

INVESTOR RELATIONS

IR Presentation as of 30.09.2017



Performance



Portfolio Quality



Funding



Outlook



Contact

PERFORMANCE FIGURES

IR Presentation as of 30.09.2017



Performance



Portfolio Quality



Funding



Outlook



Contact

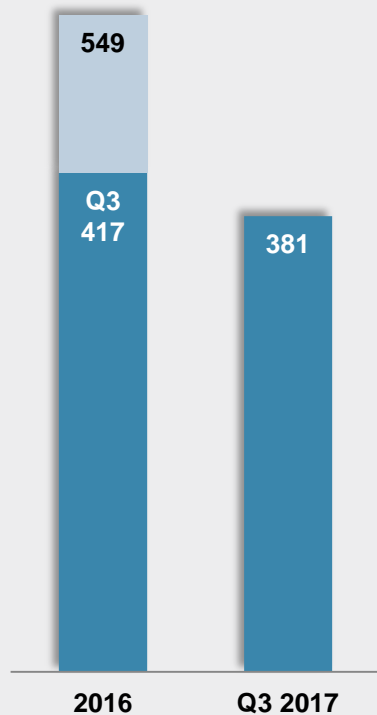


Start

- ▶ In **persistent challenging market environment** Helaba achieves **good performance**
- ▶ **Significant growth in net trading income** and **low level of provisions for losses on loans and advances** had positive impact
- ▶ Encouraging growth in **new business** with customers
- ▶ Further improvement of regulatory ratios: **CET1 ratio** phased-in of 15.3% and fully-loaded of 15.1%; **total capital ratio** increases to 21.9%

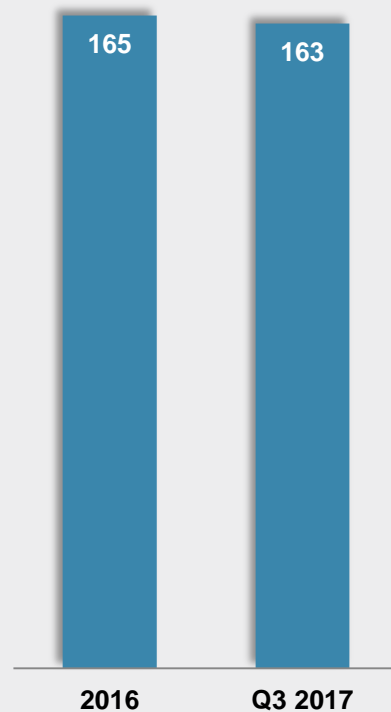
Profit before tax

in € m

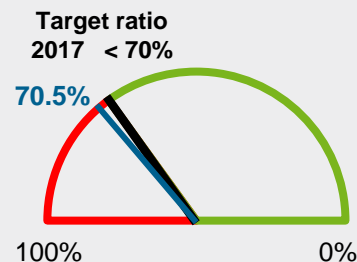


Total assets

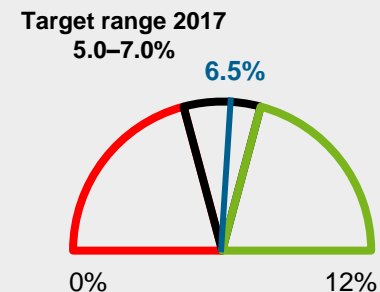
in € bn



Cost/income ratio



Return on equity



CET1 ratio (“fully-loaded”) and liquidity coverage ratio

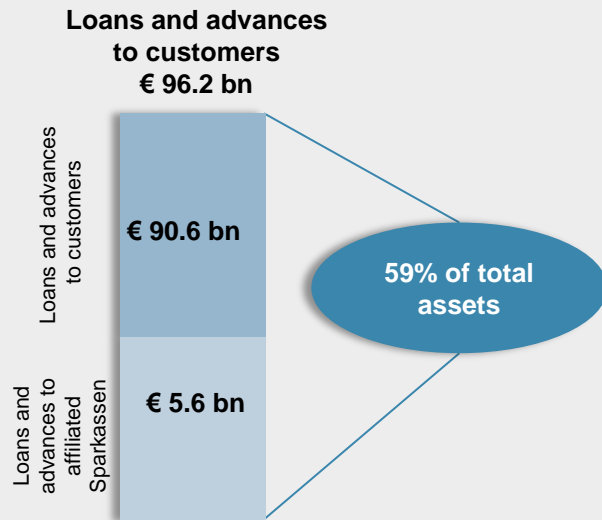
	Requirement 2017	Target ratio/ range	Ratio Q3 2017
CET1 ratio (“fully-loaded”)	7.43%*	12%	15.1%
Liquidity coverage ratio	80%	110-130%	166%

* Derived from SREP requirement for 2017 taking capital buffers into account

Tightly interconnected with the real economy

in € bn

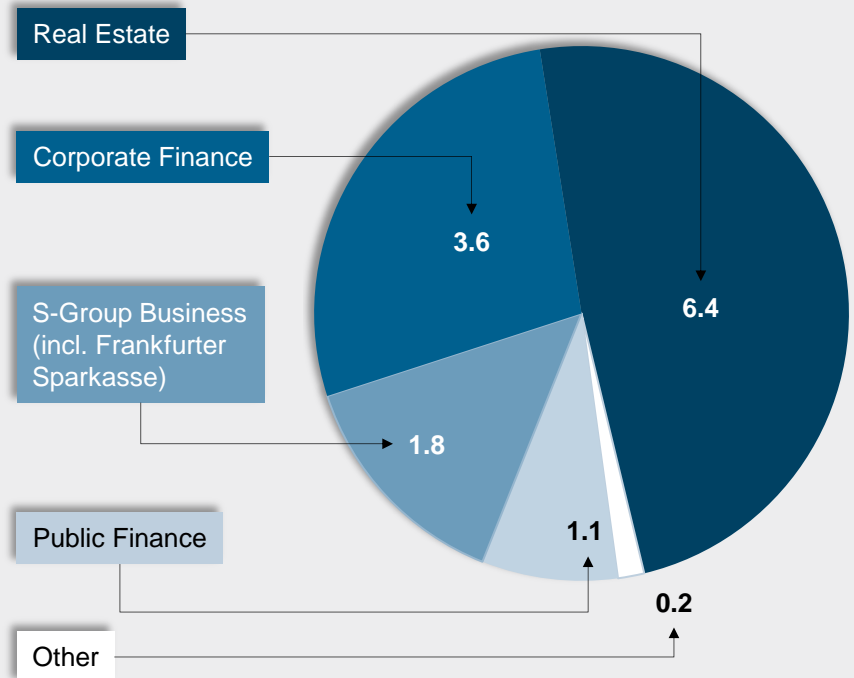
**Total assets
€ 163.1 bn**



- Despite decline in loans and advances to customers (€ -2.5 bn) and to affiliated Sparkassen (€ -0.8 bn) in the first nine months of 2017, degree of interconnectedness with real economy stable at 59%

New medium and long-term business: € 13.2 bn *

in € bn

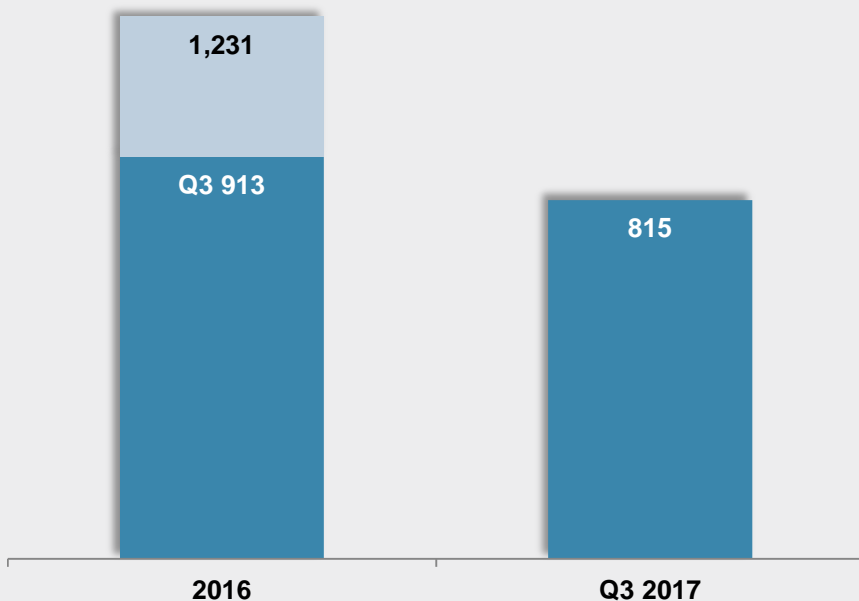


* New medium and long-term business excl. WIBank

- Positive development in amount of new medium and long-term business (duration of more than one year) compared to same period last year (Q3 2016: € 12.5 bn)
- Despite this, portfolio volume declines due to higher-than-anticipated repayments as well as currency effects

Net interest income

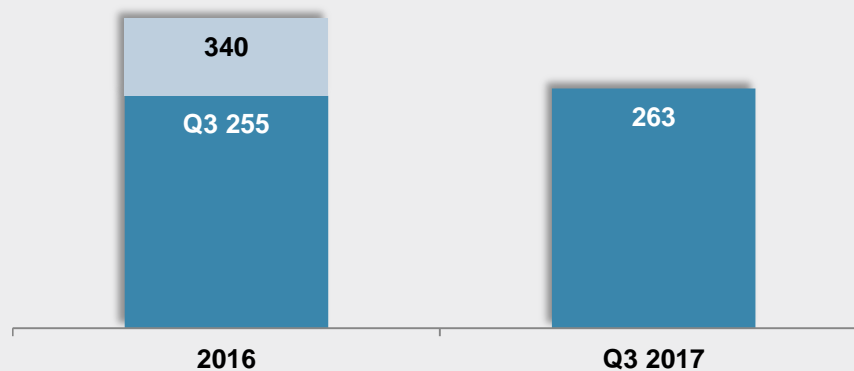
in € m



- Lower net interest income due to fall in average margins as a result of the persistently high competitive pressure
- Results of own investments, Cash Management and retail retail-related activities impacted by historically low interest rates

Net fee and commission income

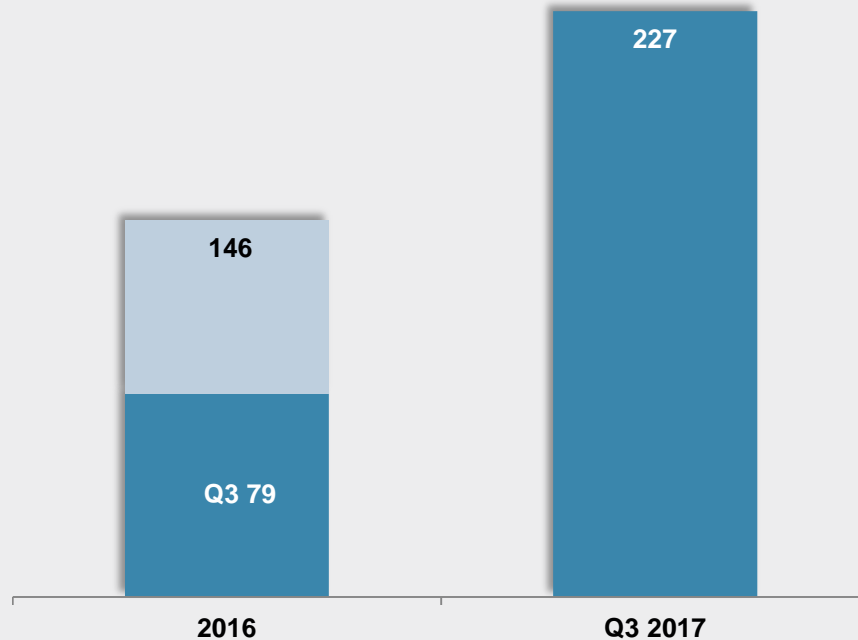
in € m



- Welcome increase in net fee and commission income. In particular, growth in fees and commissions generated by Helaba's transaction banking activities as well as from Frankfurter Sparkasse and from Helaba Invest's asset management business

Net trading income

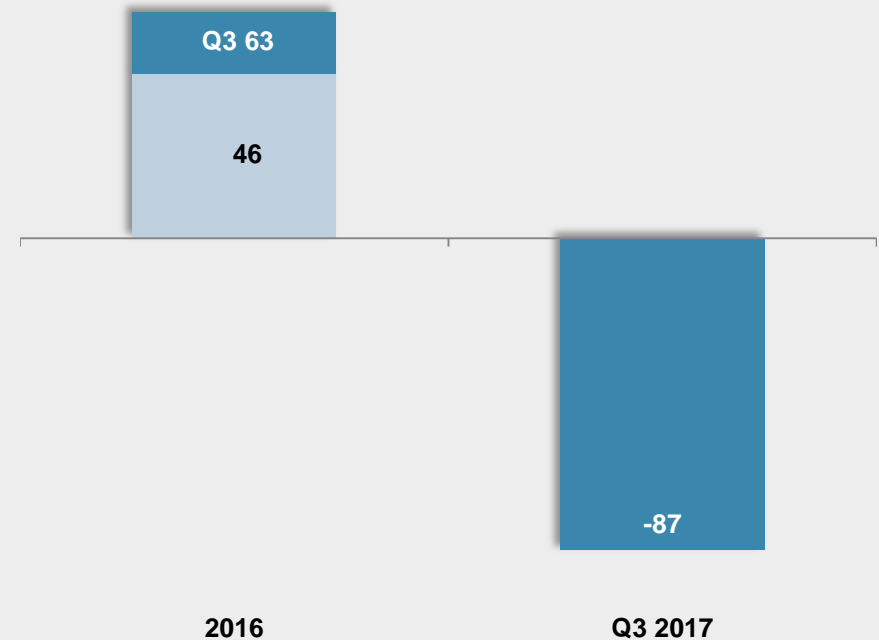
in € m



- Satisfactory rise in operating income from customer-driven capital market operations

Result from hedges / non-trading derivatives

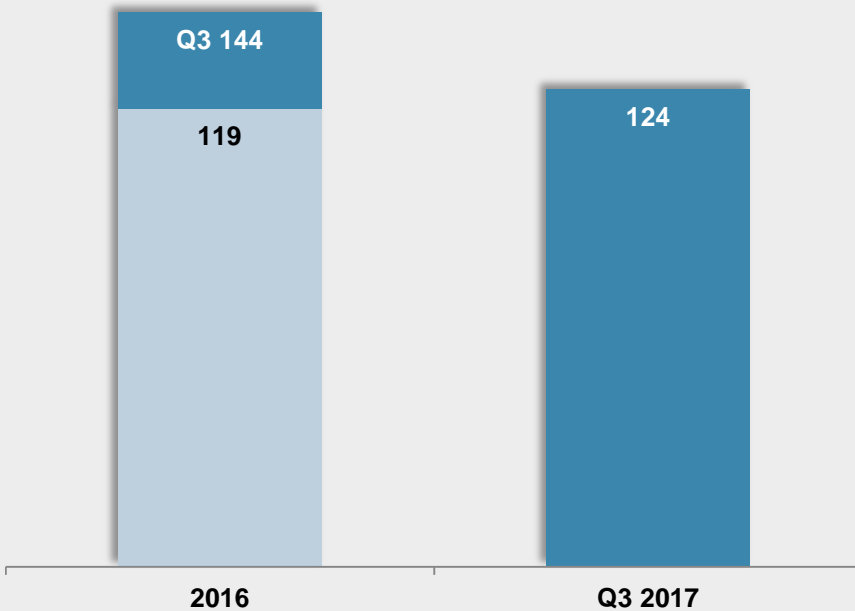
in € m



- Result from hedges / non-trading derivatives and financial instruments (incl. at-equity valuation) strongly affected by mark-to-market valuation
- Another reason for the decline was the inverse effect compared with the previous year of the liquidity component of foreign currencies (cross-currency basis spread) in the valuation of derivatives

Other net operating income

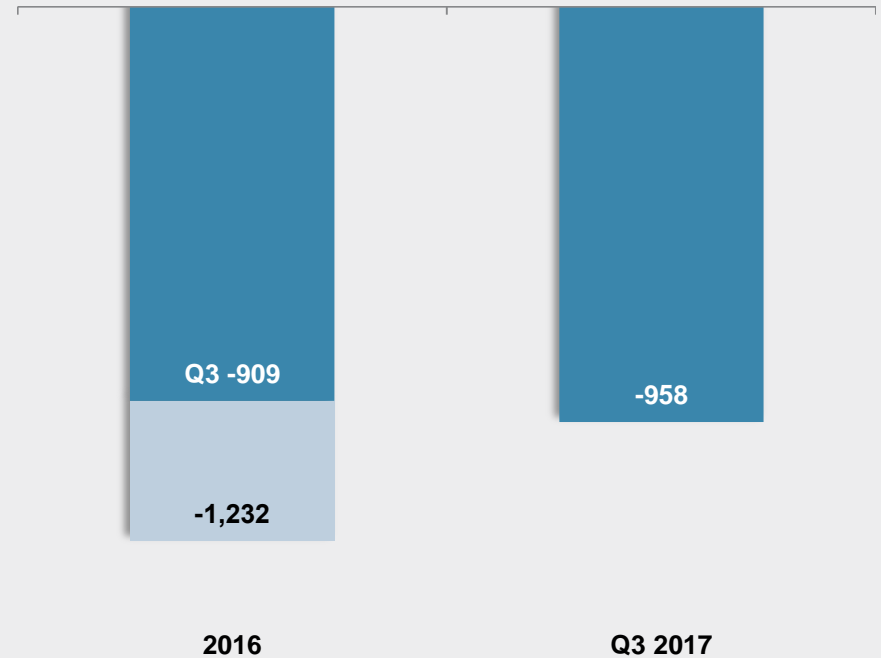
in € m



- Mainly affected by earnings from real estate portfolio (predominantly GWH) in an amount of € 120 m (Q3 2016: € 106 m)
- Negative impact on other net operating income due to creation of provisions, among others of provisions for restructuring at LBS

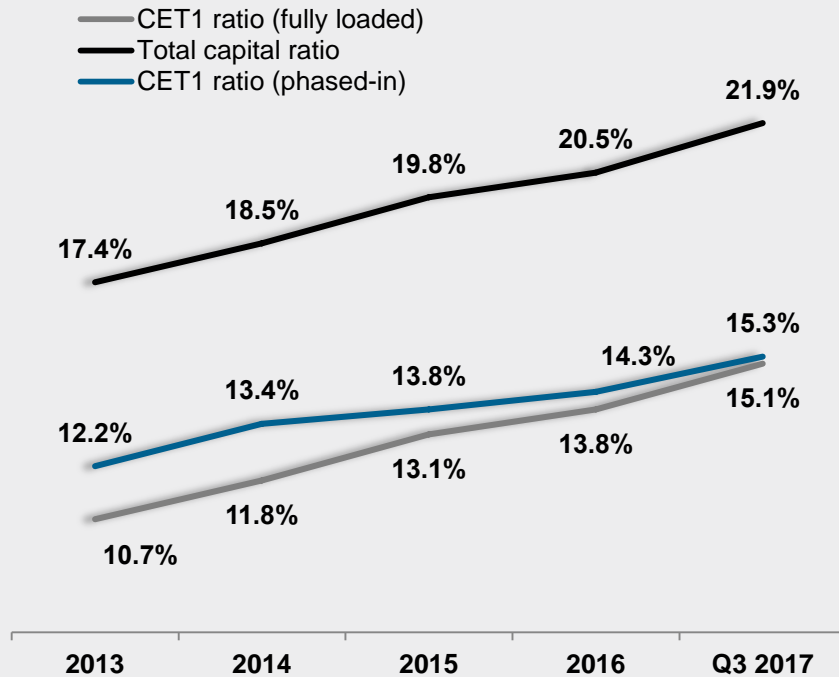
General and administrative expenses

in € m



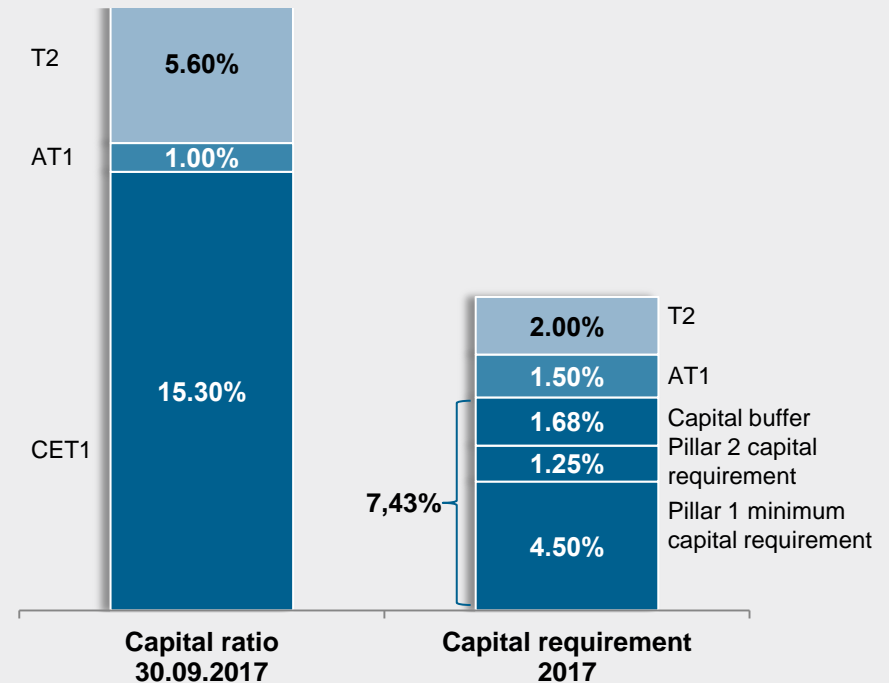
- Increase in non-personnel related administrative expenses include higher costs for external IT and advisory services in connection with regulatory and operational requirements

Development of capital ratios









- Continuous improvement in capital ratios to a very high level of 15.1% (fully-loaded) and 15.3% (phased-in), respectively
- Leverage ratio at 4.7% (phased-in) and 4.3% (fully-loaded)
- Risk-weighted assets of € 49.2 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%

Real Estate	Corporate Finance	Financial Markets	S-Group Business, Priv. Customers & SME	Public Development and Infrastructure Business	Others
Real Estate Lending	Corporate Finance	Capital Markets	S-Group Bank	WIBank	Settlement / custody services
Real Estate Management		Asset/Liability Management (incl. domestic municipal lending business)			Cash Management
		Sales Public Authorities			Corporate Centre Units
		Financial Institutions and Public Finance			
 OFB Projektentwicklung					
					
					Consolidation
					Consolidation effects

Real Estate	Q3 2017	Q3 2016	Change
	€ m	€ m	%
Total income before loan loss provisions	465	461	0.9
Provisions for losses on loans and advances	4	-10	n.a.
General administration expenses	-176	-172	2.3
Segment result	294	279	5.4

	Q3 2017	FY 2016
	€ bn	€ bn
Assets	33.6	34.5
Risk-weighted assets	15.2	16.1

- Segment with highest contribution to Group profit; segment result above high level of previous year
- Net interest income fell due to low margins in existing business and slight reduction in the portfolio. Decline is more than compensated for by rise in other operating income, primarily resulting from proceeds from property disposals
- Positive contribution to segment earnings from loan loss provisions; low additions were more than offset by simultaneous reversals of specific and portfolio allowances.



Corporate Finance	Q3 2017	Q3 2016	Change
	€ m	€ m	%
Total income before loan loss provisions	227	255	-11.0
Provisions for losses on loans and advances	-48	-175	-72.6
General administration expenses	-107	-99	8.1
Segment result	73	-20	n.a.

	Q3 2017	FY 2016
	€ bn	€ bn
Assets	26.8	28.3
Risk-weighted assets	13.0	13.9

- Positive segment result of € 73 m (Q3 2016: € -20 m), particularly due to considerably lower provisions for losses on loans and advances
- Decline in net interest income to € 229 m (Q3 2016: € 243 m) as a result of reduction in interest rate conditions as well as absence of earnings from investments
- Rise in general administration expenses to € -107 m due to higher allocation to overheads due to regulatory requirements



Financial Markets	Q3 2017	Q3 2016	Change
	€ m	€ m	%
Total income before loan loss provisions	216	198	9.1
Provisions for losses on loans and advances	1	-1	n.a.
General administration expenses	-171	-157	8.9
Segment result	46	40	15.0

	Q3 2017	FY 2016
	€ bn	€ bn
Assets	30.6	33.8
Risk-weighted assets	6.2	7.8

- At € 41 m, net interest income is above the previous year's level (€ 33 m). Lending to domestic and international municipal authorities as well as money market trading with customers provided the largest contribution to earnings
- Positive trading income of € 201 m (Q3 2016: € 58 m) thanks to stable earnings from customers and positive CVA effects as a result of rising long-term interest rates and FVA
- Negative result of € -87 m (Q3 2016: € 45 m) from hedges and non-trading derivatives (to which FVO is applied) resulting from inverse effect of taking the liquidity components of foreign currencies (cross-currency basis spread) into account in the valuation of derivatives
- Overall, positive and negative valuation effects largely cancelled each other out leading to rise in segment result to € 46 m (Q3 2016: € 40 m)

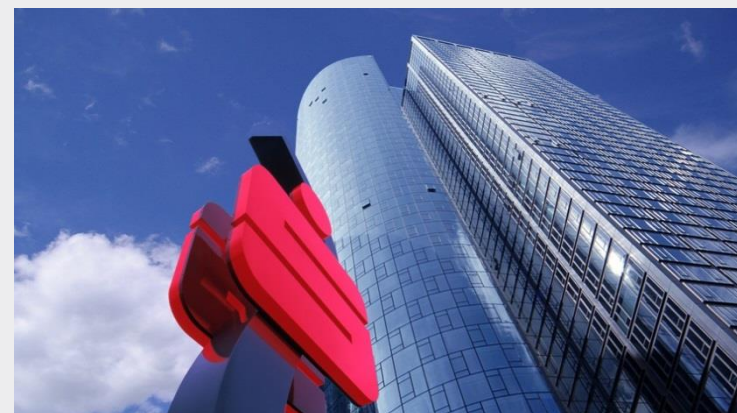


S-Group Business, Private Customers and SME Business

	Q3 2017	Q3 2016	Change
	€ m	€ m	%
Total income before loan loss provisions	412	436	-5.5
Provisions for losses on loans and advances	5	-1	n.a.
General administration expenses	-349	-349	0,0
Segment result	67	85	-21.2

	Q3 2017	FY 2016
	€ bn	€ bn
Assets	34.6	35.6
Risk-weighted assets	5.9	5.8

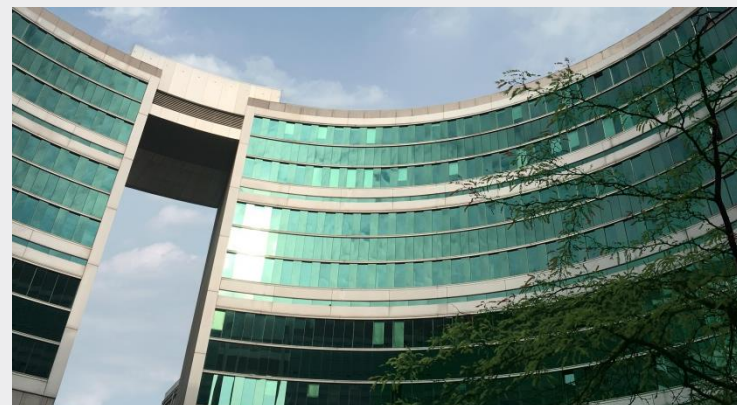
- Fall in net interest income to € 261 m (Q3 2016: € 273 m); zero and negative interest rate environment mainly weighing on business of Frankfurter Sparkasse and LBS. Positive development of Verbundbank's total income
- Encouraging growth in net fee and commission income to € 125 m (Q3 2016: € 115 m €), especially due to contributions from Frankfurter Sparkasse
- Income from hedges and non-trading derivatives (to which FVO is applied) decreased to € 3 m (Q3 2016: € 9 m)
- Negative impact on other operating income due to recognition of restructuring provisions at LBS of € 11 m
- Reversal of provisions for losses on loans and advances of € 5 m (Q3 2016: € -1 m)



Public Development and Infrastructure Business	Q3 2017	Q3 2016	Change
	€ m	€ m	%
Total income before loan loss provisions	63	64	-1.6
Provisions for losses on loans and advances	0	0	0.0
General administration expenses	-52	-47	10.6
Segment result	11	17	-35.3

	Q3 2017	FY 2016
	€ bn	€ bn
Assets	16.9	16.6
Risk-weighted assets	1.1	1.1

- Slight increase in net interest income to € 37 m (Q3 2016: € 36 m) due to growth in promotional loan business
- Net fee and commission income of € 28 m unchanged from same period last year
- Decrease in segment result primarily due to rise in general administration expenses as a consequence of higher costs for IT services



Other	Q3 2017	Q3 2016	Change
	€ m	€ m	%
Total income before loan loss provisions	-13	11	n.a.
Provisions for losses on loans and advances	21	45	-53.6
General administration expenses	-149	-128	16.7
Segment result	-142	-72	-96.5

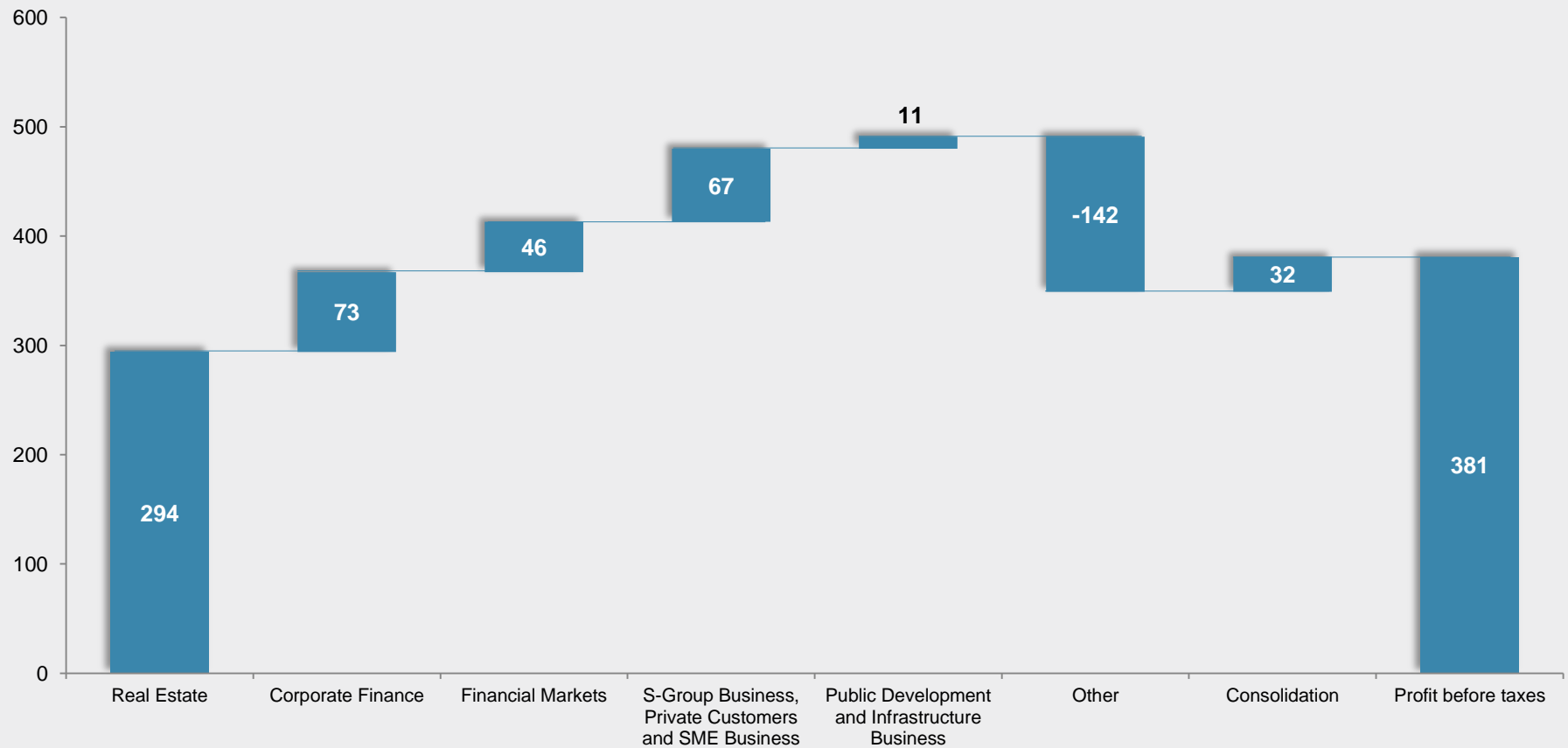
	Q3 2017	FY 2016
	€ bn	€ bn
Assets	30.7	23.1
Risk-weighted assets	7.8	8.1

- Segment includes in particular net income from transaction banking business as well as costs of central units
- Significant decline in segment result not caused by operating business
- Reduction compared to same period of previous year attributable to smaller reversal of provisions for losses on loans and advances, recognition of provisions as well as higher costs for projects



Profit before taxes as of 30.09.2017

in € m



PORTFOLIOQUALITY

IR Presentation as of 30.09.2017



Performance



Portfolio Quality



Funding



Outlook



Contact



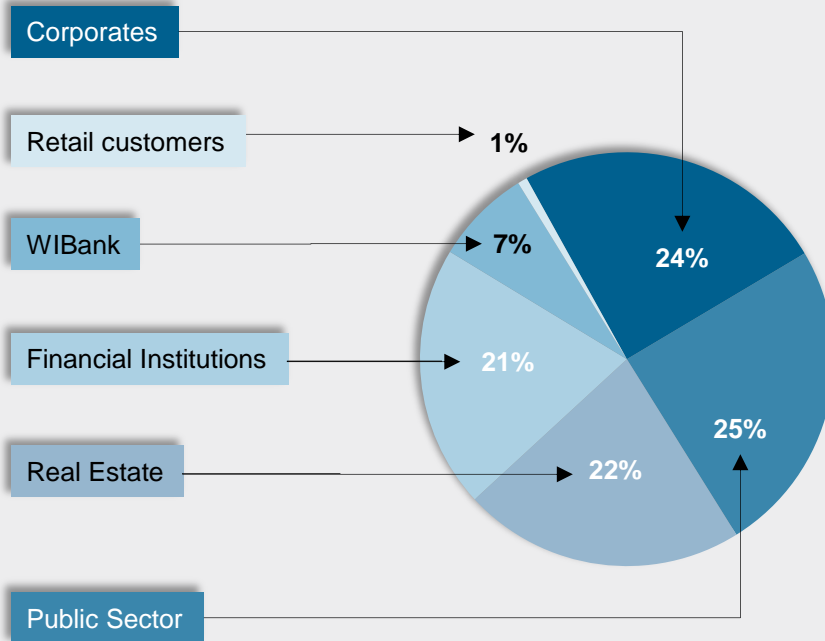
Start

Helaba's risk profile – total volume of lending € 181.9 bn

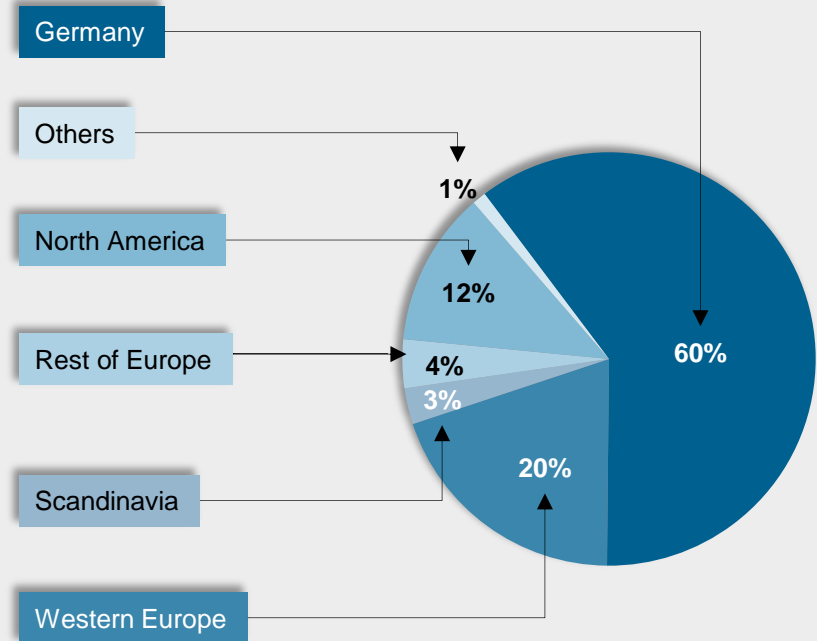
Diversified portfolio with focus on Germany

19

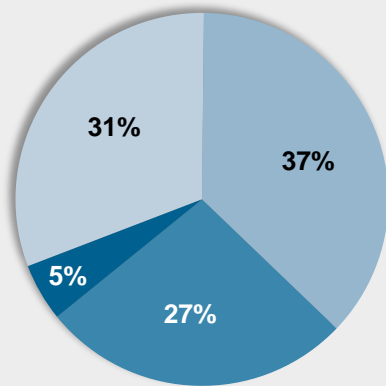
Breakdown by customers



Breakdown by region



Total volume of lending by default rating category



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

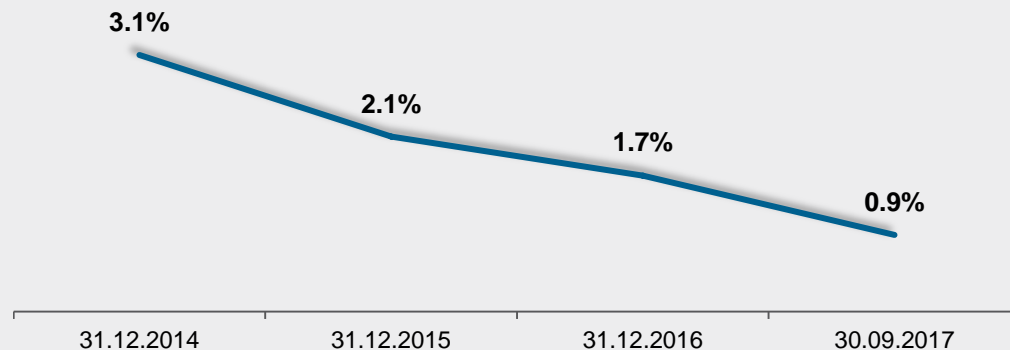
RC 2-7: Exceptionally high to outstanding financial performance; corresponding S&P Rating: AA to A-

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

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

- Total lending volume of € 181.9 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

Development of NPL¹ ratio



- As of 30.09.2017, NPL ratio had fallen further to 0.9%.
- Of total loans and advances of € 115.3 bn, € 1.1 bn were classified as non-performing exposures

1) The NPL ratio is the share of non-performing exposures according the EBA definition in relation to loans and advances to customers/banks. Based on Finrep data

Composition of loan loss provisions

in € m

01.01.- 30.09.2016

Net risk provisioning -140

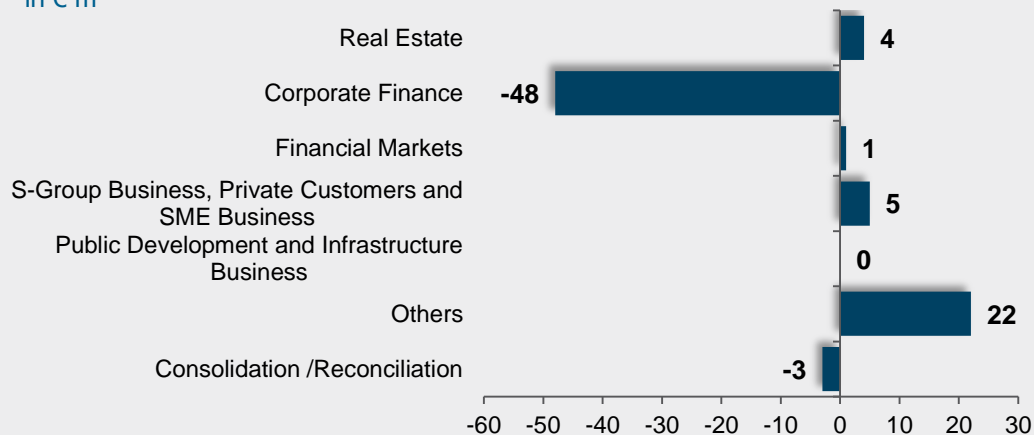
01.01.- 30.09.2017

Net risk provisioning	-19
Specific allowances	-71
Portfolio allowances	25
Provisions	10
Direct impairments/ recoveries on receivables previously written down	17

- 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

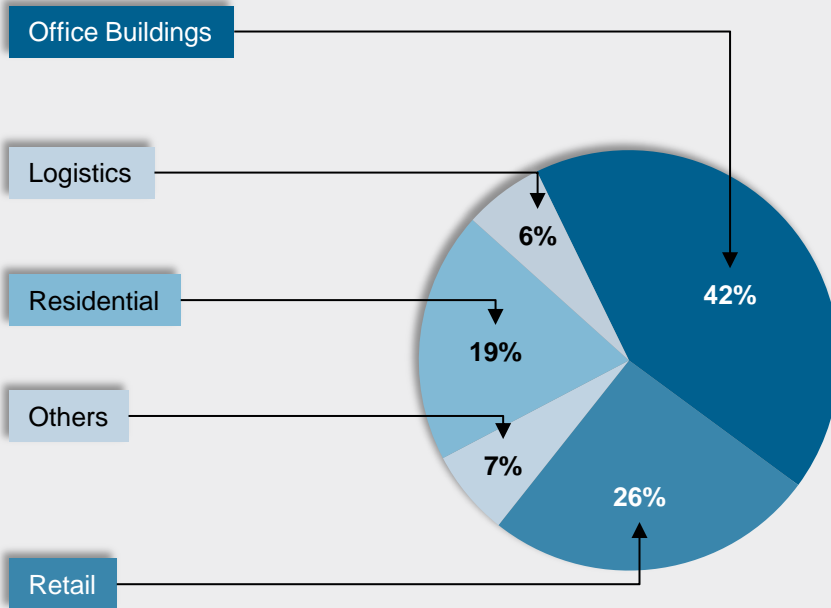
Breakdown by segment

in € m

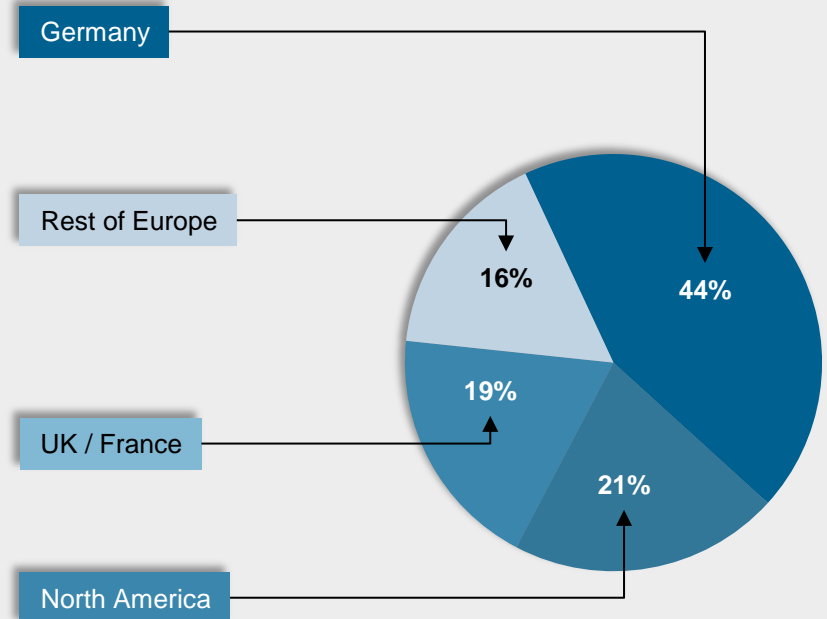


- Additions to allowances only in Corporate Finance segment mainly related to the shipping portfolio
- Reversal of portfolio allowances for loans not acutely at risk of default in segment of "Others"

Breakdown by usage

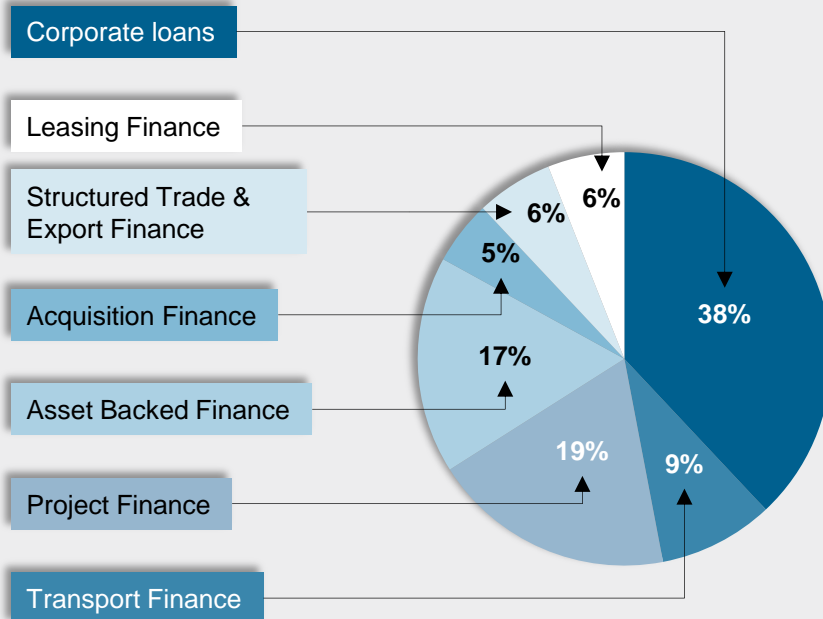


Breakdown by region

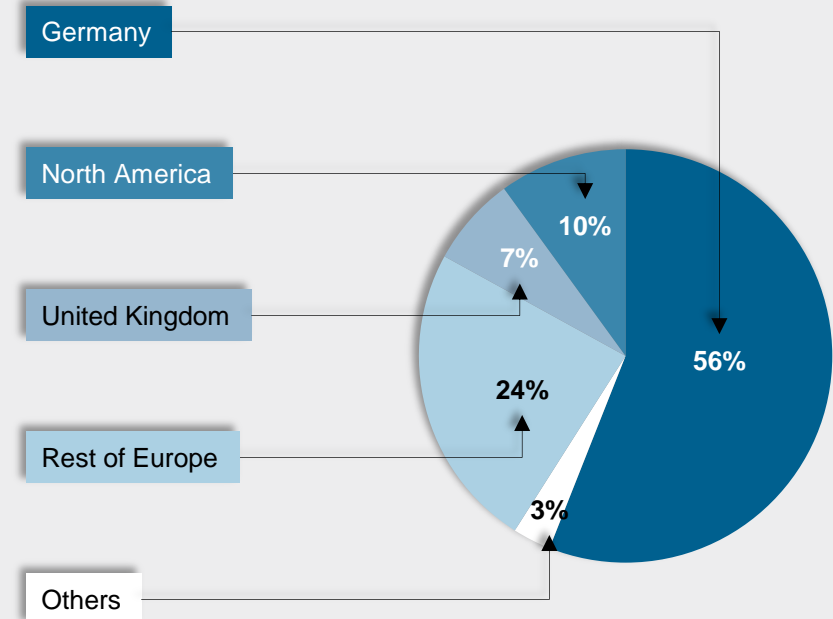


▶ As a market leader in Germany, Helaba has acknowledged expertise in the real estate lending business

Breakdown by product area



Breakdown by region



- ▶ Corporate Finance supports target customers with customized classical and capital market oriented financing structures.

HELABA FUNDING

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Performance



Portfolio Quality



Funding



Outlook



Contact



Start

MOODY'S

Rating

FitchRatings

Rating

S&P Global ¹

Rating

Outlook	Stable	Outlook	Stable	Outlook	Stable
Issuer Rating	A1	Long-term Issuer Default Rating ¹	A+	Long-term Issuer Credit Rating	A
Counterparty Risk Assessment	Aa3(cr)	Public Sector Pfandbriefe	AAA	Short-term Issuer Credit Rating ²	A-1
Long-term Deposit Rating	Aa3	Mortgage Pfandbriefe	AAA	Long-term Senior Unsecured ³	A
Public-Sector Covered Bonds	Aaa	Short-term Issuer Default Rating ^{1, 2}	F1+	Long-term Senior Subordinated ⁴	A-
Short-term Deposit Rating ²	P-1	Derivative Counterparty Rating ¹	AA-(dcr)	Standalone Credit Profile	a
Senior senior unsecured bank debt ³	Aa3	Long-term Deposit Rating ^{1,3}	AA-		
Senior Unsecured ⁴	A1	Senior Unsecured ^{1,4}	A+		
Subordinate Rating ⁵	Baa2	Subordinated debt ^{1,5}	A		
Baseline Credit Assessment	baa3	Viability-Rating ¹	a+		

Ratings for Helaba's liabilities covered by statutory guarantee ⁶

Long-term Rating

Moody's Fitch Ratings S&P Global

Aa1 AAA AA-

Sources: Standard & Poor's, Moody's Investors Service, Fitch Ratings

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 Sec. 46f (5 & 7) KWG ("with preferential right to payment")

4) Corresponds in principle to long-term senior unsecured debt according to Sec. 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)

Funding Strategy

- ▶ Continued matched funding of new business
- ▶ Further expansion in strong position among German investors and targeted growth in international investor base
- ▶ Focus on marketing Helaba's sound "credit story" in and outside Germany
- ▶ Further development of product and structuring capacity using issuance programmes

Funding Volume

in € bn	Covered	Unsecured	Total
2016	3.0	14.2	17.2
2017 planned	6.0	9.0	15.0

Funding Programmes

- ▶ € 35 bn Medium Term Note Programme
- ▶ Domestic issues (base prospectus)
- ▶ € 10 bn CP/CD Programme
- ▶ € 6 bn French CD Programme
- ▶ \$ 5 bn USCP Programme

Broad Access to Liquidity

Helaba Group

- ▶ € 36 bn cover pool for covered bonds
- ▶ € 31 bn securities eligible for ECB/ central bank funding
- ▶ € 17 bn retail deposits within Helaba Group

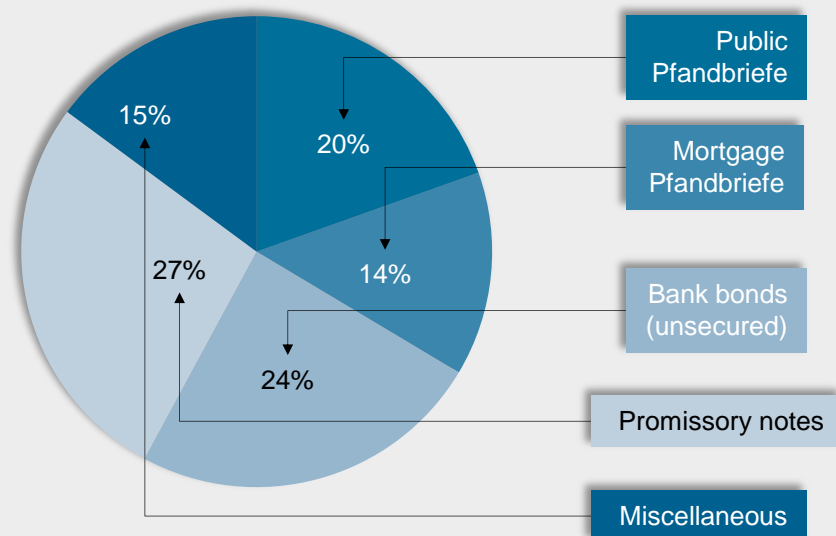
Finanzgruppe Hessen-Thüringen

- ▶ € 94 bn deposits within  Finance Group Hesse-Thuringia (consolidated accounts as of 31.12.2016)

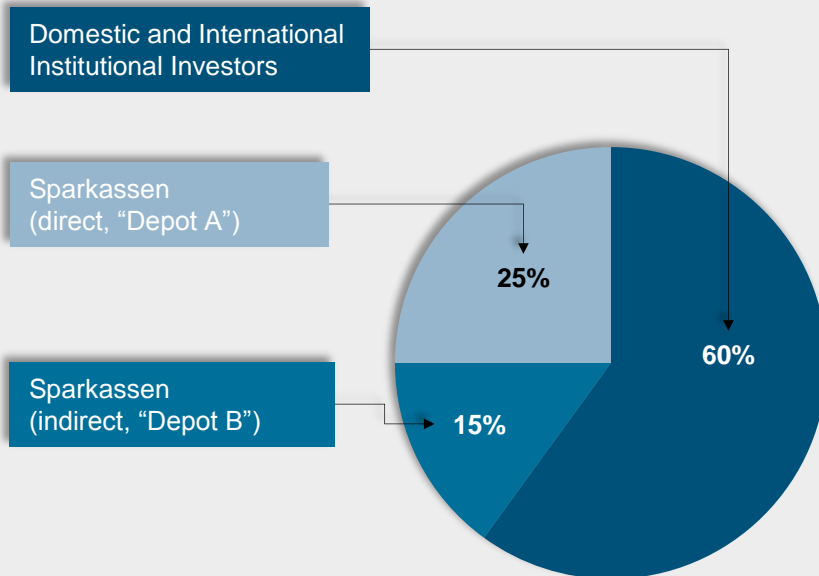
Outstanding medium and long-term funding (≥ 1 year): € 84.7 bn

Year-on-year comparison	Q3 2017	2016	2015
	in € m	in € m	in € m
Covered bonds ("Pfandbriefe")	28,444	27,477	29,406
thereof public sector	16,569	17,605	20,642
thereof mortgage backed	11,875	9,872	8,764
Senior unsecured bonds	20,606	20,113	17,087
Promissory notes	23,068	21,050	21,417
Miscellaneous*	12,607	12,852	13,700
Total	84,726	81,492	81,610

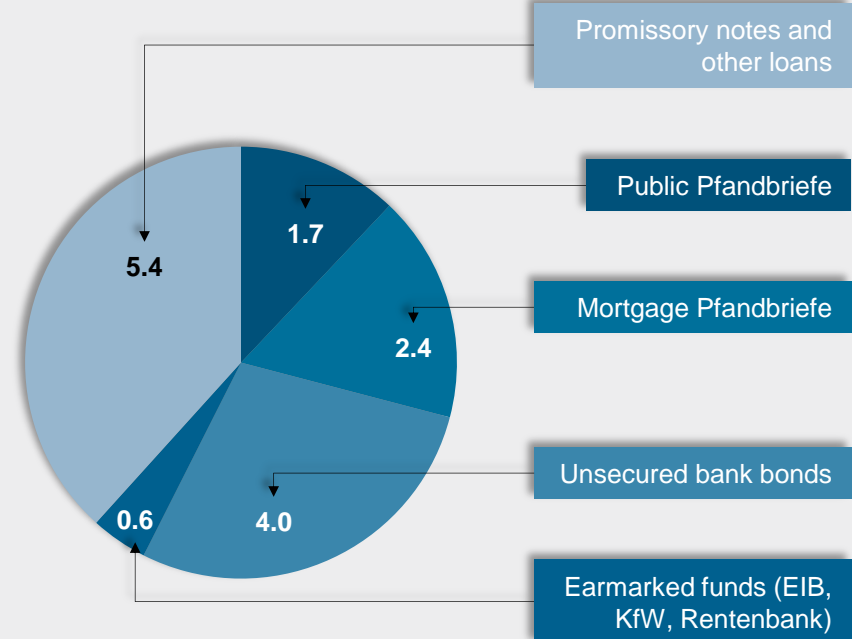
* Subordinated bonds/ participation certificates/ silent partnership contributions/ earmarked funds



Breakdown by Investor



Breakdown by Product (in € bn)



Medium and long-term funding volume in Q3 2017: € **14.1 bn**

- ▶ By making use of the favourable market conditions Helaba had raised more than 94% of planned funding for 2017 by Q3
- ▶ Successful benchmark issues in covered bond segment primarily appealed to institutional market

OUTLOOK

IR Presentation as of 30.09.2017



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Portfolio Quality



Funding



Outlook



Contact



Start

- ▶ **Due to current monetary policy and regulatory requirements market conditions will remain challenging**
- ▶ **Figures from the first three quarters confirm forecast for 2017 in which a decline in net profit is expected for the year as a whole**
- ▶ **Due to the current developments, Helaba is optimistic to exceed the planned target for the year**

Digitalisation



- ▶ First Helaba electronic payment application online; customer portal to go live at the beginning of 2018
- ▶ Intensive exchange of information with Fintechs with aim of entering into co-operation agreements, e.g. via Platinum Partnership with Frankfurt Tech-Quartier, investment in Capnamic Ventures Fund II

Stockholm Representative Office



- ▶ Very encouraging growth in Scandinavian business, especially in segments of Real Estate and Corporate Finance
- ▶ Conversion of Stockholm Representative Office into full branch planned for 2018

YOURCONTACT

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Performance



Portfolio Quality



Funding



Outlook



Contact



Start



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APPENDIX

IR Presentation as of 30.09.2017



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Portfolio Quality



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Outlook



Contact



Start

Statement of Financial Position of Helaba Group (IFRS)	30.09.2017	31.12.2016	Change	
	bn €	bn €	bn €	%
Loans and advances to banks incl. cash reserve	24.8	18.3	6.5	35.5
Loans and advances to customers	90.6	93.1	-2.5	-2.7
Allowances for losses on loans and advances	-0.6	-0.8	0.2	25.0
Trading assets	16.4	20.5	-4.1	-20.0
Positive fair values of non-trading derivatives	3.2	4.0	-0.8	-20.0
Financial investments incl. shares in equity-accounted entities	24.5	25.8	-1.3	-5.0
Other assets	4.2	4.3	-0.1	-2.3
Total assets	163.1	165.2	-2.1	-1.3
Liabilities due to banks	31.9	30.1	1.8	6.0
Liabilities due to customers	50.5	46.8	3.7	7.9
Securitised liabilities	50.7	50.9	-0.2	-0.4
Trading liabilities	12.8	18.7	-5.9	-31.6
Negative fair values of non-trading derivatives	2.6	3.9	-1.3	-33.3
Provisions, other liabilities	3.0	3.3	-0.3	-9.1
Subordinated capital	3.6	3.6	0.0	0.0
Equity	8.0	7.9	0.1	1.3
Total liabilities	163.1	165.2	-2.1	-1.3

Income Statement of Helaba Group (IFRS)	Q3 2017	Q3 2016	Change	
	m €	m €	m €	%
Net interest income	815	913	-98	-10.7
Provisions for losses on loans and advances	-19	-140	121	86.4
Net interest income after provisions for losses on loans and advances	796	773	23	3.0
Net fee and commission income	263	255	8	3.1
Net trading income	227	79	148	> 100.0
Net income from hedge accounting / derivatives	-87	63	-150	-
Net income from financial investments (incl. at-equity valuation)	16	12	4	33.3
Other net operating income	124	144	-20	-13.9
General and administrative expenses	-958	-909	-49	-5.4
Profit before taxes	381	417	-36	-8.6
Taxes on income	-132	-151	19	-12.6
Consolidated net profit	249	266	-17	-6.4

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