



# Investor Presentation

## The Helaba Group

Frankfurt / Main, November 2017

## 1 Helaba Strategic Business Model

2  Group Strategy

3 Business Development

4 Asset Quality

5 Funding

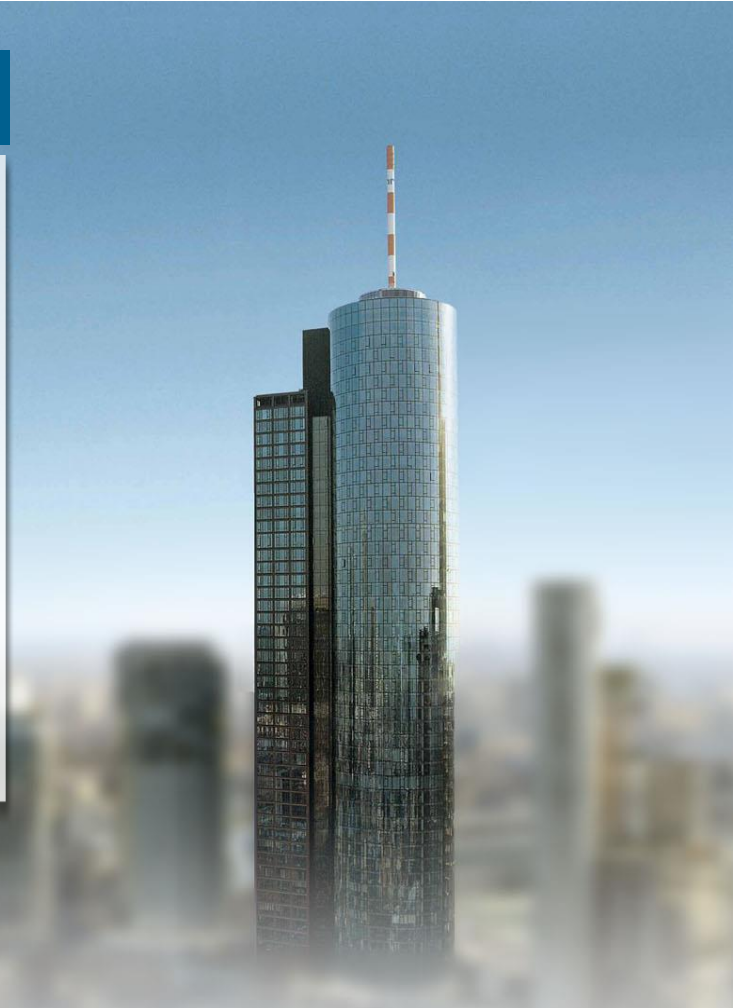


# Helaba: Universal bank with strong regional focus

## Key financial figures for H1 2017

Total assets:	€ 164.0 bn
CET1- ratio “phased-in” <sup>1</sup> :	15.1%
CET1- ratio “fully loaded” <sup>1</sup> :	14.9%
Total capital ratio <sup>1</sup> :	21.6%
Result for H1 2017:	€ 238 mn (pre-tax, IFRS)
Risk-weighted assets:	€ 50.1 bn
Leverage ratio:	4.7%

1) According to IFRS / CRR



# Helaba's Profile

## Universal Bank with Strong Regional Focus

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### Strategic Business Model

Universal bank integrating wholesale, S-Group business, private customers and SME business and public development & infrastructure business

### Core Markets

Universal bank with strong focus on Germany and presence in carefully selected international markets

### Savings Banks Group

Central bank for 156 German savings banks (40% of all savings banks in Germany); close integration in  Group Hesse-Thuringia with joint ratings

### Customer Business

Stable customer business (>50% of total assets); reflecting Helaba's close ties to the real economy

### Funding

Well-balanced mix of instruments and high level of market acceptance; sustainable liquidity management throughout Helaba Group

### Helaba Rating

Excellent ratings from the three leading rating agencies; joint ratings with savings banks in Hesse-Thuringia; ranked among the top German banks



# Helaba's Stable Strategic Business Model

## Three Core Business Units

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### Helaba

...a Universal Bank with strong Regional Focus

#### Wholesale Business



**Business Divisions:**  
Real Estate  
Corporate Finance  
Financial Institutions  
and Public Finance  
Global Markets  
Asset Management  
Transaction Banking

#### Group Business, Private Customers and SME Business



#### Public Development and Infrastructure Business



Wirtschafts- und Infrastrukturbank Hessen

Frankfurt / Main . Erfurt . Düsseldorf . Kassel . London . Paris



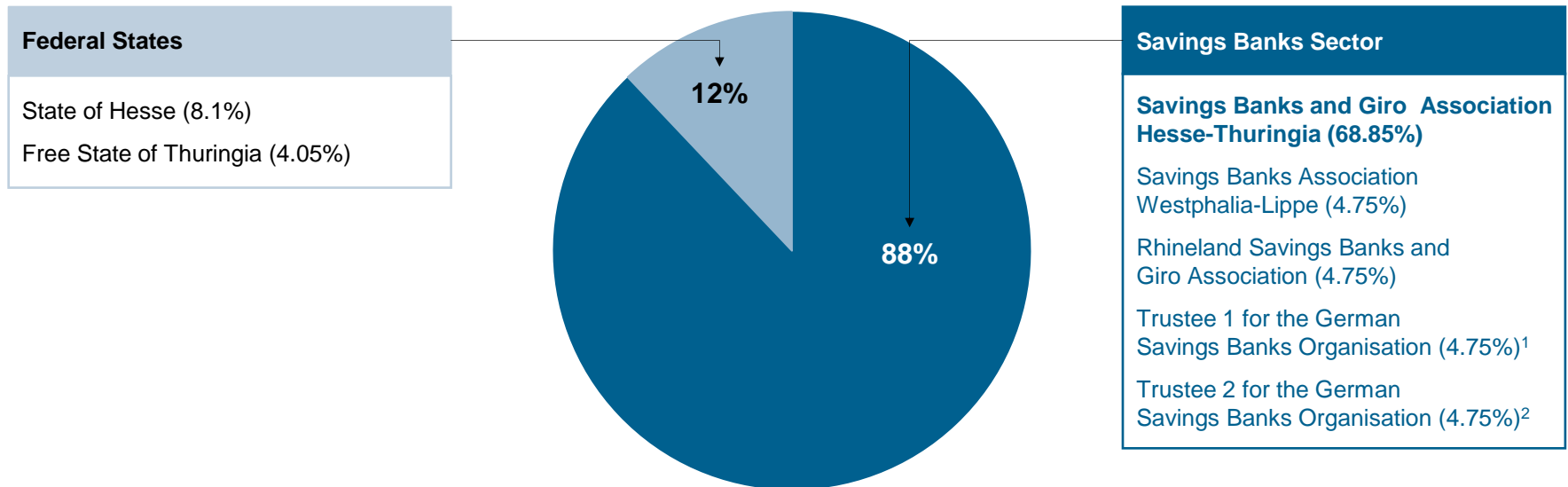
New York . Zürich . Madrid . Moscow . Shanghai . Singapore . Stockholm



# Helaba's Ownership Structure

## Dominated by the Savings Banks Sector (88%)

### Distribution of Helaba's share capital



1) FIDES Alpha GmbH, Trustee for the Regional Savings Banks Support Funds, represented by the German Savings Banks and Giro Association (DSGV)  
2) FIDES Beta GmbH, Trustee for the Deposit Reserve of the Landesbanks, represented by the DSGV



# Agenda

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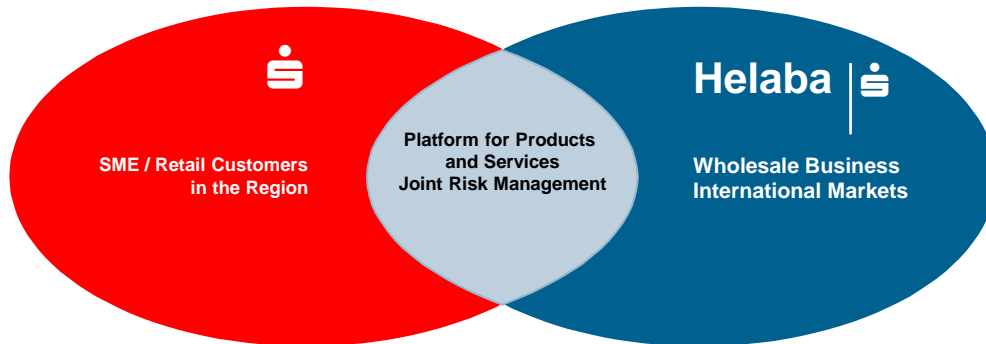


# Helaba and Savings Banks in Hesse-Thuringia

## A Single Economic Unit with a unique Franchise

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### Group Hesse-Thuringia



#### Results 2016

- Total assets: € 257 bn
- Earnings before taxes (IFRS): € 1,596 mn
- Customers: 5 mn
- Employees: 25,700
- Locations/Branches: 2,000

#### 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. € 522 mn in addition to existing nationwide voluntary support mechanisms as at 31.12.2016
- Direct legal investor protection in addition to institutional support

#### Consolidated Accounts

- Audited consolidated group accounts since 2003
- Earnings before taxes in 2015 (IFRS): € 1,480 mn
- Group rating from Fitch Ratings (A+) and Standard & Poor's (A)





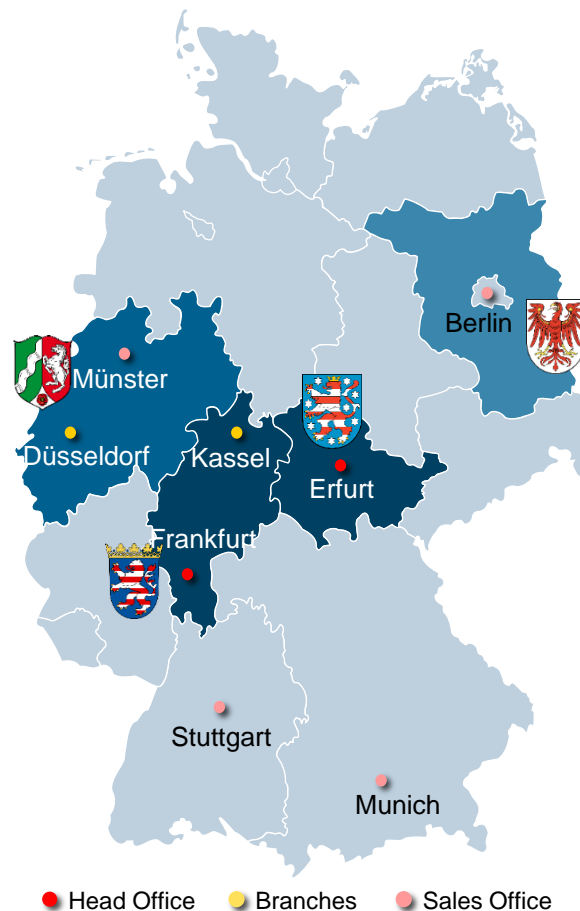
# S-Group Business, Private Customers and SME Business

## Helaba: Leading S-Group Bank within the German Savings Banks Association

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### Hesse-Thuringia

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



### North Rhine-Westphalia

- Home Region with central bank function for associated savings banks
- 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 bank function for associated savings banks and S-Group agreements
- Sales Office Berlin

### Other regions

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

As central bank for 156 savings banks Helaba is S-Group bank for about 40% of the German savings banks



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## Management Summary

Helaba generates pre-tax profit of € 238 mn in first half of 2017

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In view of ongoing challenges Helaba is satisfied with results of the first half year 2017



In a challenging competitive market Helaba performed well in every segment, particularly due to an increase in net trading income and lower provisions for losses on loans and advances



Encouraging growth in new business with customers



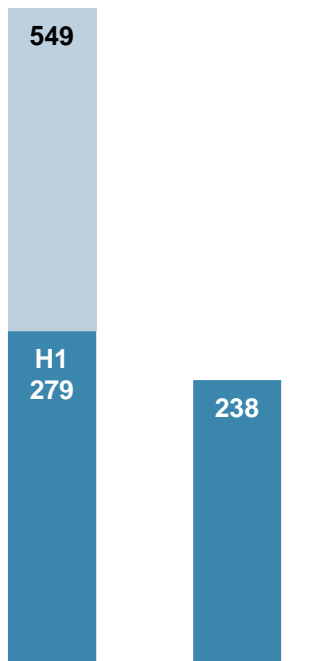
Further improvement of regulatory ratios: CET 1-ratio phased-in of 15.1% and fully-loaded of 14.9%, Total capital ratio of 21.6%



# Satisfactory development of key financial ratios in challenging market environment

## Profit before tax

in mn €



2016 H1 2017

## Total assets

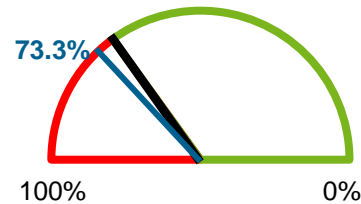
in bn €



2016 H1 2017

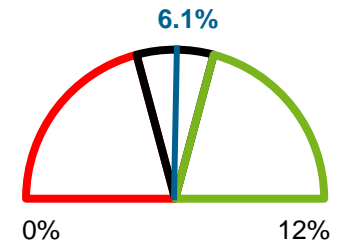
## Cost-Income-Ratio

Target ratio 2017: < 70%



## Return on Equity

Target range 2017: 5.0–7.0%



## CET1-ratio (“fully-loaded“) and Liquidity Coverage Ratio

	Requirement 2017	Target ratio/ -range	Ratio H1 2017
CET1-ratio (“fully loaded“)	7.43% <sup>1)</sup>	12%	14.9%
Liquidity coverage ratio	80%	100-110%	174.7%

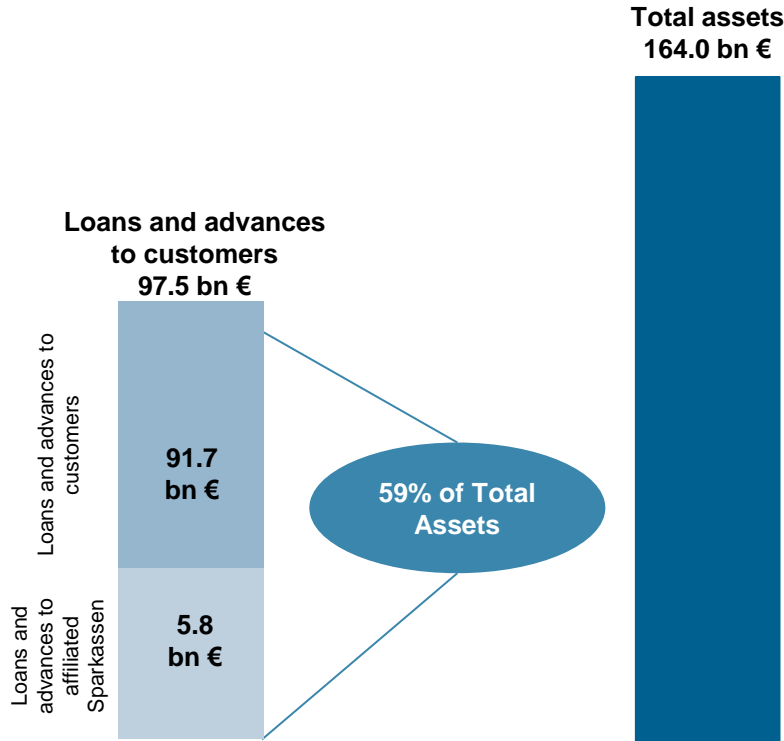
1) Derived from SREP requirement for 2017 considering capital buffers



# Customer business dominates balance sheet structure

## High degree of interconnectedness with the real economy

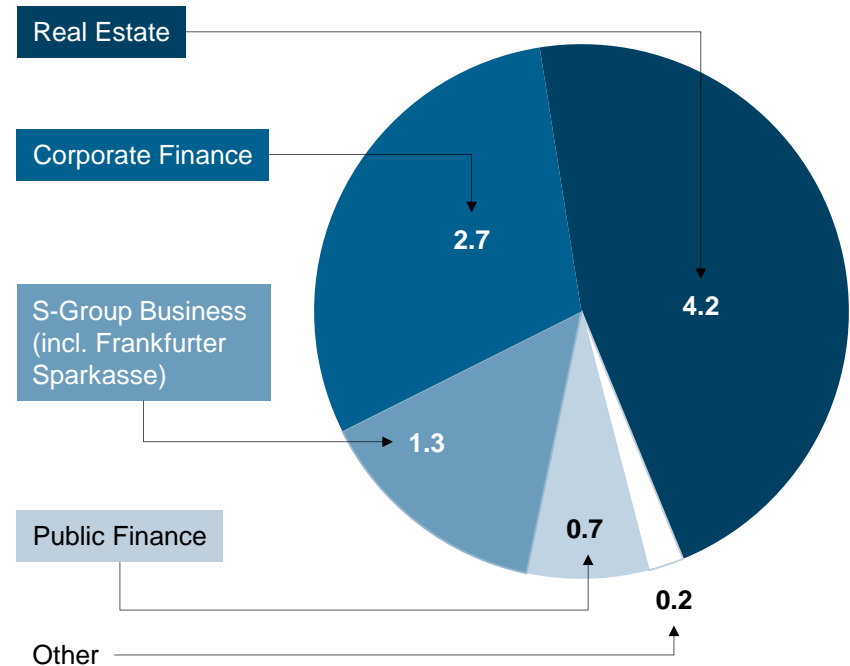
in bn €



- Stable interconnectedness to real economy (59%), currency-adjusted reduction of loans and advances to customers (-1.4 bn €) and affiliated Sparkassen (-0.6 bn €) parallel to balance sheet development

## Medium- and long-term new business volume: 9.1 bn € \*

in bn €



\*Medium- and long-term new business volume without WIBank

- Higher medium- and long-term new business volume (H1 2016: € 8.1 bn)



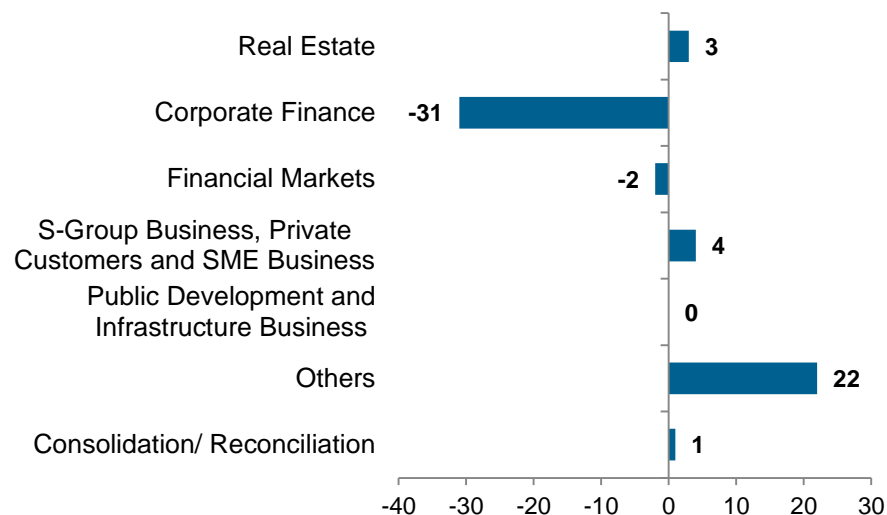
# Provisions for losses on loans and advances well below previous year's level

## Composition of the Provision for Losses on Loans (in mn €)

01.01.- 30.06.2016		01.01.- 30.06.2017	
<b>Net-risk provision</b>	<b>-75</b>	<b>Net-risk provision</b>	<b>-2</b>
		Individual allowances	-41
		Portfolio allowances	22
		Provisions	7
		Direct impairments on receivables / reversals	10

- Significantly lower requirement for provisions for losses on loans and advances given the high quality of the business portfolio and the extensive risk provisions for the shipping portfolio recognized in 2016

## Break down on Segments (in mn €)

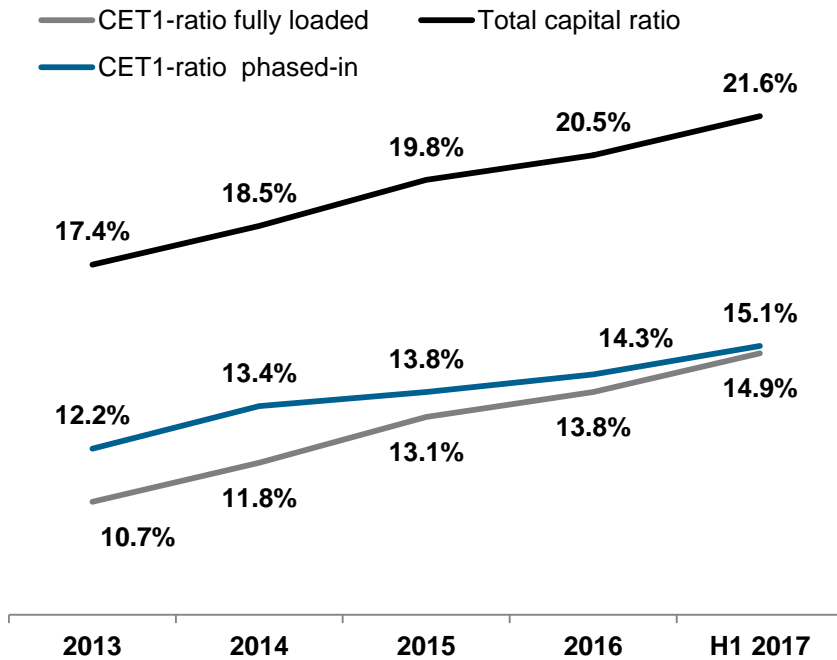


- Marginal provisions for losses on loans and advances only in segments Corporate Finance and Financial Markets
- In segment „Others“ reversal of portfolio loss provisions for loans not acutely at risk of default



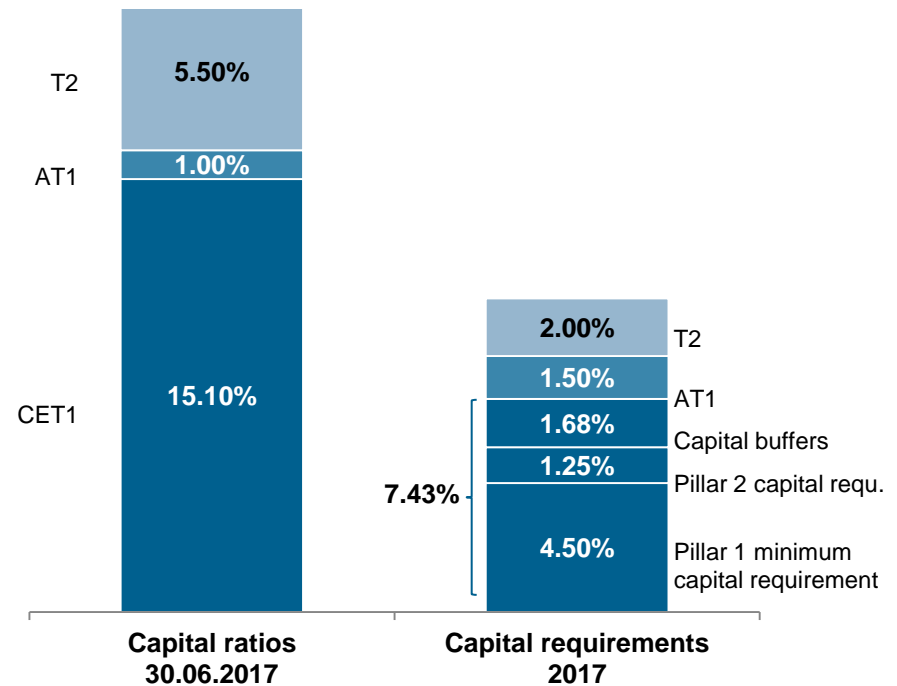
# CET -ratio well above regulatory requirements

## Development of capital ratios



- Continuous improvement of capital ratios to a very high level of 14.9% (fully-loaded) and 15.1% (phased-in) respectively
- Increase of Leverage Ratio (phased-in) to 4.7% or (fully loaded 4.3%)
- Risk-weighted assets of 50.1 bn € in the group

## Capital requirements and components



- Capital requirement comprises:
  - Pillar 1: minimum capital requirement of 4.50%,
  - Pillar 2: capital requirement of 1.25%,
  - Capital buffers of 1.68%



# Agenda

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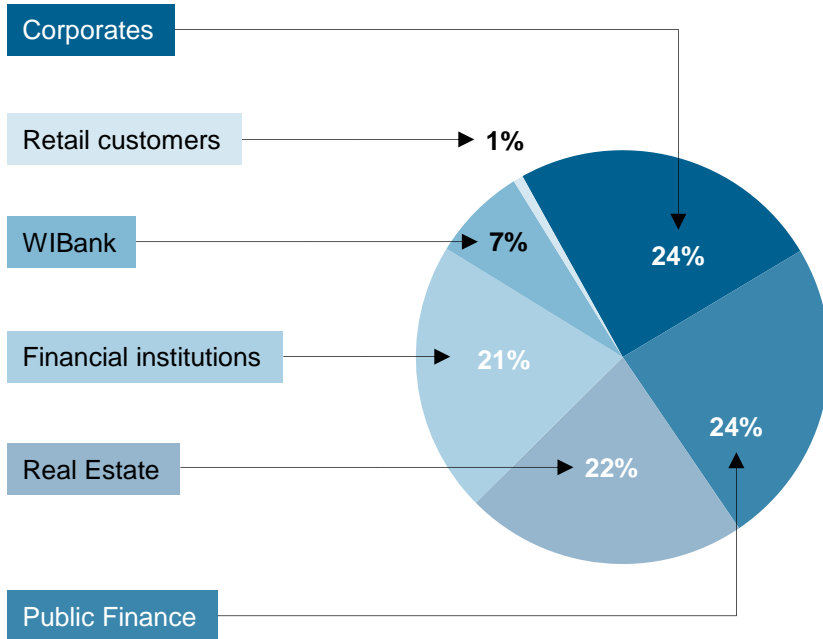




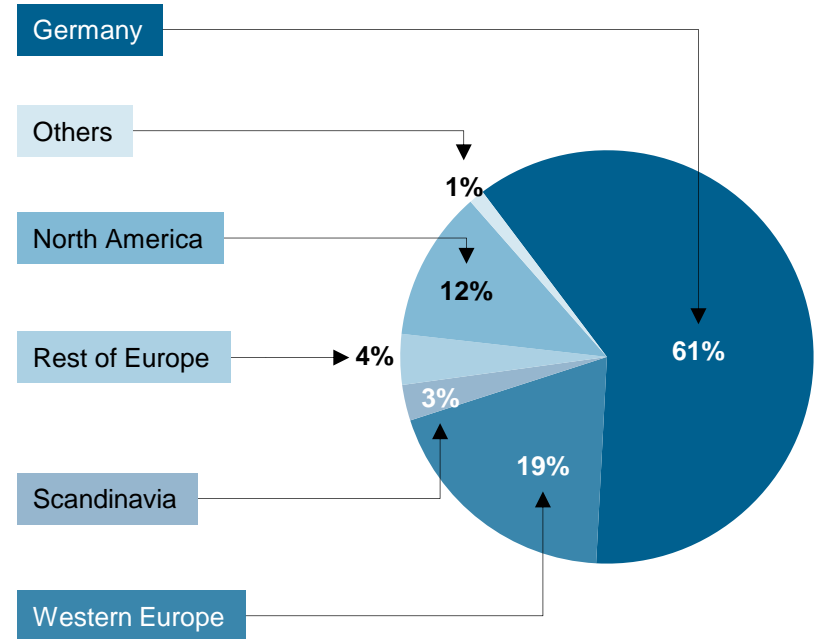
# Helaba risk profile – Total volume of lending (€ 182.0 bn)

## Diversified Portfolio focusing on Germany

### Breakdown by customer



### Breakdown by region



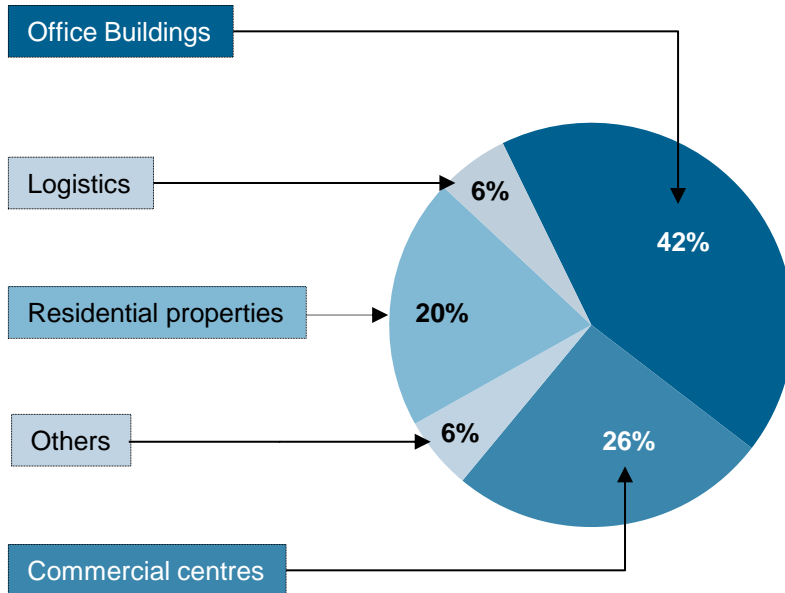
As of June 30, 2017



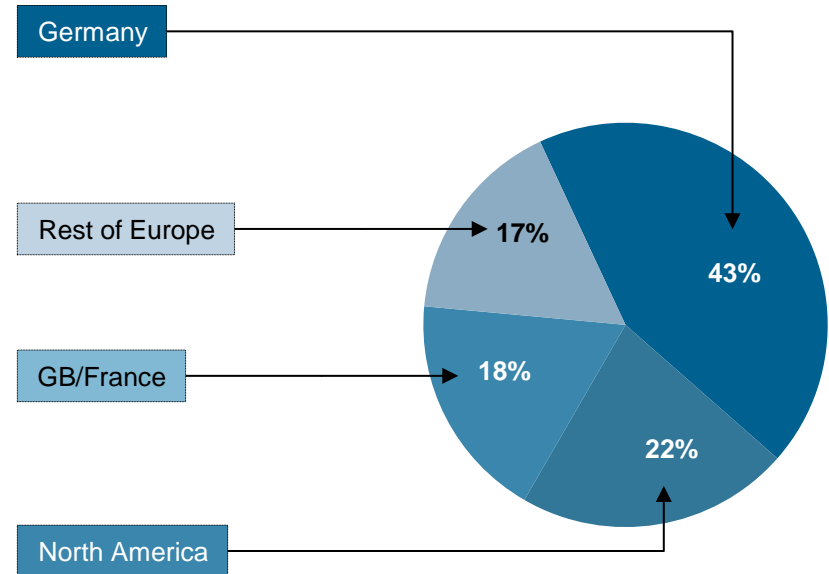
# Real Estate Credit Portfolio

Lending volume € 35.8 bn

## Breakdown by types of use



## Breakdown by location of the property



➔ Being among the market leaders in Germany Helaba has an acknowledged expertise in real estate credit business

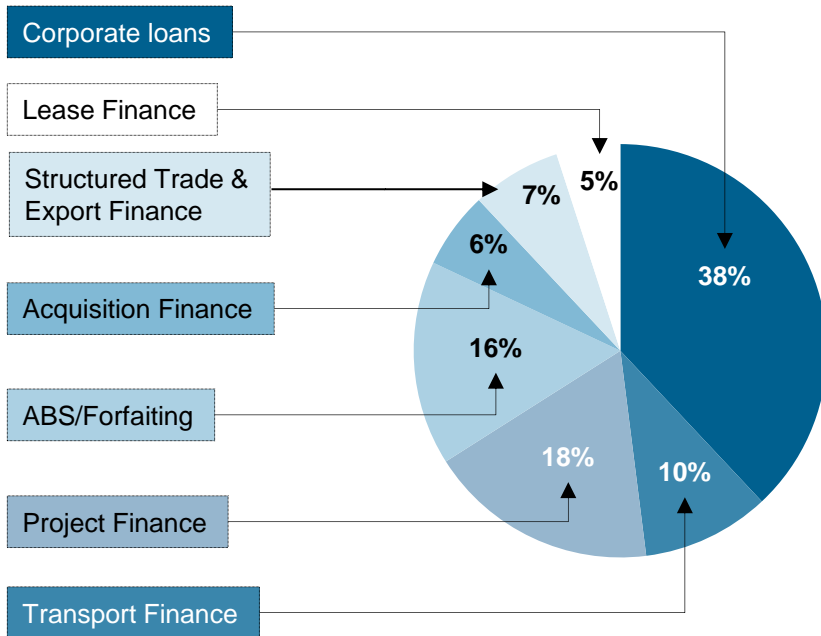
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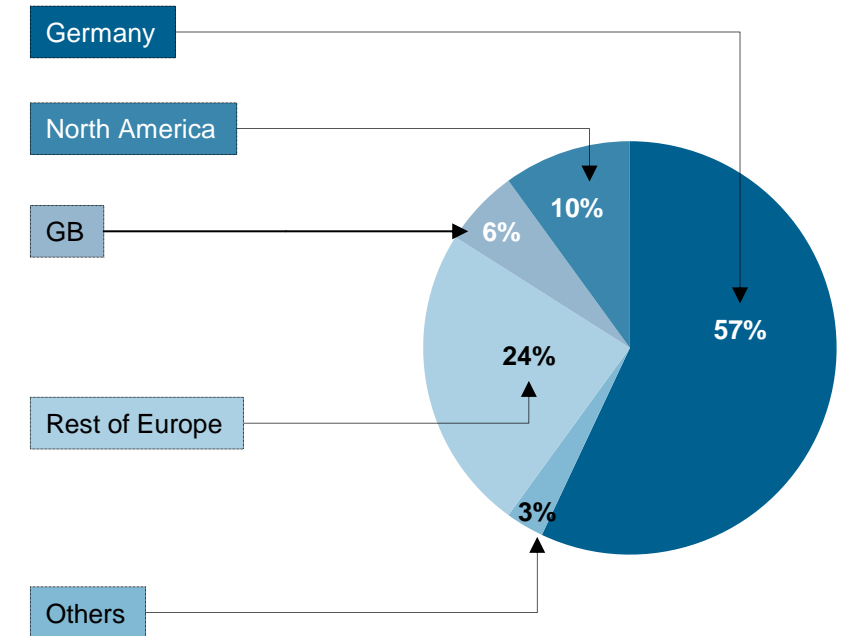
# Corporate Finance Portfolio

Lending volume € 37.2 bn

## Product areas and Portfolio



## Breakdown by region

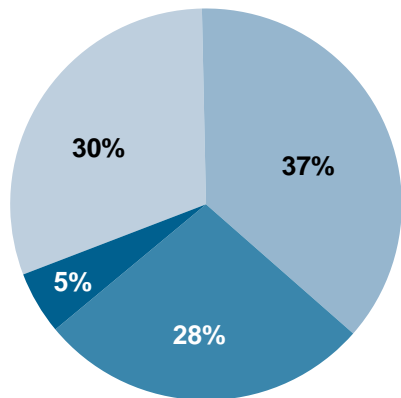


As of June 30, 2017



# Further reduction of NPL-ratio and stable rating structure

## Total volume of lending by default rating category



**RC 0-1:** No default risk to excellent and sustainable financial security; corresponding S&P Rating: AAA / AA+

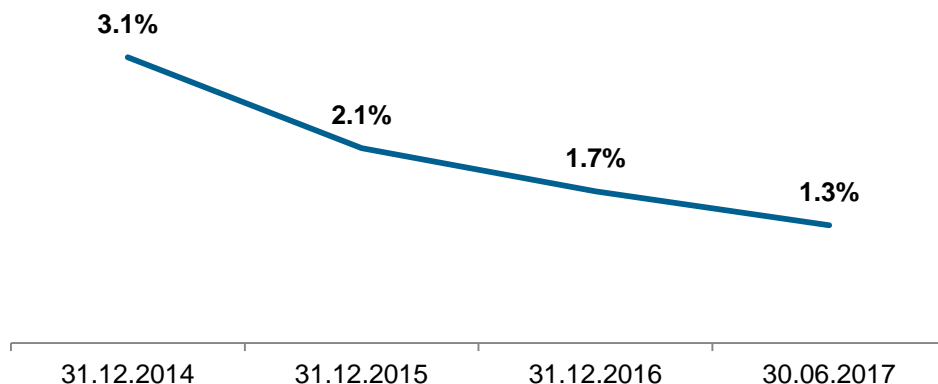
**RC 2-7:** Exceptionally high to outstanding financial security; corresponding S&P Rating: AA to A-

**RC 8-13:** Very good to satisfactory financial security; corresponding S&P Rating BBB+ to BB

**RC 14-24:** Sufficient and lower financial security; corresponding S&P Rating < BB

- Total volume of lending of 182.0 bn €
- 95% of total volume of lending with excellent to satisfactory creditworthiness

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



- NPL-ratio of 1.28 % as of 30.06.2017. Total Loans and advances of 115.0 bn €, thereof Non-Performing Exposures of 1.5 bn. €

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



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# Funding Strategy

## Strong regional engagement as success factor during the financial crisis

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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>2016</b>	€ 3.0 bn	€ 14.2 bn	€ 17.2 bn
<b>2017 planned</b>	€ 6.0 bn	€ 9.0 bn	€ 15.0 bn

### Funding Programmes

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

### Broad Liquidity Access

- EUR 34 bn collateral pool for German covered bonds ("Pfandbriefe")
- EUR 30 bn securities eligible for ECB / central bank funding
- EUR 17 bn retail deposits within Helaba Group
- EUR 94 bn deposits within the  Finance Group Hesse-Thuringia (as of Dec. 31, 2016)



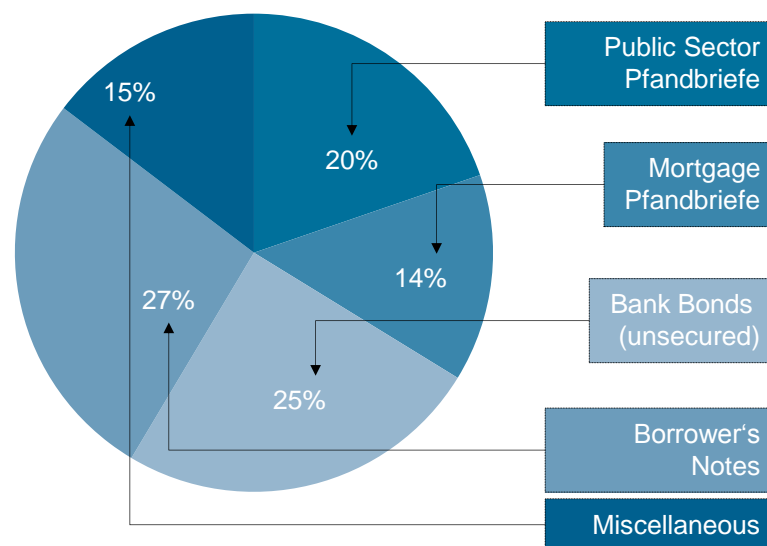
# Funding

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

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### Outstanding medium and long-term funding (≥ 1 year): € 85.9 bn

	H1 2017	2016	2015
	in mn €	in mn €	in mn €
<b>Covered securities (“Pfandbriefe”)</b>	<b>29,008</b>	<b>27,477</b>	<b>29,406</b>
- Public sector	16,953	17,605	20,642
- Mortgage backed	12,055	9,872	8,764
<b>Senior, unsecured bonds</b>	<b>21,303</b>	<b>20,113</b>	<b>17,087</b>
<b>Borrower's notes</b>	<b>23,003</b>	<b>21,050</b>	<b>21,417</b>
<b>Miscellaneous*</b>	<b>12,593</b>	<b>12,852</b>	<b>13,700</b>
<b>Summe</b>	<b>85,907</b>	<b>81,492</b>	<b>81,610</b>



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

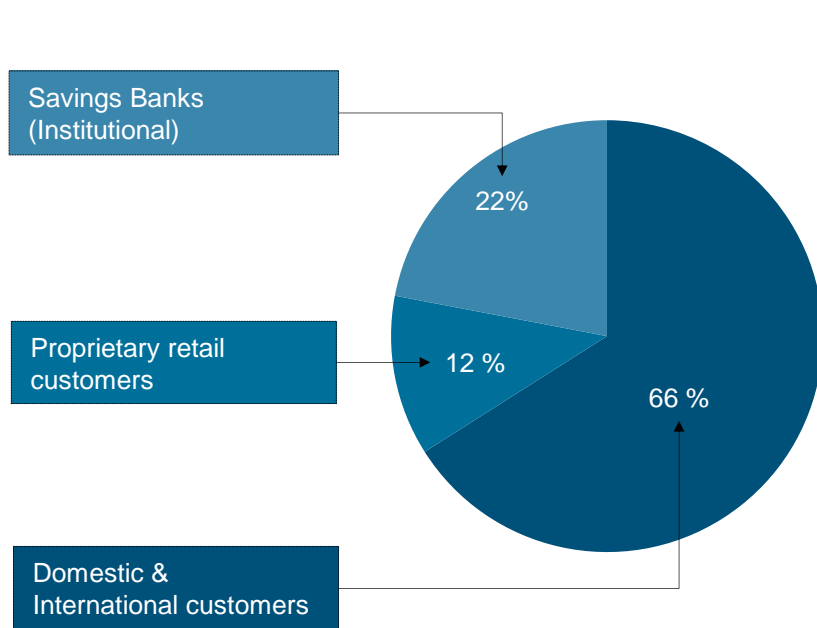
As of June 30, 2017



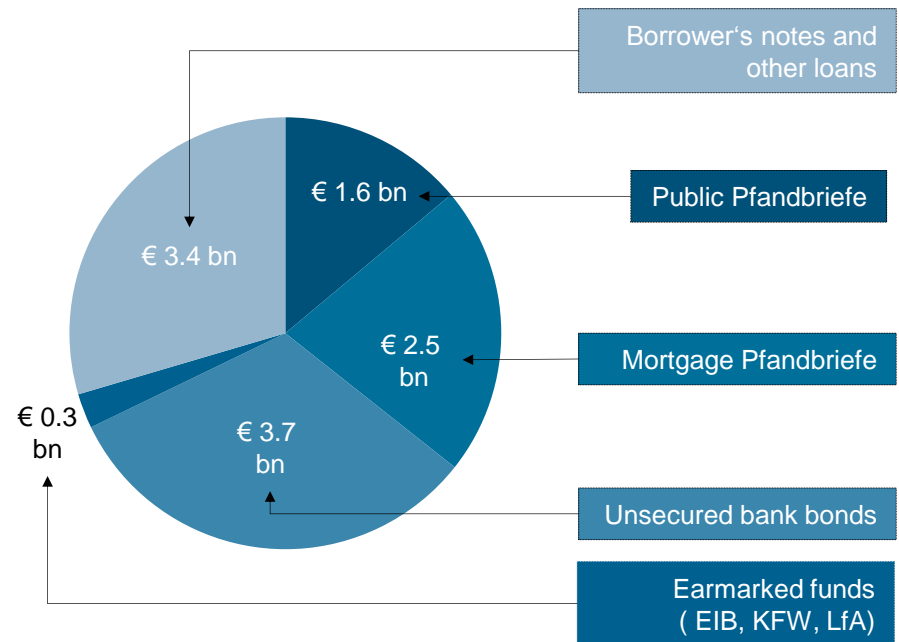
# Medium- and long-term funding ( $\geq 1$ year) in H1 2017

## High proportion of planned long term funding already achieved

### Breakdown by Investor



### Breakdown by Product



### Medium- and long-term funding volume in H1 2017 : € 11.5 bn

- In the first half of the year Helaba makes use of the open markets and raises more than 75% of the planned funding for 2017
- Successful benchmark issuance in the covered bond segment addresses primarily the institutional market

As of June 30, 2017





# Helaba Ratings on a high level

Moody's		Fitch		Standard & Poor's <sup>1)</sup>	
Outlook	Stable	Outlook	Stable	Outlook	Stable
Issuer Rating	A1	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-		
Senior senior unsecured bank debt <sup>3)</sup>	Aa3			Long-term Senior Unsecured <sup>3)</sup>	A
Senior Unsecured <sup>4)</sup>	A1	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 für Verbindlichkeiten der Helaba, die der Gewährträgerhaftung unterliegen <sup>6)</sup>

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

As of November 2017

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 u.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)





**Political and economic conditions continue to be challenging**



**Positive development of customer business**



**Zero and negative interest rates are straining the results**



**Board of Managing Directors reiterates forecast for 2017 and continues to expect a significant decline in the net profit in 2017**



**From the current perspective Helaba will be able to exceed the target set out in the annual budget**





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The H1/2017 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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