



Investor Presentation

The Helaba Group

Frankfurt / Main, March 2019



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:** € 163 bn
- **RWA:** € 54 bn
- **CET1 ratio¹:** 14.9 %

- **Pre-tax profit:** € 443 m
- **Employees:** ca 6,100
- **Ratings:** Moody's Aa3 / Fitch A+ / S&P A

¹) Fully loaded

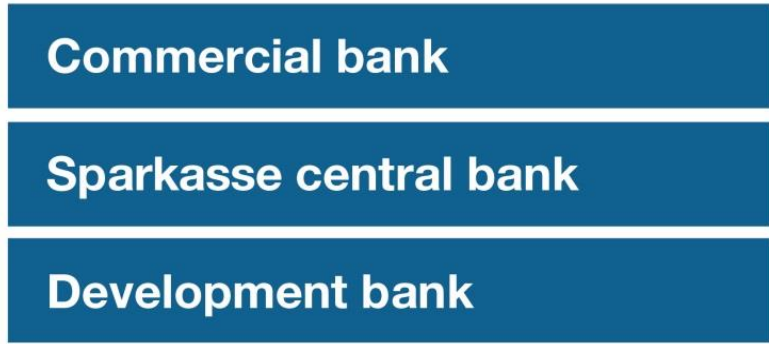
As of December 31, 2018



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




- 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 

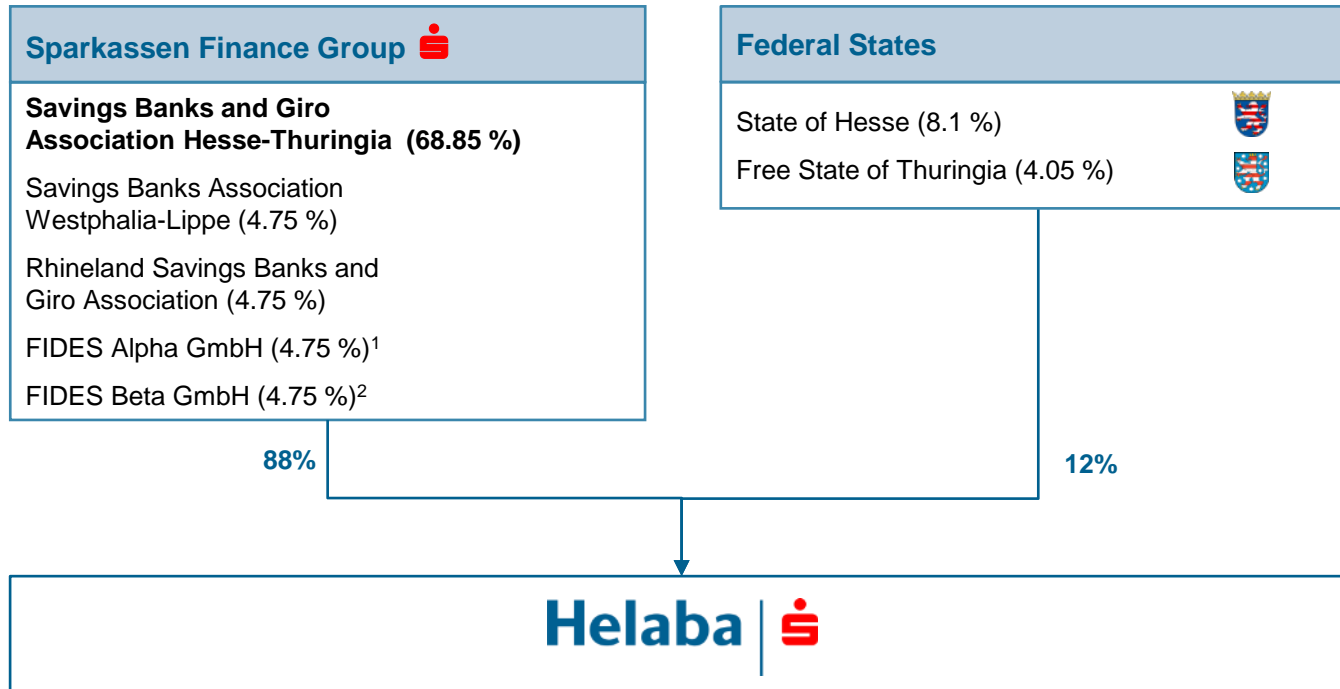
- Project development and management 
- Retail issues and structured bonds
- Issuance of own debt instruments



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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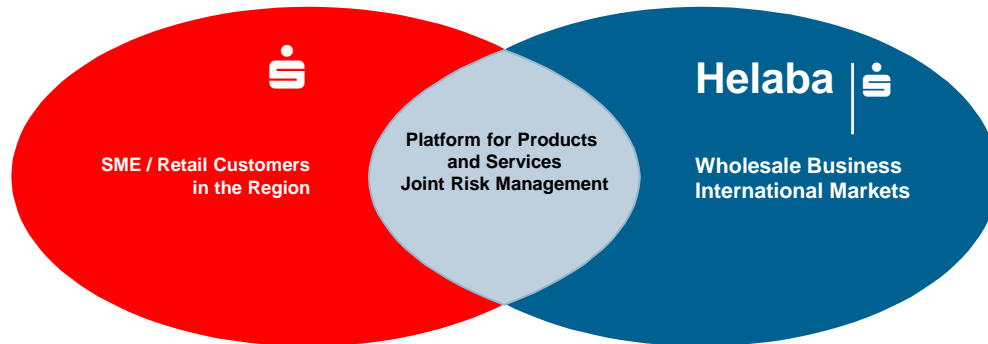


Helaba and Sparkassen in Hesse-Thuringia

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. € 555 m in addition to existing nationwide voluntary support mechanisms as at 31.12.2018
- 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)

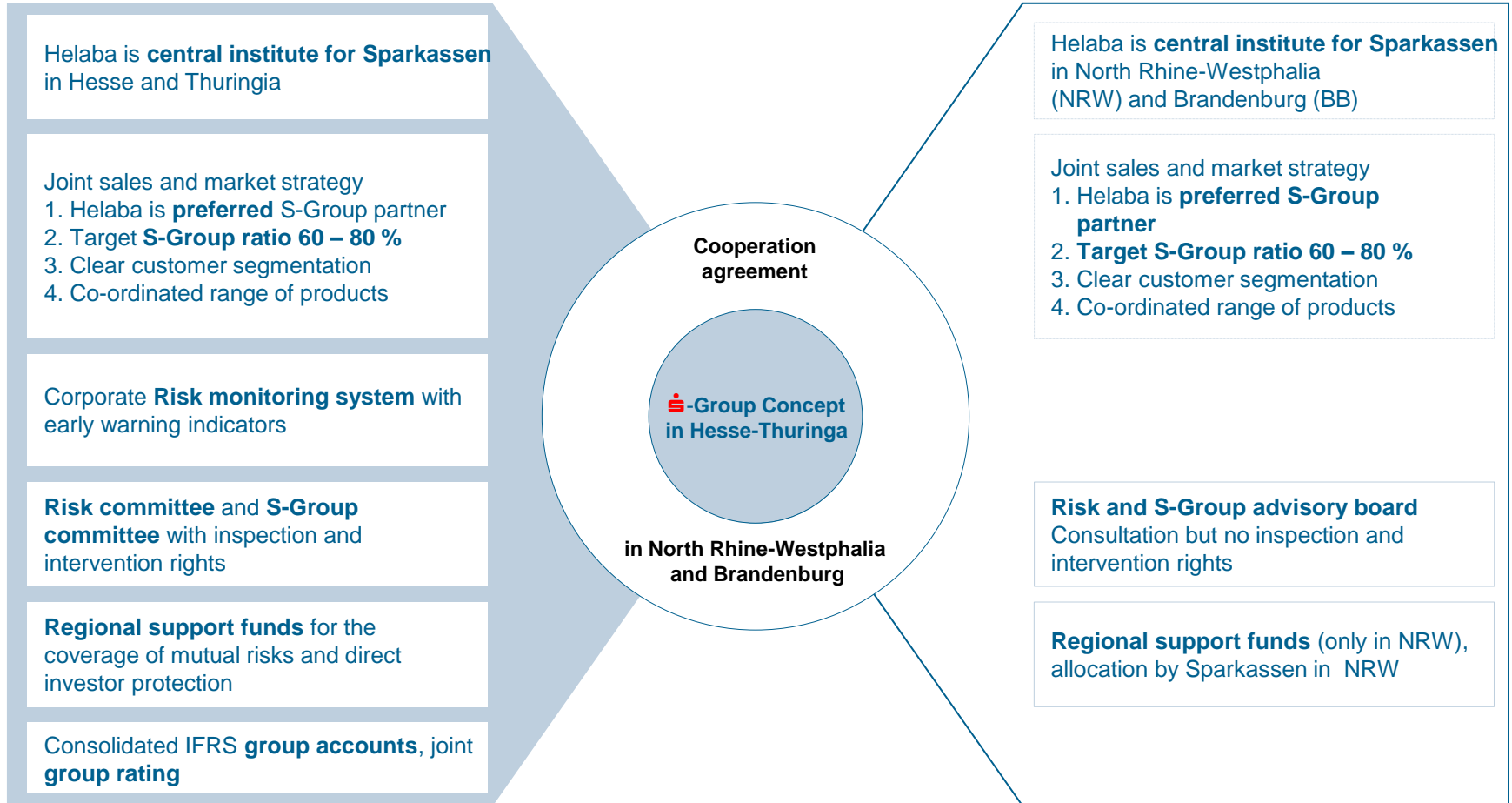


The -Group Concept in Hesse-Thuringia

Cooperation agreements with -Organisations in NRW and Brandenburg

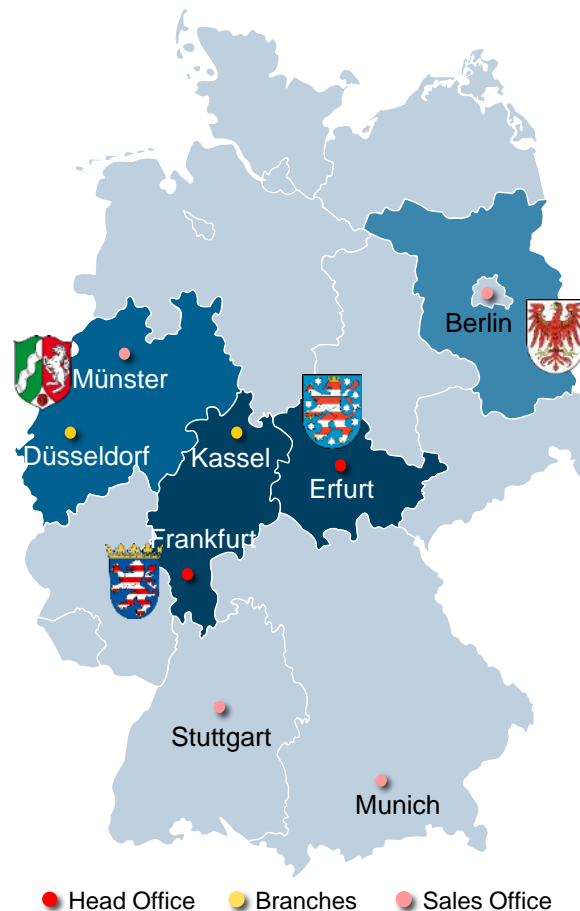
S-Group concept in Hesse-Thuringia based on the business model as single economic unit

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 pleased with performance and results

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» Helaba achieves satisfactory result in the context of a challenging market environment

» As previously stated, consolidated profit before tax of € 443 m matches prior-year level of € 447 m

» Risk position remains positive thanks to good portfolio quality

» Sharp growth in new business second half of the year demonstrates good market position

» Renewed increase in general and administrative expenses, particularly due to regulatory costs

» CET1 ratio (phased-in and fully-loaded) of 14.9%, total capital ratio of 20.6% still significantly above regulatory requirements



Development of Key Financial Ratios Reflects the Challenging Market Environment

Profit before tax

in € m



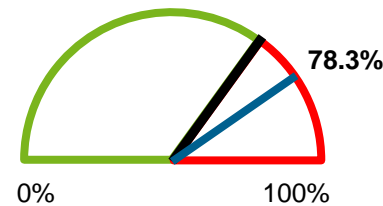
Total assets

in € bn



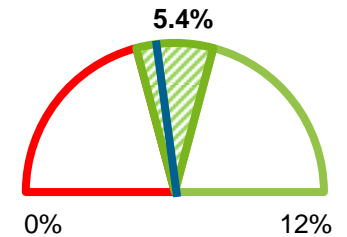
Cost-income ratio

Target ratio 2018
< 70%



Return on equity

Target range 2018
5.0-7.0%



CET1 ratio ("fully-loaded") and Liquidity Coverage Ratio

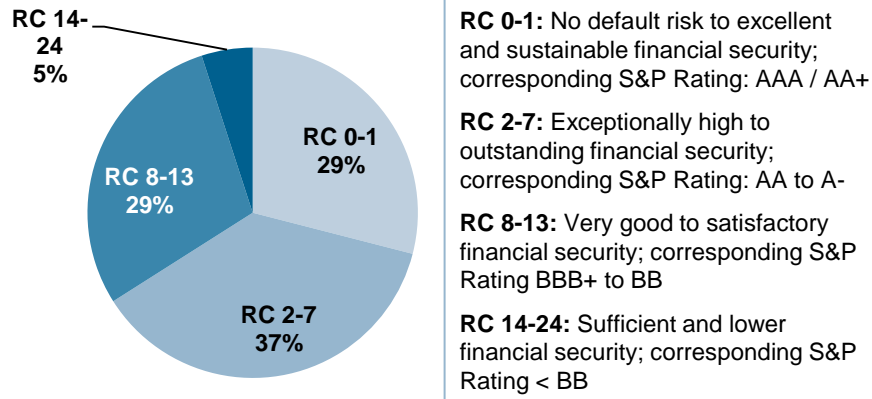
	Requirement 2018	Target ratio/ range	Ratio 2018
CET1 ratio ("fully loaded")	8.89% ¹⁾	12%	14.9%
Liquidity Coverage Ratio	100%	>120%	126.0%

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



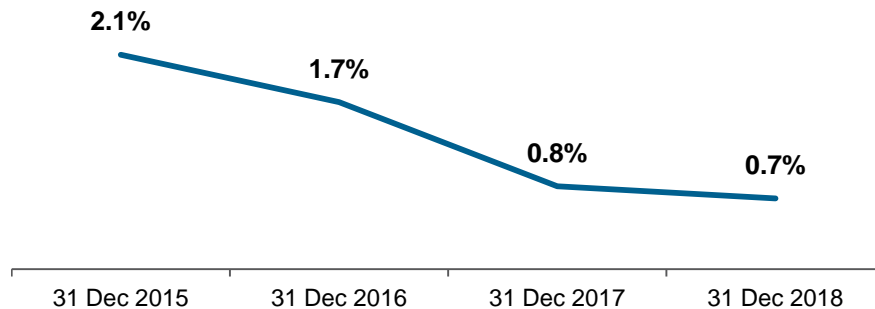
Further Decline in NPL Ratio while Rating Structure Remains Stable

Total volume of lending by default rating category (RC)



- Total lending volume of € 182.3 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

Development NPL¹ ratio



- As of December 31, 2018, NPL ratio had fallen further to 0.67 %
- Of “total loans and advances” of € 115.7 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 Portfolio Quality Reflected in Reversals of Loan Loss Provisions

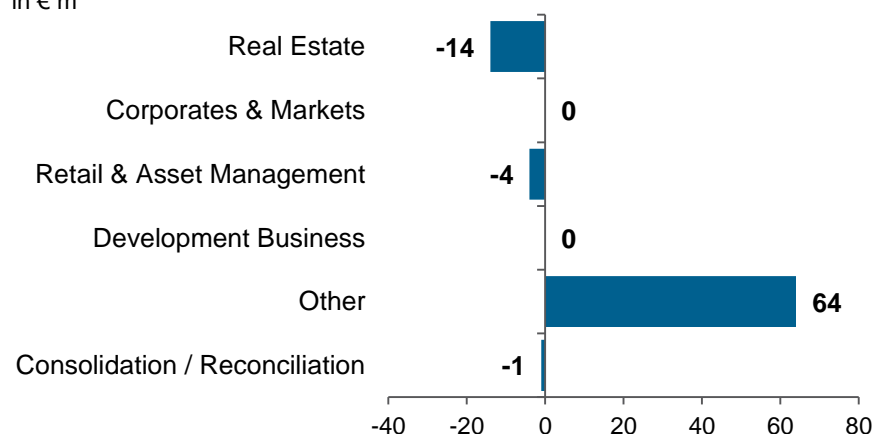
Composition of loan loss provisions (in € m)

01 Jan – 31 Dec 2017		01 Jan – 31 Dec 2018	
Net risk provisioning	56	Net risk provisioning	45
		Risk provisioning on financial assets	43
		Provisions for off-balance lending business	2

- 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

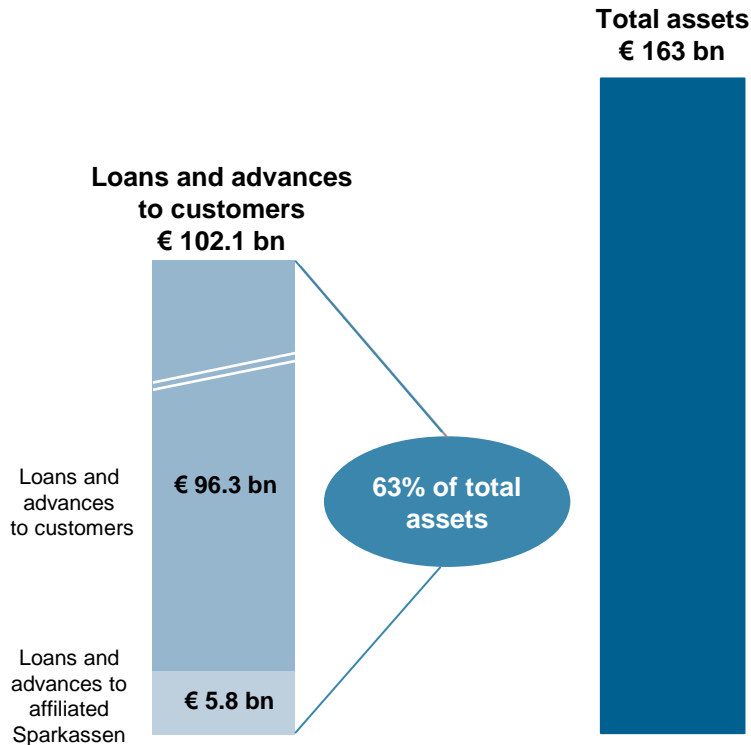


- Low level of net additions to impairments in segment of Real Estate and Retail & Asset Management
- "Other" segment continues to be impacted by reversals of portfolio impairment losses for credit exposures not acutely at risk of default



Customer Business Dominates Balance Sheet Structure

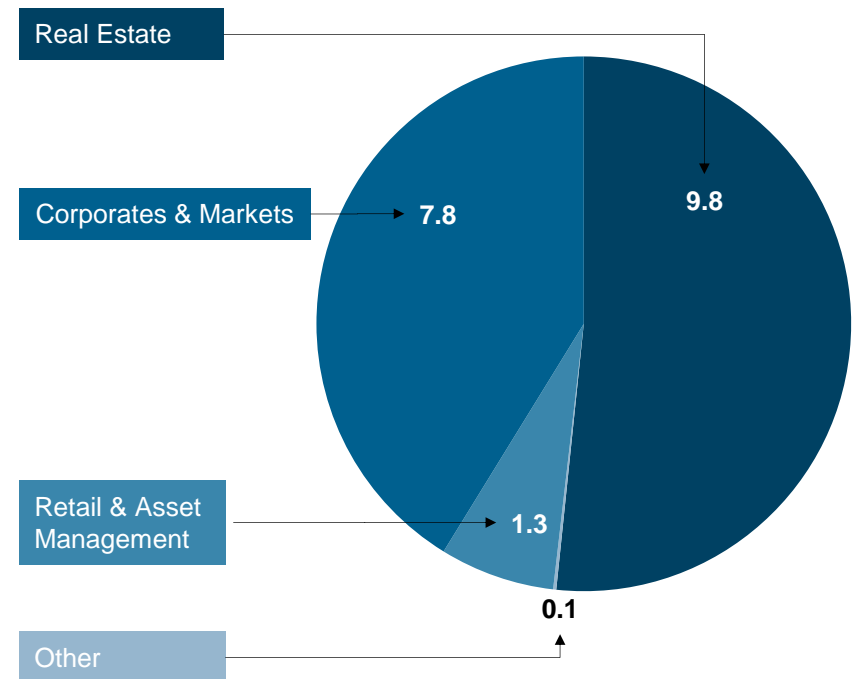
Closely intertwined with the real economy



- Increase in degree of interconnectedness with real economy to 63% (2017: 60%) despite higher balance sheet total
- Significant rise in loans and advances to customers to € 102.1 bn (2017: € 95.3 bn) and in balance sheet total to € 163.0 bn (2017 € 158.2 bn) mainly due to Hessenkasse development programme (€ +4 bn)

Medium- and long-term new business volume: € 19.0 bn *

in € bn

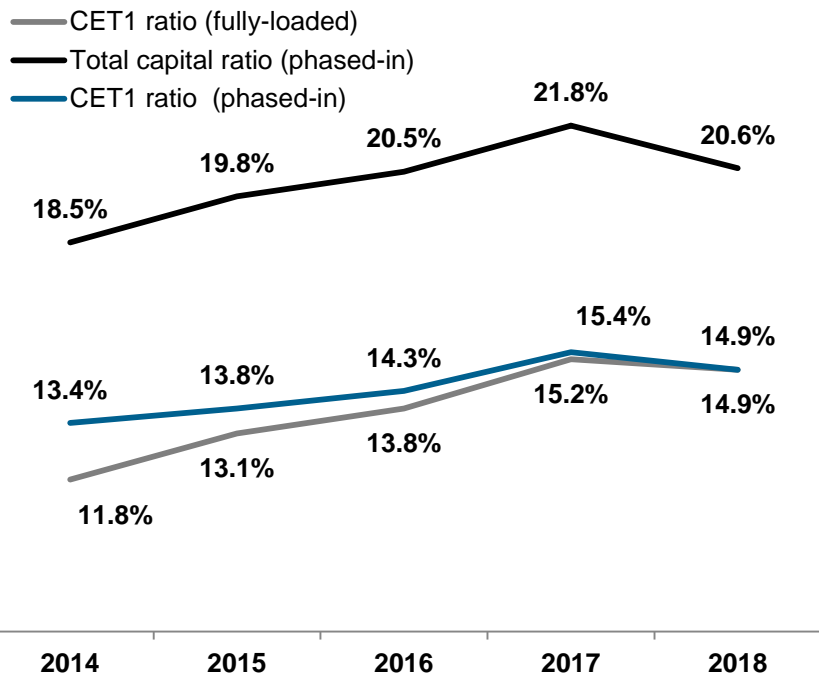


* New medium and long-term business excl. WIBank

- Sustained pick-up in new business continues in fourth quarter
- At € 19.0 bn, overall volume of new medium and long-term business (maturity of more than one year) above previous year's figure of € 18.5 bn

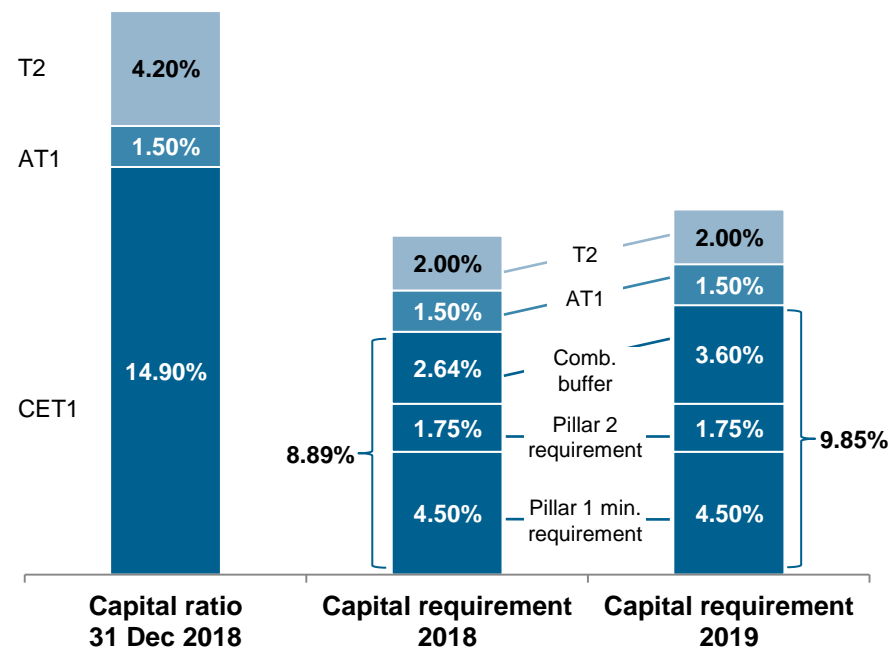
Capital Ratios Significantly Exceeds Regulatory Capital Requirements

Development of capital ratios



- CET1 ratios at very good level
- CRD IV / CRR transitional arrangements have no impact on CET1 ratio in 2018
- Leverage ratio at 5.1% (phased-in) and 4.8% (fully-loaded)
- Risk-weighted assets amount to € 54.3 bn

Capital requirements and components



- Helaba enjoys comfortable capital backing, significantly exceeding all currently known regulatory requirements:
 - CET1 ratio of 14.9% at year-end 2018 already well above derived regulatory CET1 requirement of 9.85% for 2019
 - Total capital ratio of 20.6% at year-end 2018 also considerably higher than 13.35% required for 2019





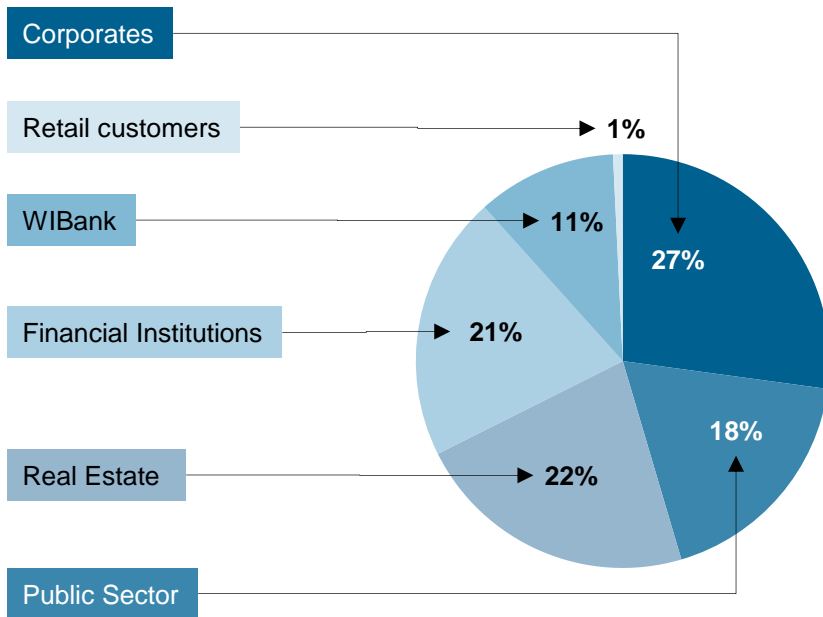
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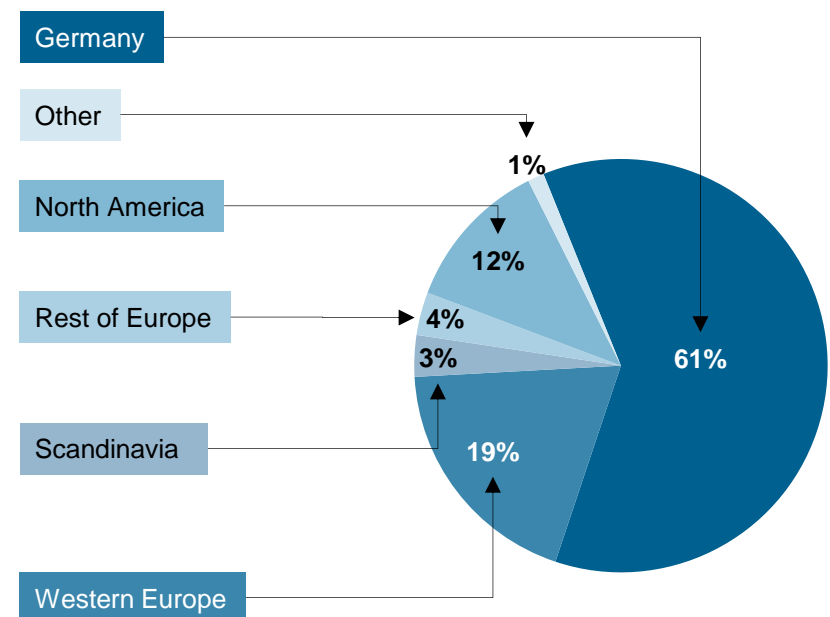
Diversified Credit Portfolio with Focus on Germany

Total volume of lending € 182.3 bn

Breakdown by customers



Breakdown by region



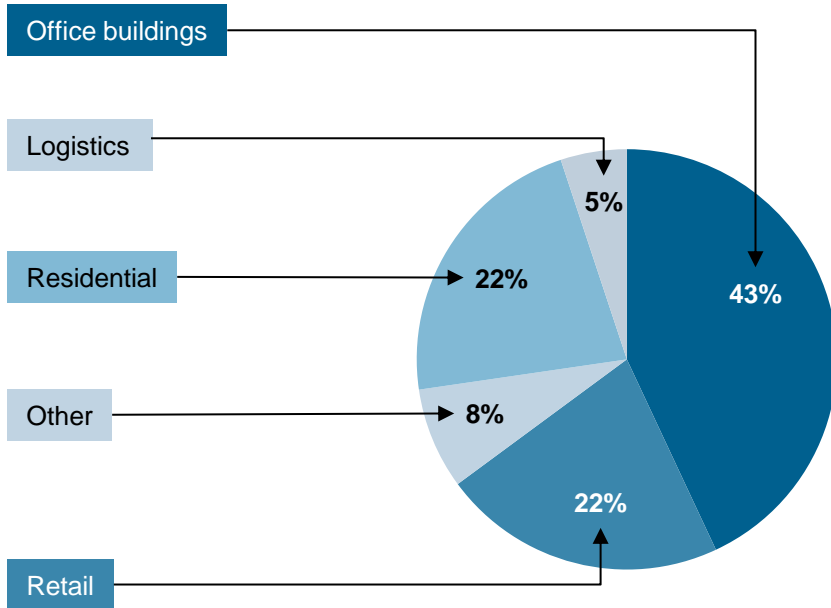
As of December 31, 2018



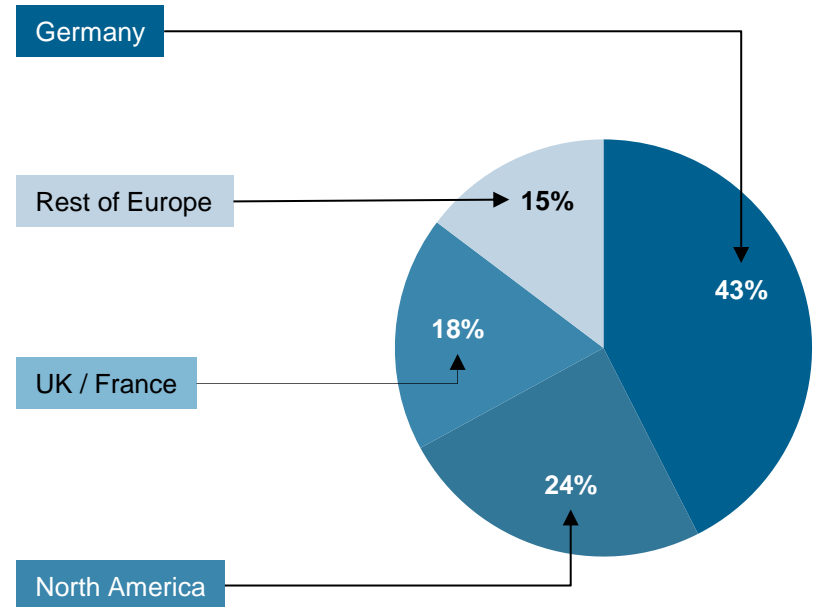
Real Estate Lending Portfolio

Business volume of € 34.9 bn

Breakdown by type of use



Breakdown by region



As of December 31, 2018

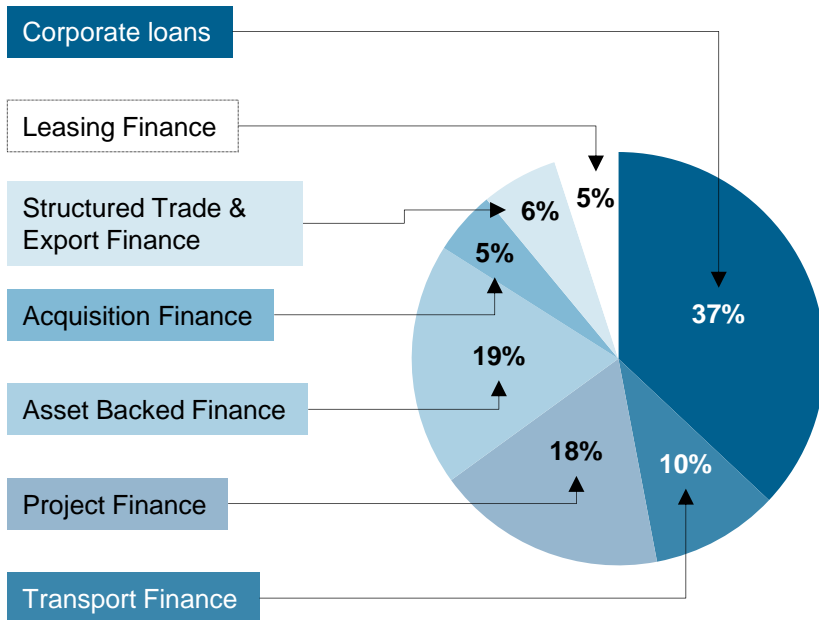
→ **Balanced portfolio by regions and type of use**



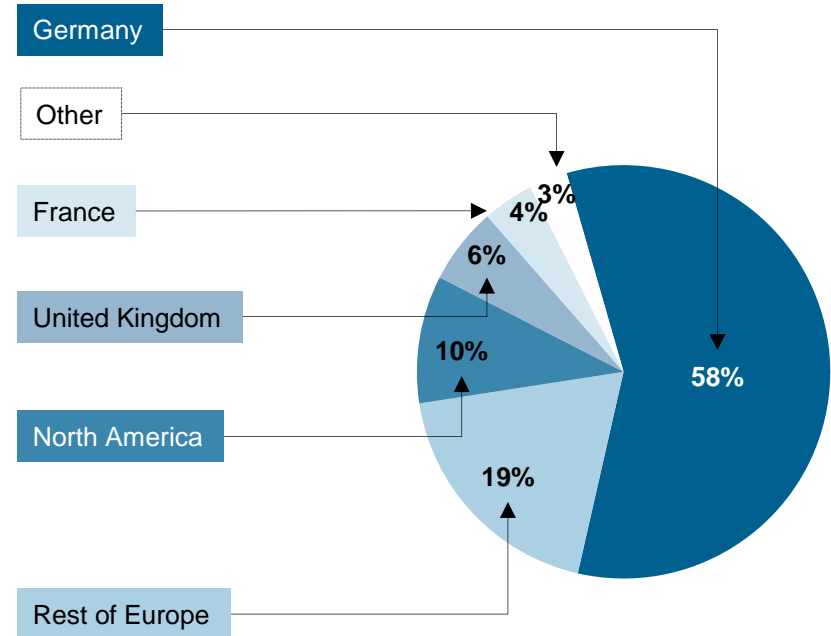
Corporate Finance Portfolio

Business volume of € 42.7 bn

Breakdown by product area



Breakdown by region



As of December 31, 2018

➔ Broadly diversified portfolio with focus on Europe





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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
2018	€ 4.4 bn	€ 8.7 bn	€ 13.1 bn
2019 planned	€ 7.0 bn	€ 9.0 bn	€ 16.0 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

- € 36 bn collateral pool for German covered bonds ("Pfandbriefe")
- € 31 bn securities eligible for ECB / central bank funding
- € 20 bn retail deposits within Helaba Group
- € 94 bn deposits within the  Finance Group Hesse-Thuringia (as of Dec. 31, 2017)

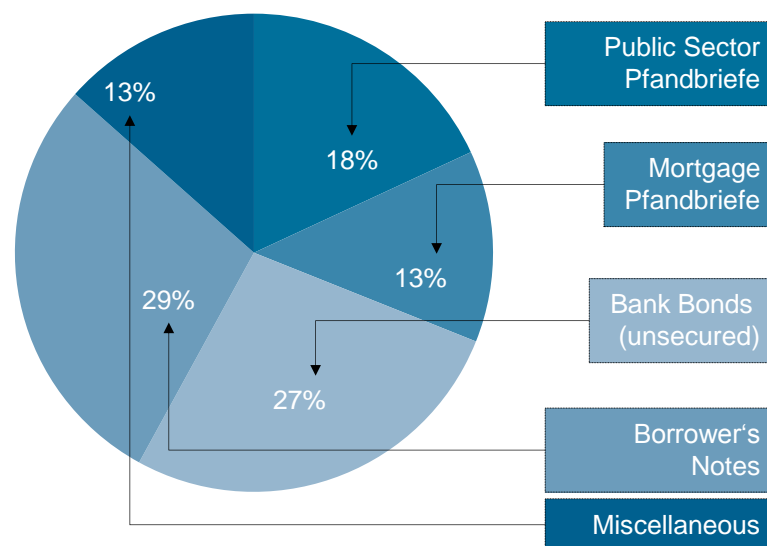


Funding

Sustainable liquidity management and high level of acceptance in the market

Outstanding medium and long-term funding (≥ 1 year): € 85.0 bn

	2018	2017	2016
	in m €	in m €	in m €
Covered securities (“Pfandbriefe”)	26,851	26,334	27,477
- Public sector	15,263	16,482	17,605
- Mortgage backed	11,588	9,852	9,872
Senior, unsecured bonds	22,891	20,906	20,113
Borrower's notes	24,421	23,197	21,050
Miscellaneous*	10,874	12,283	12,852
Summe	85,037	82,720	81,492



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

As of December 31, 2018

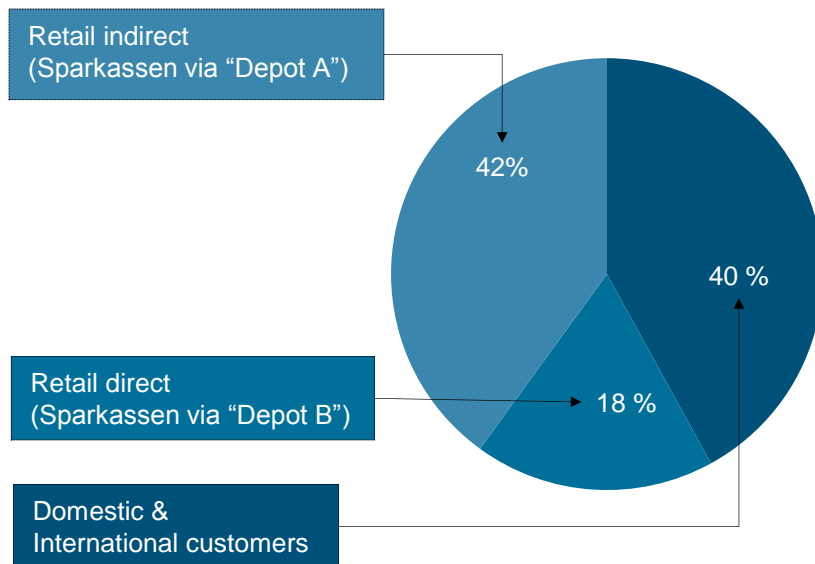


Medium- and Long-Term Funding (≥ 1 year) in 2018

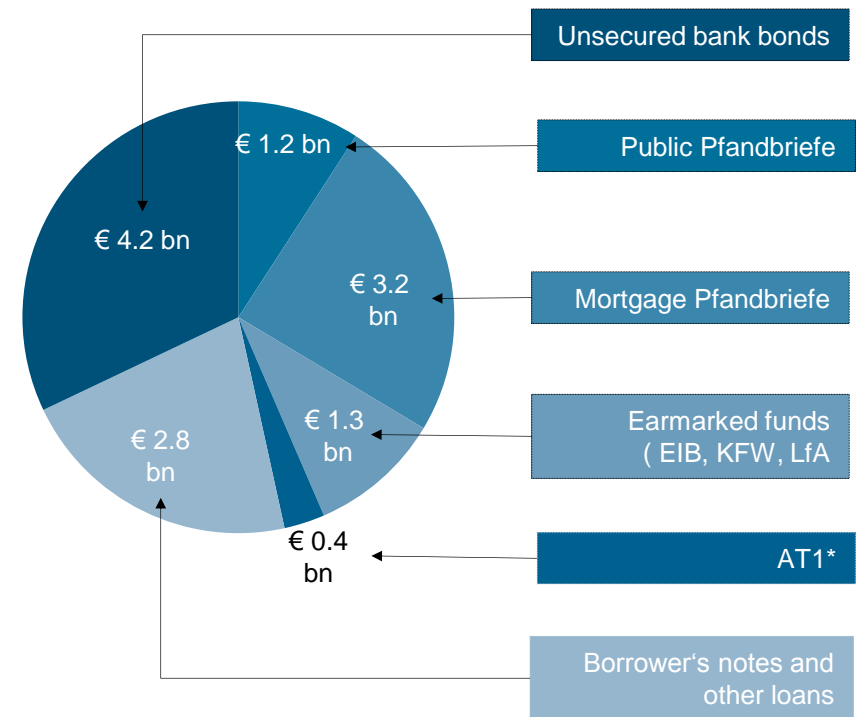
Diversified funding mix

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Breakdown by Investor



Breakdown by Product



Medium- and long-term funding volume in 2018 : € 13.1 bn

As of December 31, 2018

* Conversion of Sparkassen silent participations into AT1 - NSV



Helaba Ratings on a High Level

Moody's		Fitch		Standard & Poor's ¹⁾	
Outlook	Stable	Outlook	Stable	Outlook	Positive
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 respectively based on joint group rating

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"; "SP- Senior Preferred")

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

5) Corresponds to subordinated liabilities

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





Dirk Mewesen

General Manager

Head of Asset & Liability Management

Tel (+49) 69 / 91 32 – 46 93

Dirk.Mewesen@helaba.de

Henning Wellmann

Head of Liability Management & Funding

Tel (+49) 69 / 91 32 – 31 42

Henning.Wellmann@helaba.de

Martin Gipp

Head of Funding

Tel (+49) 69 / 91 32 – 11 81

Martin.Gipp@helaba.de

Nadia Landmann

Debt Investor Relations / Funding

Tel (+49) 69 / 91 32 – 23 61

Nadia.Landmann@helaba.de

Landesbank Hessen-Thüringen

Neue Mainzer Strasse 52-58

60311 Frankfurt am Main, Germany



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