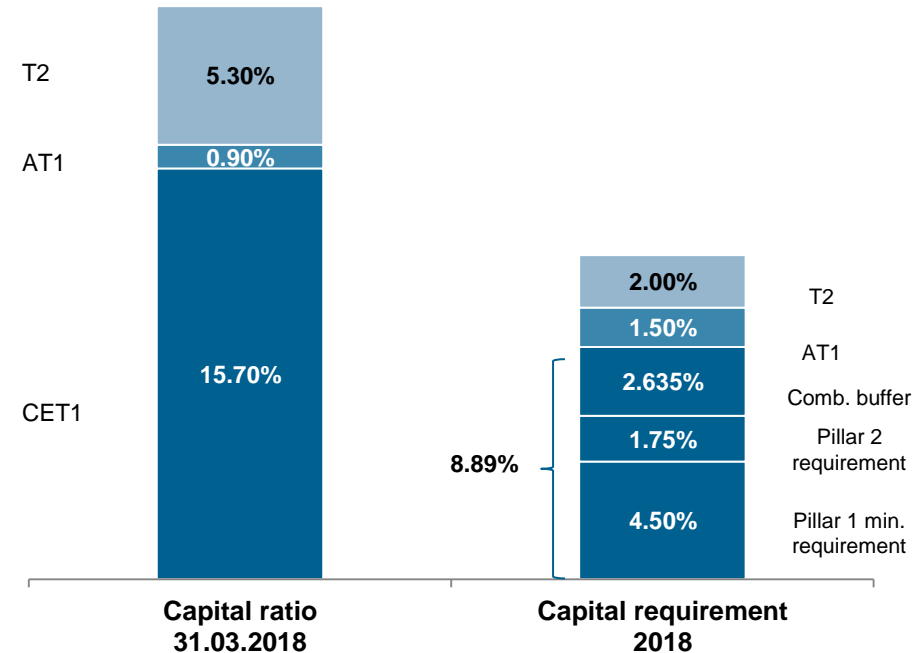
# Capital Ratios significantly exceeds Regulatory Capital Requirements

## Development of capital ratios



- 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 € 51.0 bn

## Capital requirements and components



- 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%





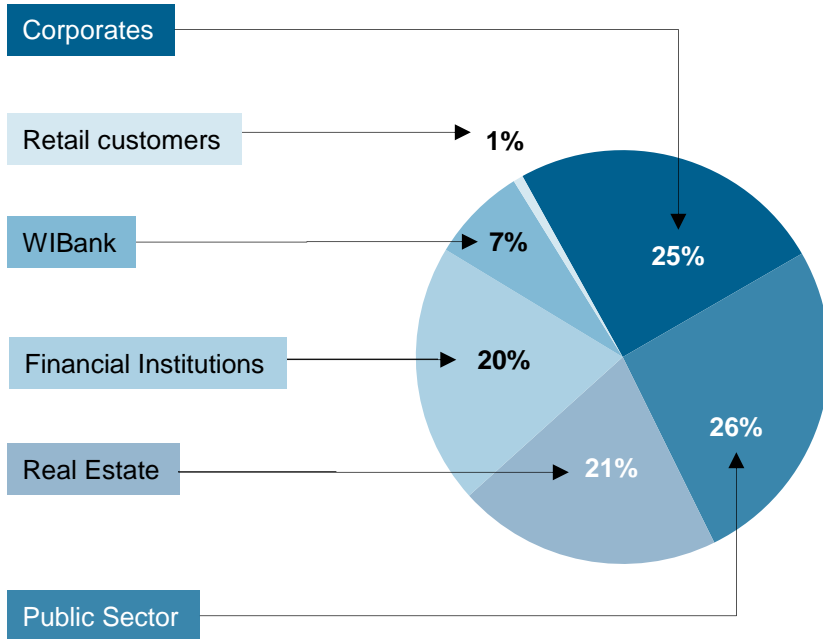
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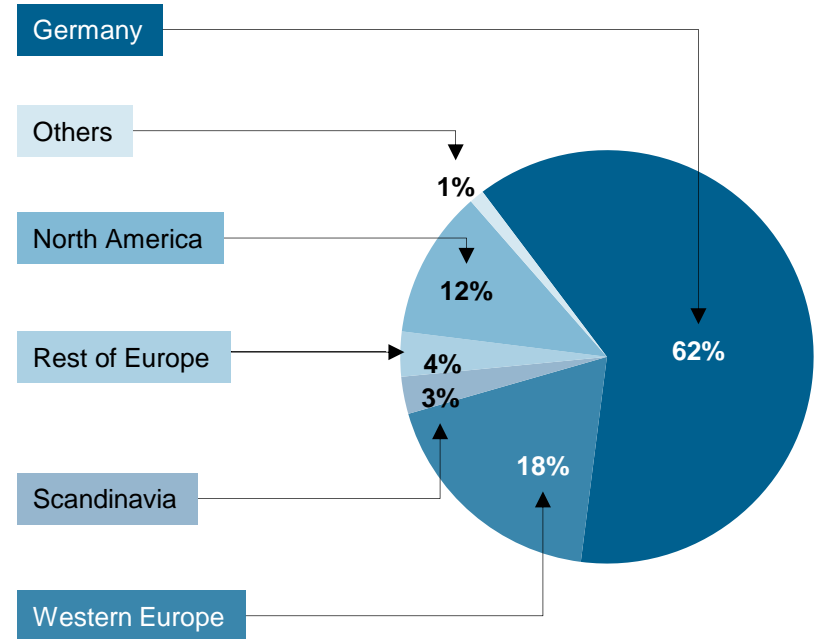
# Helaba Risk Profile – Total Volume of Lending (€ 185.2 bn)

Diversified portfolio with focus on Germany

## Breakdown by customers



## Breakdown by region



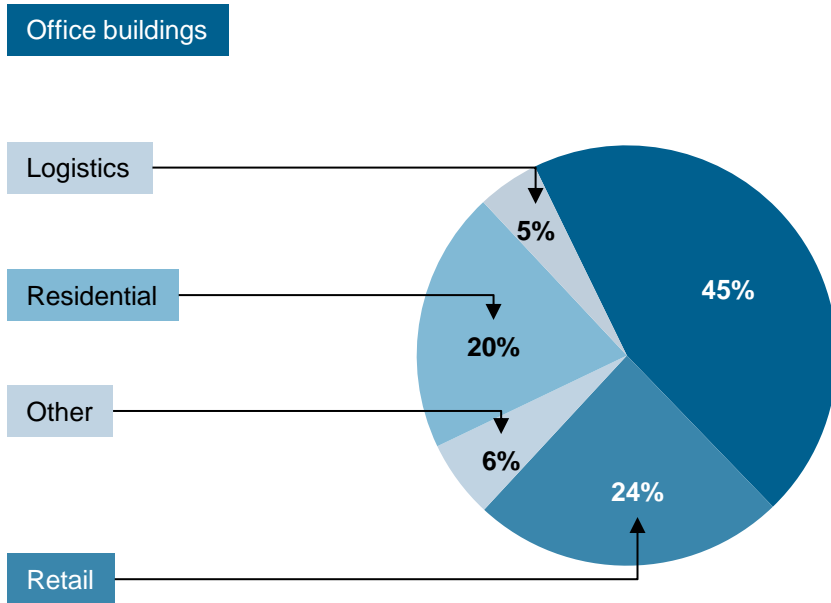
As of March 31, 2018



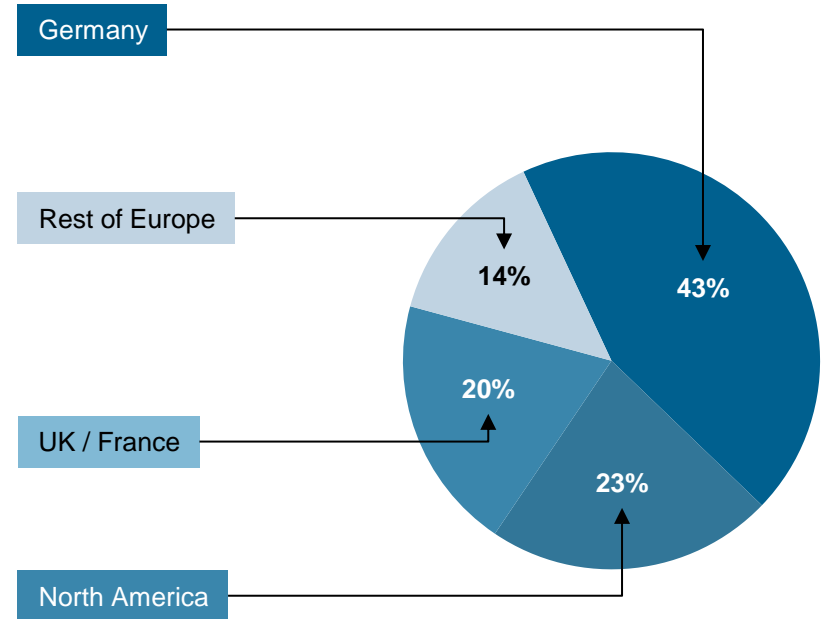
# Real Estate Lending Portfolio

Lending volume of € 33.0 bn

## Breakdown by usage



## Breakdown by region



→ As a market leader in Germany, Helaba has an acknowledged expertise in real estate lending business

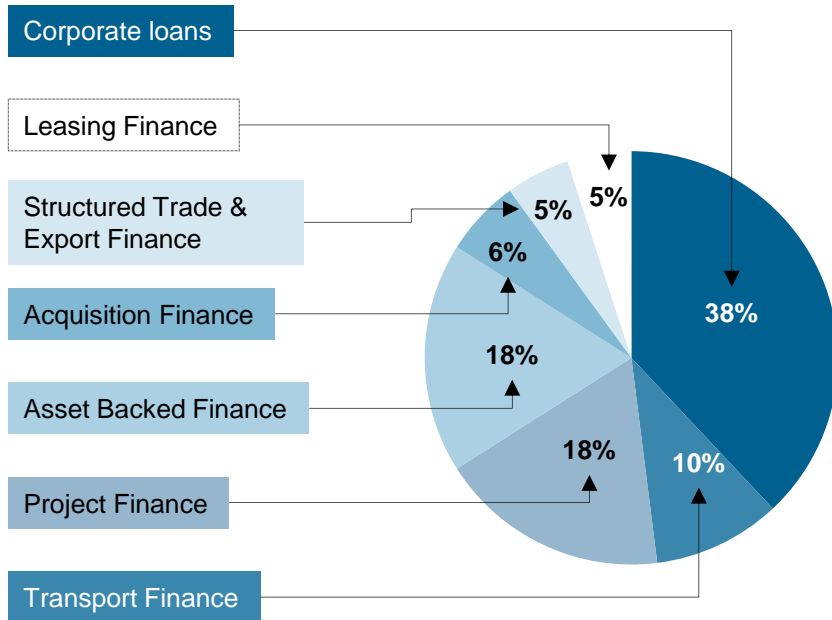
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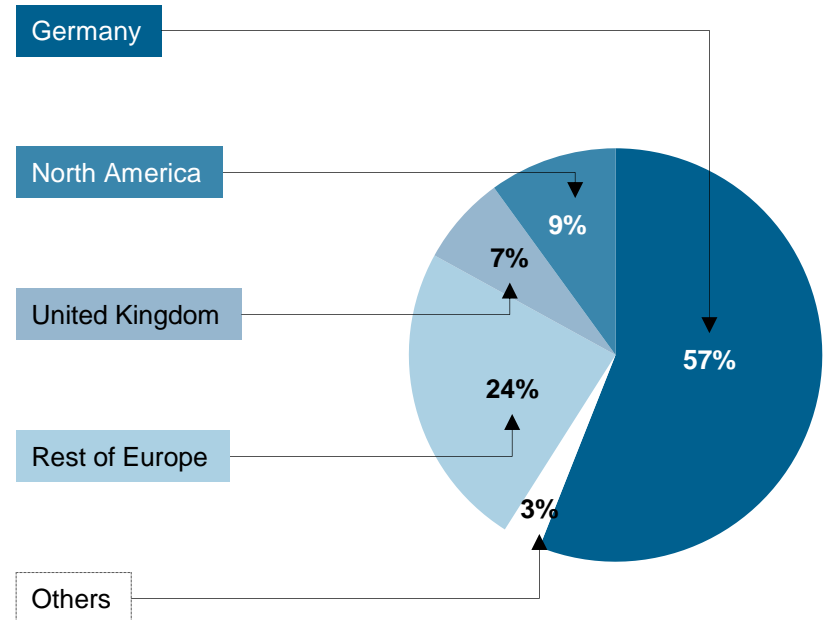
# Corporate Finance Portfolio

Lending volume of € 39.5 bn

## Breakdown by product area



## Breakdown by region



➔ Corporate Finance supports target customers with customised classic and capital market oriented financing structures.

As of March 31, 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     |
|---------------------|----------|-----------|-----------|
| <b>2017</b>         | € 4.8 bn | € 12.7 bn | € 17.5 bn |
| <b>2018 planned</b> | € 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

- EUR 34 bn collateral pool for German covered bonds ("Pfandbriefe")
- EUR 32 bn securities eligible for ECB / central bank funding
- EUR 18 bn retail deposits within Helaba Group
- EUR 97 bn deposits within the  Finance Group Hesse-Thuringia (as of Dec. 31, 2017)





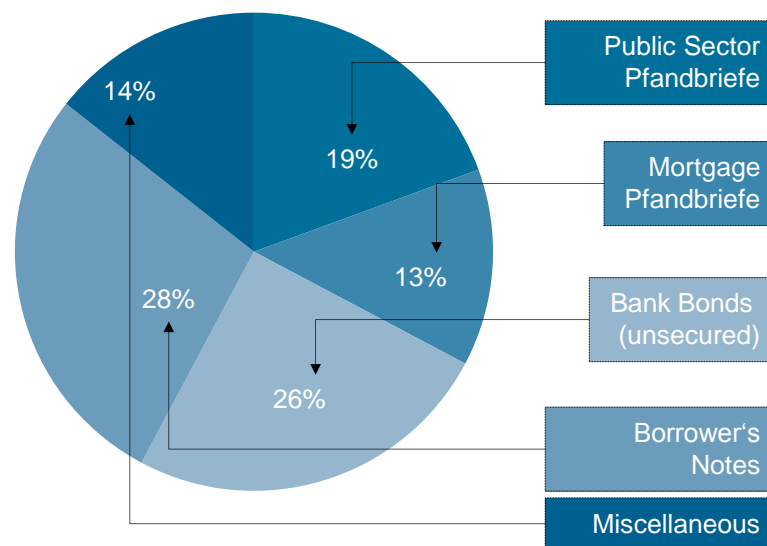
# Funding

## Sustainable liquidity management and high level of acceptance in the market

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### Outstanding medium and long-term funding (≥ 1 year): € 85.2 bn

|   | Q1 2018       | 2017          | 2016          |
|---|---------------|---------------|---------------|
|   | in € m        | in € m        | in € m        |
| <b>Covered securities ("Pfandbriefe")</b> | <b>27,910</b> | <b>26,334</b> | <b>27,477</b> |
| - Public sector                           | 16,552        | 16,482        | 17,605        |
| - Mortgage backed                         | 11,358        | 9,852         | 9,872         |
| <b>Senior, unsecured bonds</b>            | <b>21,345</b> | <b>20,906</b> | <b>20,113</b> |
| <b>Borrower's notes</b>                   | <b>23,708</b> | <b>23,197</b> | <b>21,050</b> |
| <b>Miscellaneous*</b>                     | <b>12,258</b> | <b>12,283</b> | <b>12,852</b> |
| <b>Summe</b>                              | <b>85,221</b> | <b>82,720</b> | <b>81,492</b> |



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

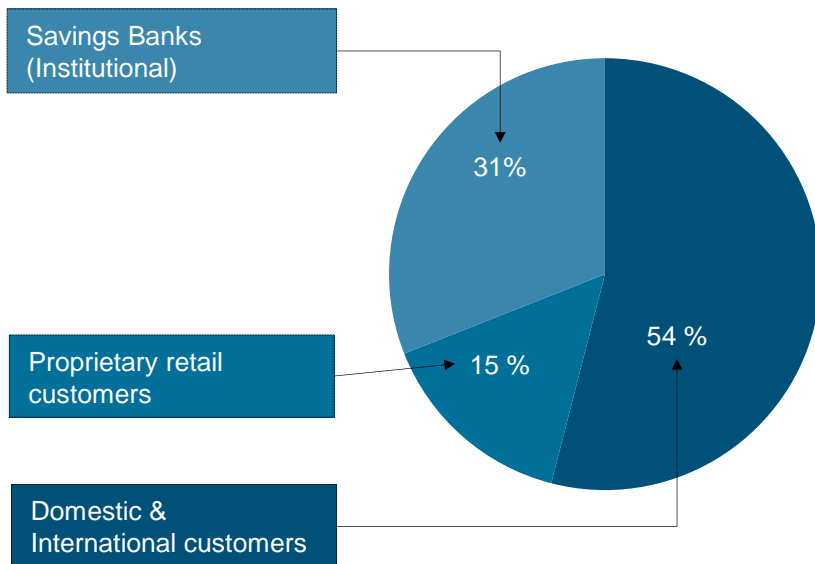
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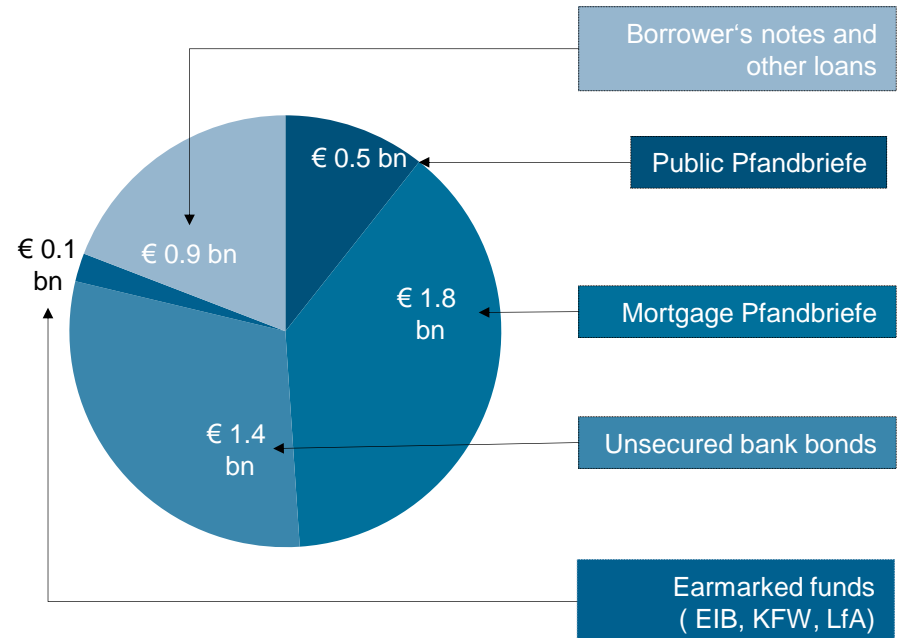
# Medium- and long-term Funding ( $\geq 1$ Year) in Q1 2018

## Diversified funding mix

### Breakdown by Investor



### Breakdown by Product



Medium- and long-term funding volume in Q1 2018 : € 4.7 bn

As of March 31, 2018



# Helaba's Ratings on a high Level

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

## Ratings for Helaba liabilities covered by statutory guarantee <sup>6)</sup>

|                   | 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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