



Investor Presentation

The Helaba Group

Frankfurt / Main, March 2018



1. Helaba Business Model

2. Helaba as Sparkassen Central Bank

3. Business Development

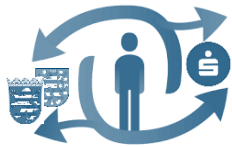
4. Asset Quality

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 assets¹: € 158.3 bn
- RWA¹: € 49.8 bn
- CET1 ratio^{1, 2}: 15.2%
- Pre-tax Profit ¹: € 447 mn
- Employees: ~ 6,000
- Ratings: A1 (Moody's) / A+ (Fitch) / A (S&P)

1) As of Dec. 31, 2017

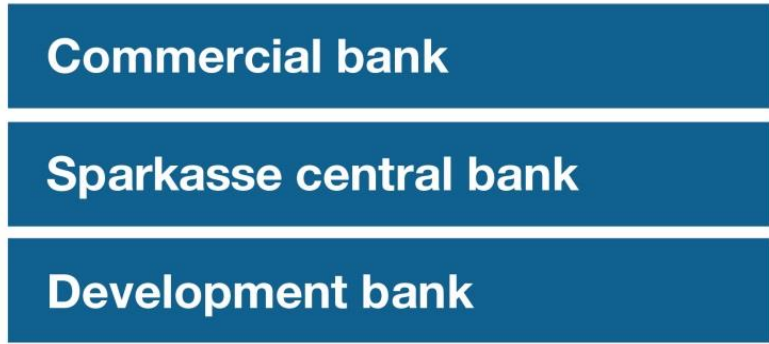
2) Fully-loaded



Helaba



Real estate
Corporates & Markets
Retail & Asset Management
Development business



 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

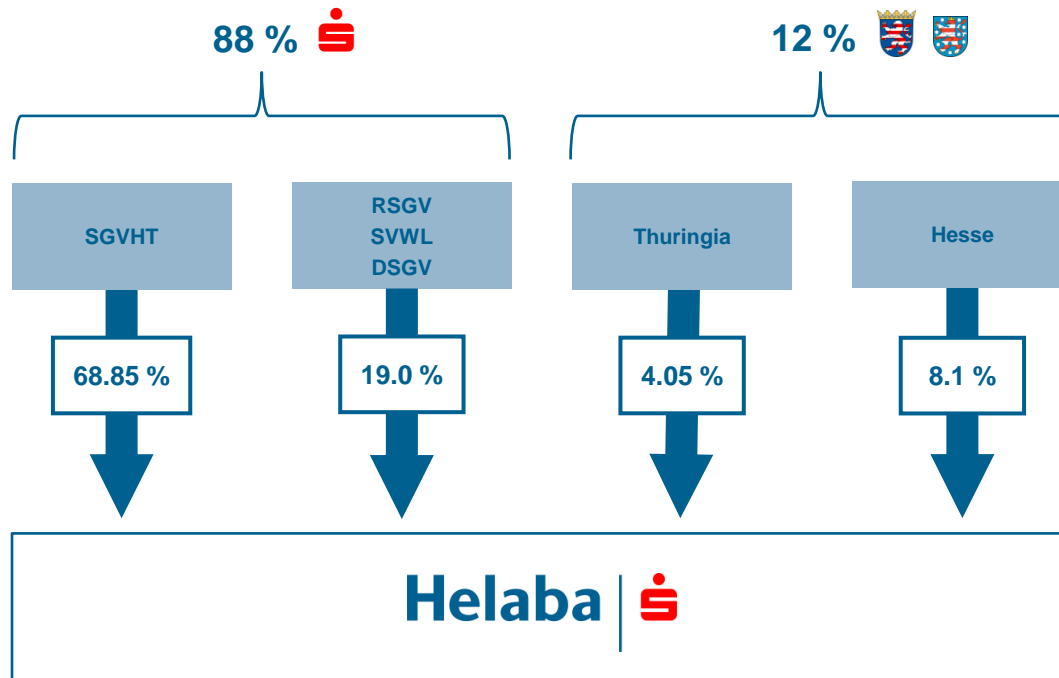


- Project development and management 
- Retail issues and structured bonds
- Issuance of own debt instruments



Helaba's Ownership Structure

Dominated by the Sparkassen sector (88%)



➔ Helaba is tightly integrated into the Sparkassen-Finance Group





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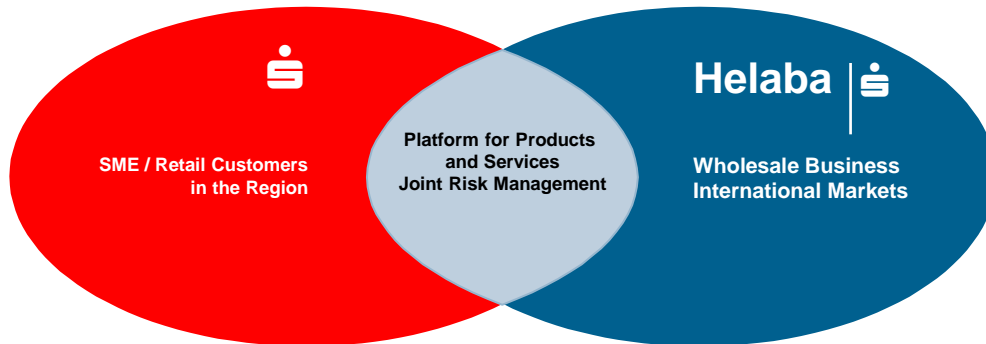


Helaba and Sparkassen in Hesse-Thuringia

A single economic unit with a unique franchise

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Group Hesse-Thuringia



Group Hesse-Thuringia

Results 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 mm in addition to existing nationwide voluntary support mechanisms as at 31.12.2016
- Direct legal investor protection in addition to institutional support

Consolidated Accounts

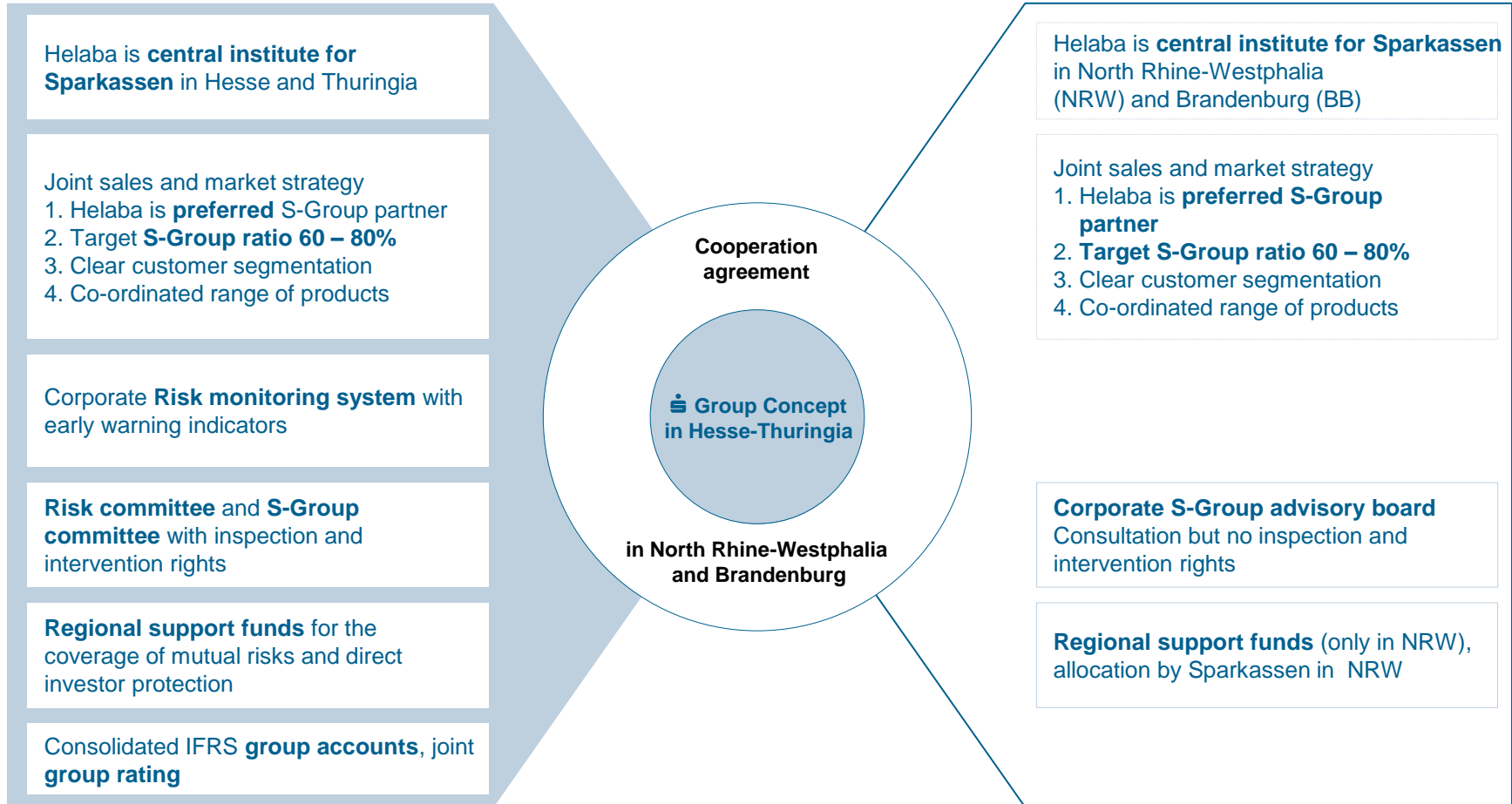
- Audited consolidated group accounts since 2003
- Earnings before taxes in 2015 (IFRS): € 1,596 mn
- Group rating from Fitch Ratings (A+) and Standard & Poor's (A)



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

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

Cooperation agreements with Sparkassen in NRW and Brandenburg

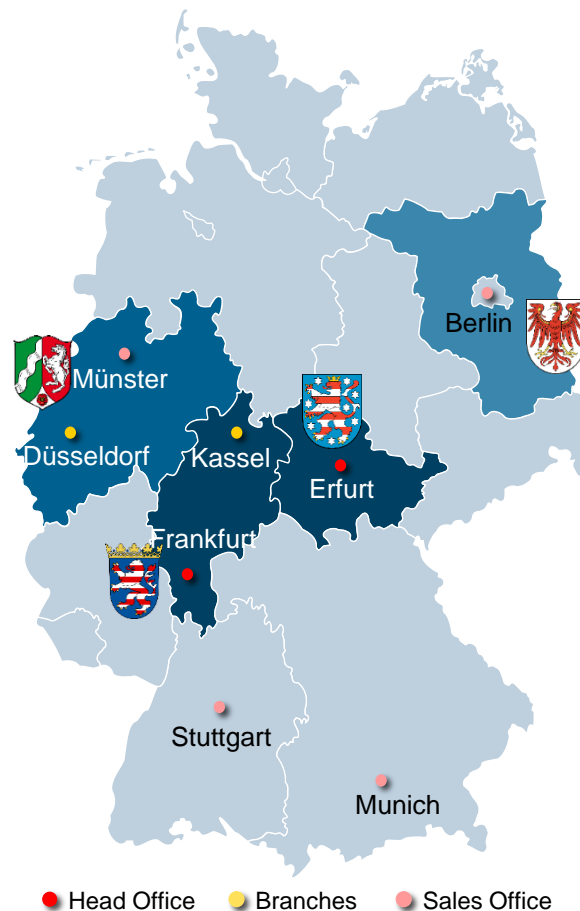


Leading S-Group Bank within the German Sparkassen Finance Group

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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





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Management Summary

Helaba satisfied with business performance and profit in 2017

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Despite a persistence in the challenging market environment, Helaba managed to generate a satisfactory profit before taxes of € 447 mn. The decline in profits was lower than expected.



With the risk situation remaining positive Helaba maintained its strong market position



Further growth in net trading income and net fee and commission income as well as lower risk provisioning requirement



Increasing new customer business is contrasted by a higher-than-planned level of repayments and currency effects



Improvement in CET1 ratio to 15.2% (fully-loaded)



Satisfactory Development of Key Financial Ratios in Challenging Market Environment

Profit before tax

in € mn



2016 2017

Total assets

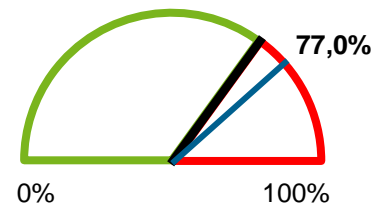
In € bn



2016 2017

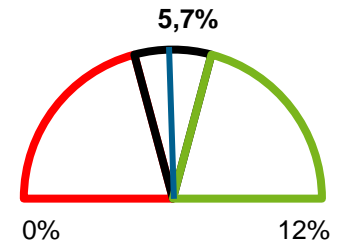
Cost-Income-Ratio

Target ratio 2017
< 70%



Return on Equity

Target range 2017
5.0–7.0%



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

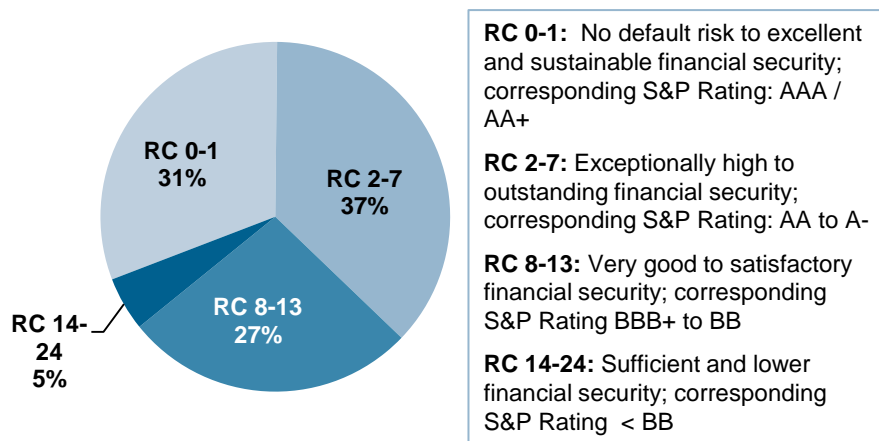
	Requirement 2017	Target ratio/ - range	Ratio YE 2017
CET1-ratio („fully-loaded“)	7.43% ¹⁾	12%	15.2%
Liquidity Coverage Ratio	80%	110-130%	159%

1) Derived from SREP requirement for 2017 considering capital buffers



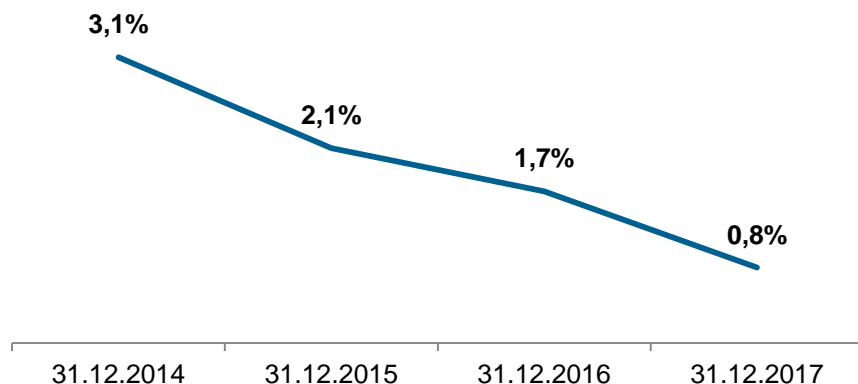
Further Reduction of NPL-Ratio and Stable Rating Structure

Total volume of lending by default rating category



- Total lending volume of € 175.8 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

Development NPL¹-ratio



- As of 31.12.2017, NPL ratio had fallen further to 0.82%.
- Of total loans and advances of € 111.7 bn, € 0.9 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



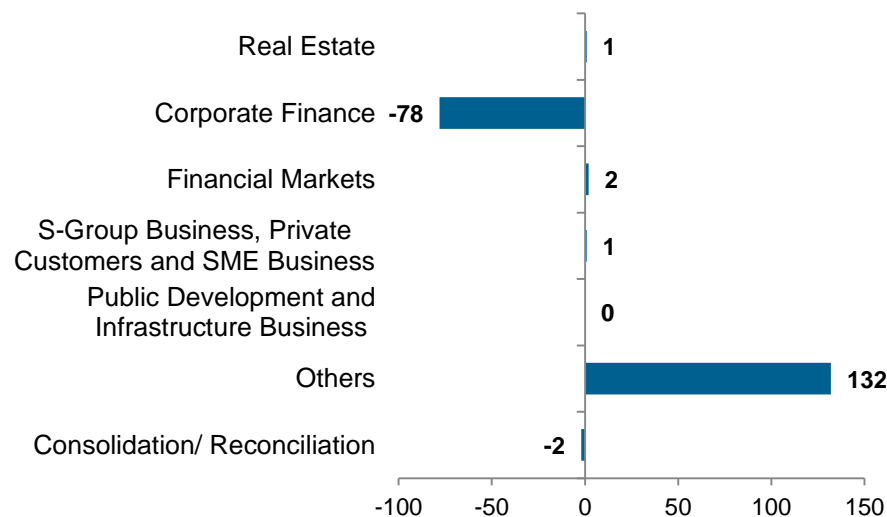
Provisions for Losses on Loans and Advances significantly lower than previous Year

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

01.01.- 31.12.2016		01.01.- 31.12.2017	
Net-risk provision	-154	Net-risk provision	56
		Individual allowances	-115
		Portfolio allowances	140
		Provisions	6
		Direct impairments on receivables / reversals	25

- Significantly lower requirement for provisions for losses on loans and advances compared to the same period last year thanks to the high quality of the portfolio and the extensive risk provisions for the shipping portfolio recognised in 2016

Break down on segments (in € mn)



- Additions to allowances only in Corporate Finance segment mainly related to the shipping portfolio
- Reversal of portfolio allowances for loans not acutely at risk of default in segment of "Others"

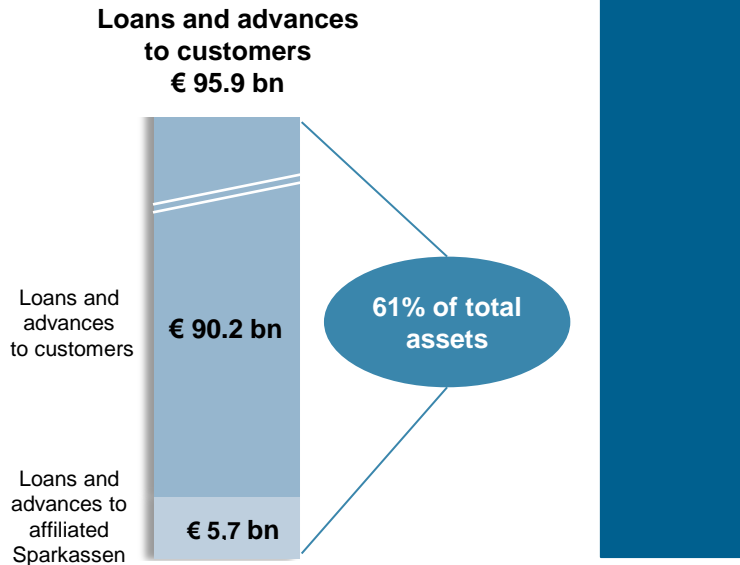


Customer Business dominates Balance Sheet Structure

Tightly interconnected with the real economy

in € bn

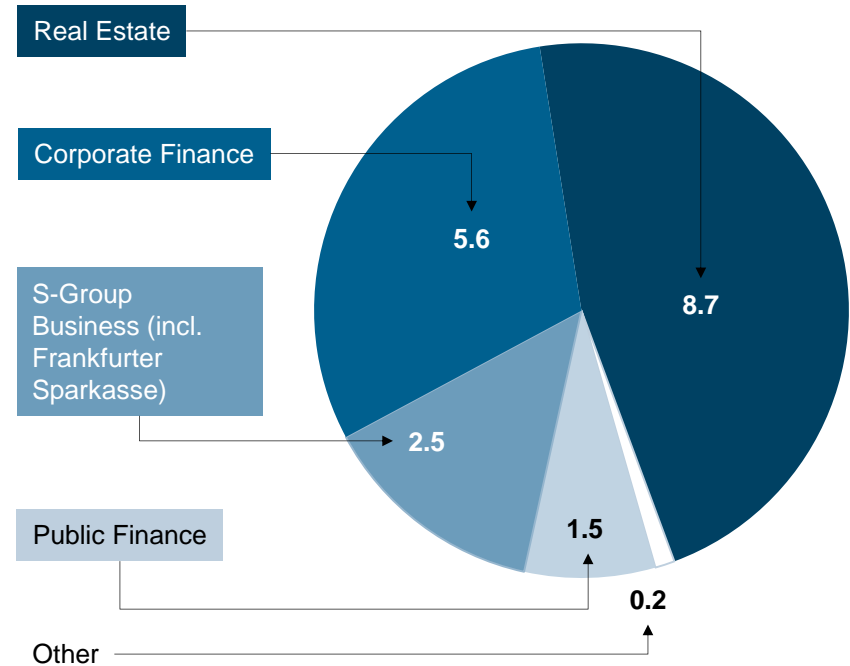
**Total assets
€ 158.3 bn**



- In 2017 degree of interconnectedness with real economy slightly increased to 61% (2016: 60%)

Medium- and long-term new business volume: € 18.5 bn *

in € bn



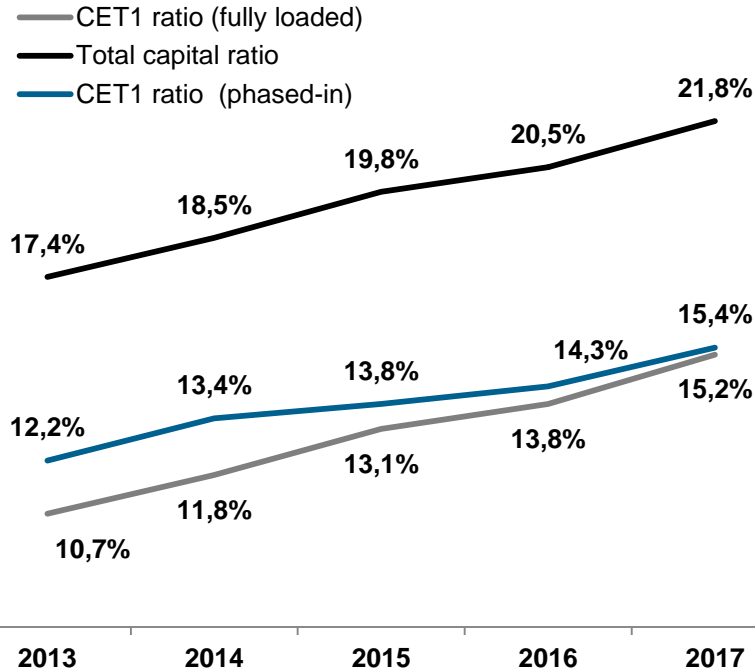
*Medium- and long-term new business volume without WIBank

- New medium and long-term business (duration of more than one year) remained stable (2016: € 18.5 bn)
- Despite this, portfolio volume declines due to higher-than-planned repayments as well as currency effects



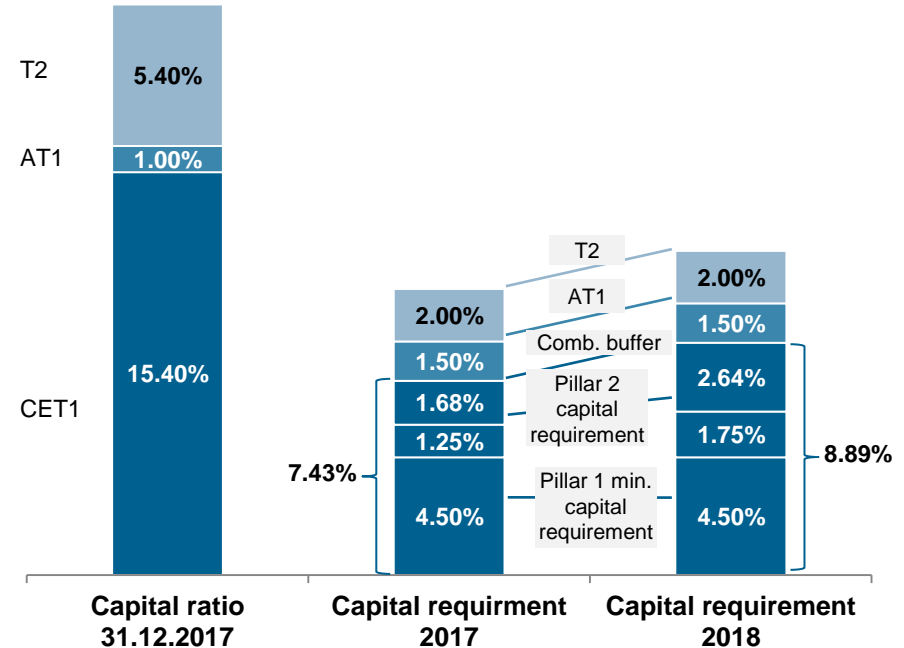
CET1-Ratio Significantly exceeds Regulatory Capital

Development of capital ratios



- Continuous improvement in capital ratios to a very high level of 15.2% (fully-loaded) and 15.4% (phased-in), respectively
- Leverage ratio at 4.9% (phased-in) and 4.5% (fully-loaded)
- Risk-weighted assets of € 49.8 bn

Capital requirements and components



- Capital requirement consists of following components:
 - Pillar 1: minimum capital requirement of 4.50%
 - Pillar 2: capital requirement of 1.25%
 - Total capital buffer of 1.68%
- Higher requirements for 2018 mainly result from higher capital buffers in line with the transitional rules





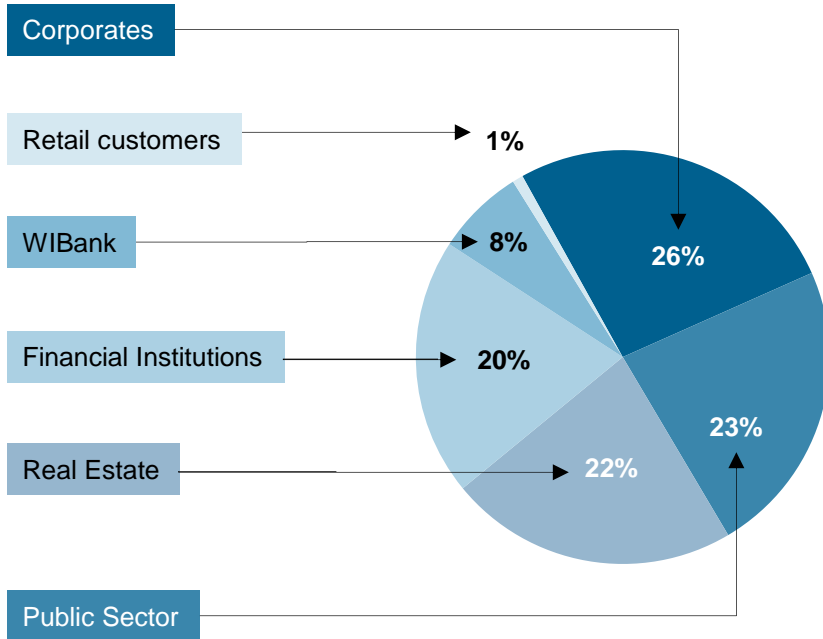
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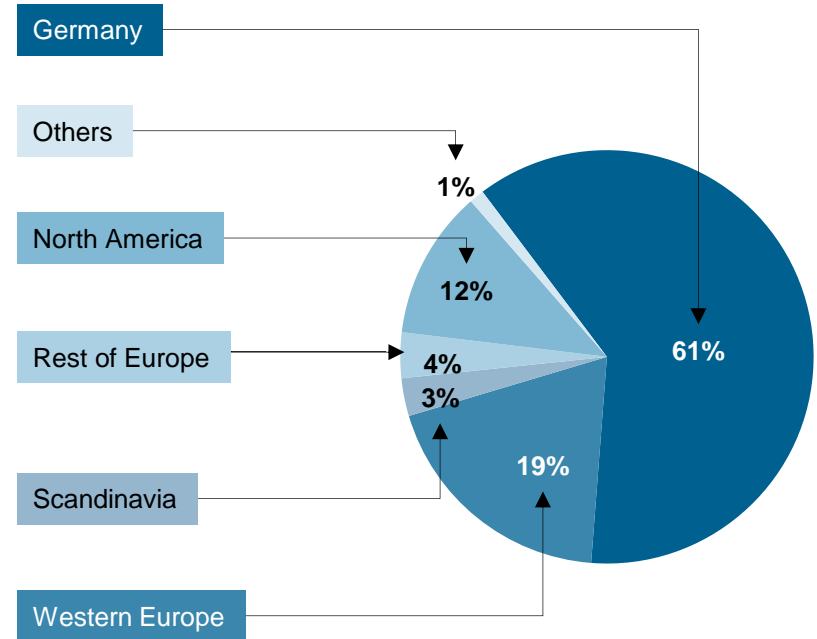
Helaba Risk Profile – Total Volume of Lending (€ 175.8 bn)

Diversified portfolio focusing on Germany

Breakdown by customer



Breakdown by region



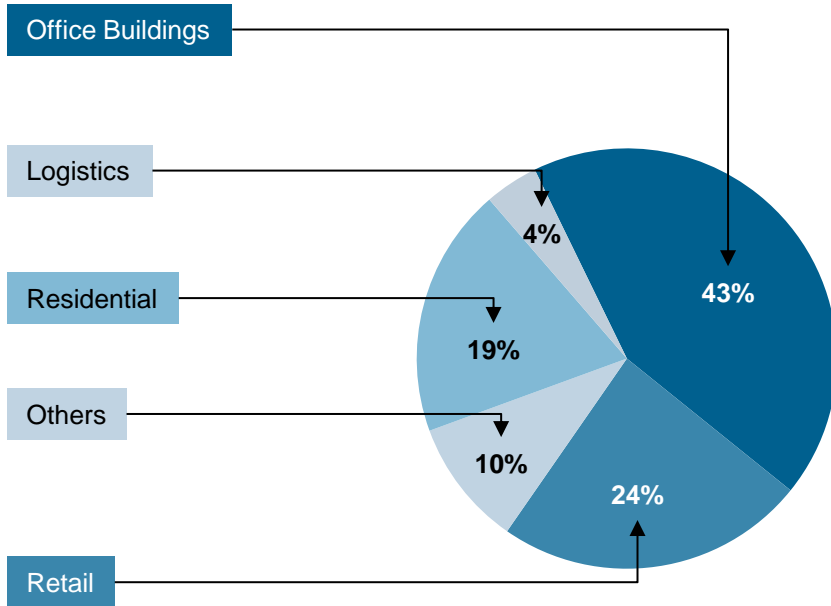
As of Dec. 31, 2017



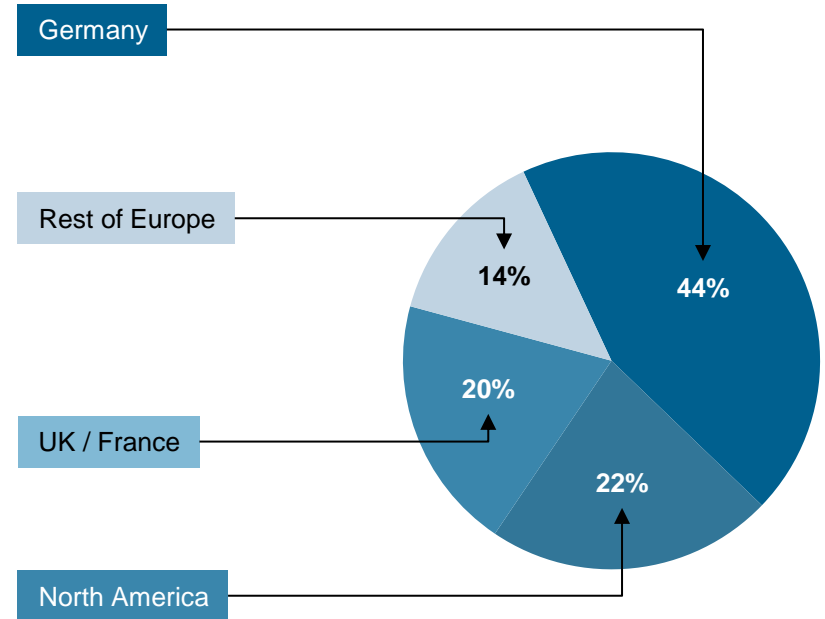
Real Estate Lending

Lending volume of € 33.8 bn

Breakdown by types of use



Breakdown by location of the property



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

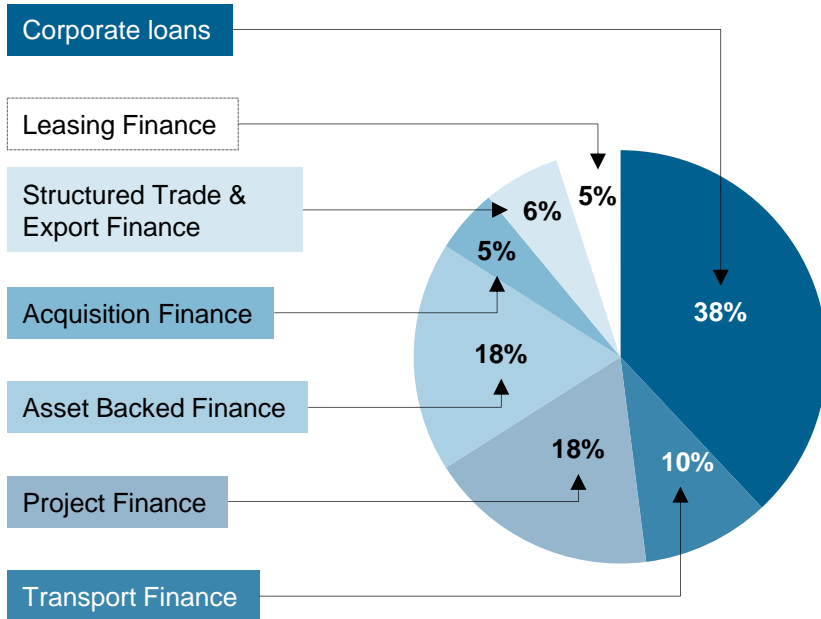
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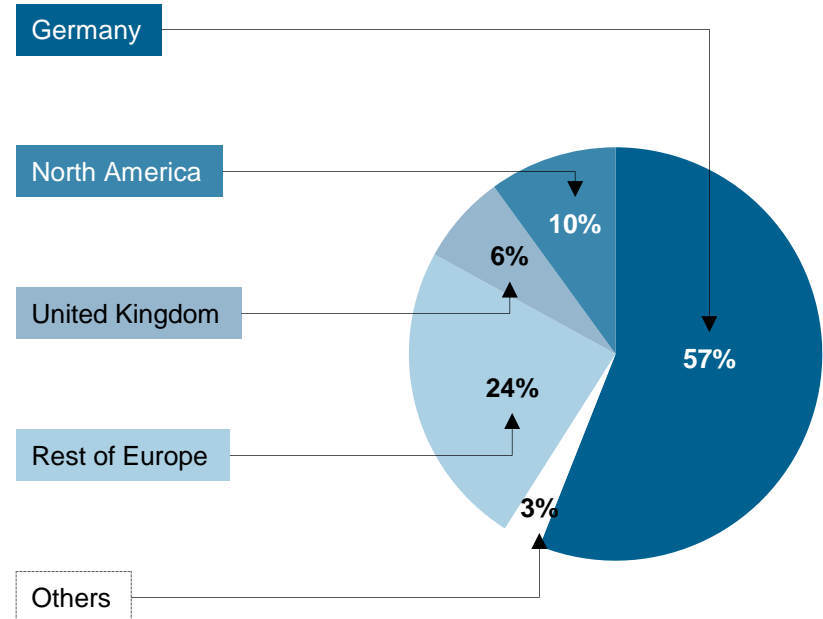
Corporate Finance Portfolio

Lending volume of € 38.5 bn

Product areas and portfolio



Breakdown by region



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





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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

- EUR 34 bn collateral pool for German covered bonds ("Pfandbriefe")
- EUR 32 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)

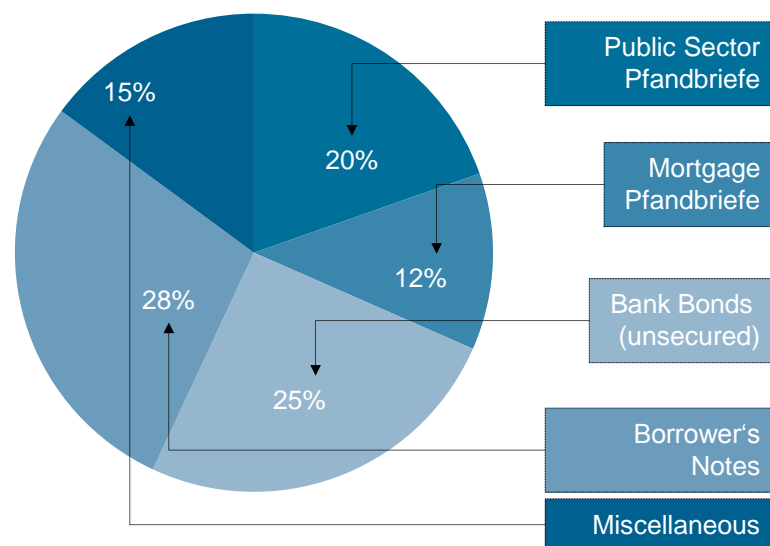


Funding

Sustainable refinancing management and high level of acceptance in the market ²⁵

Outstanding medium and long-term funding (≥ 1 year): € 82.7 bn

	2017	2016	2015
	in € mn	in € mn	in € mn
Covered securities (“Pfandbriefe”)	26,334	27,477	29,406
- Public sector	16,482	17,605	20,642
- Mortgage backed	9,852	9,872	8,764
Senior, unsecured bonds	20,906	20,113	17,087
Borrower's notes	23,197	21,050	21,417
Miscellaneous*	12,283	12,852	13,700
Total	82,720	81,492	81,610



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

As of December 31, 2017

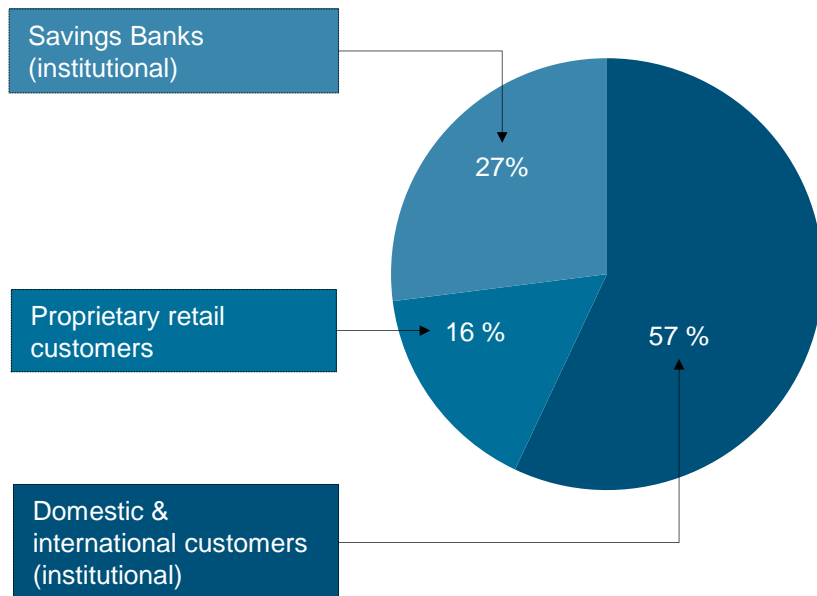


Medium- and long-term Funding (≥ 1 year) in 2017

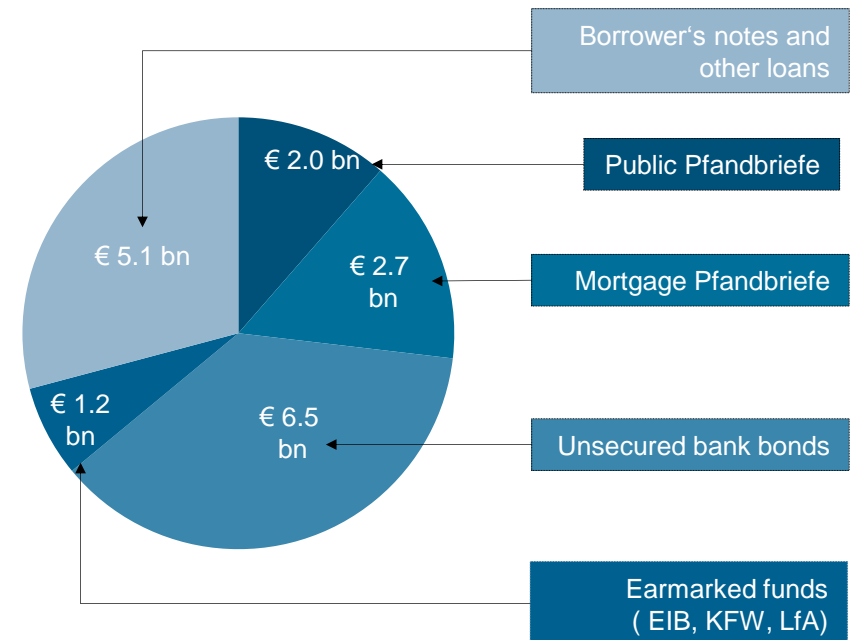
Diversified funding mix

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Breakdown by investor



Breakdown by product



Medium- and long-term funding volume in 2017 : € 17.5 bn

As of December 31, 2017



Helaba's Ratings on a high Level

Moody's		Fitch		Standard & Poor's ¹⁾	
Outlook	Negative	Outlook	Stable	Outlook	Stable
Issuer Rating	A1	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-		
Senior senior unsecured bank debt ³⁾	Aa3			Long-term Senior Unsecured ³⁾	A
Senior Unsecured ⁴⁾	A1	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 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)





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