



# Investor Presentation

## The Helaba Group

Frankfurt / Main, November 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 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:** € 172 bn
- **RWA:** € 52 bn
- **CET1 ratio<sup>1</sup>:** 15.3 %

- **Pre-tax profit:** € 364 m
- **Employees:** ca 6,100
- **Ratings:** Moody's Aa3 / Fitch A+ / S&P A

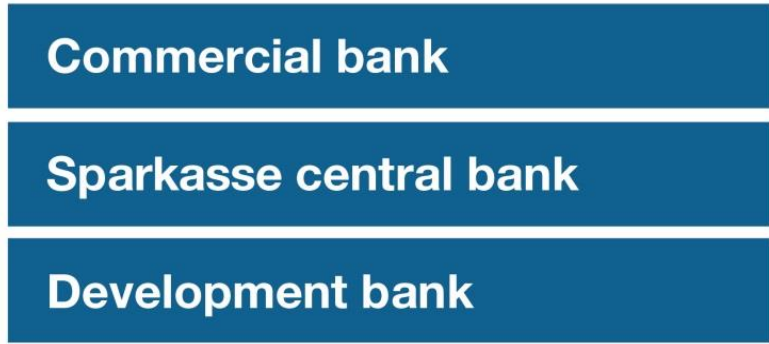
<sup>1</sup>) Fully loaded



# Helaba



Real estate  
Corporates & Markets  
Retail & Asset Management  
Development business



# 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 

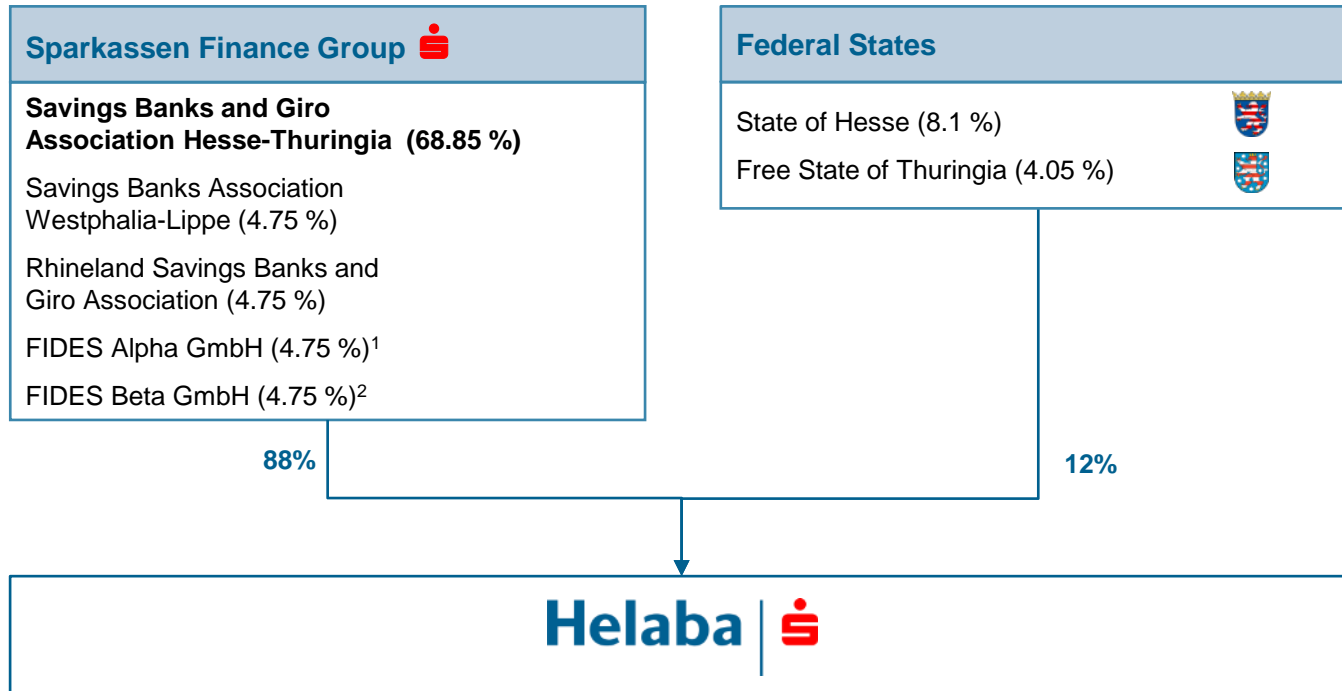
- Project development and management 
- Retail issues and structured bonds
- Issuance of own debt instruments



# Helaba's Ownership Structure

## Dominated by the Sparkassen sector (88%)

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**Helaba is tightly integrated into the Sparkassen-Finance Group**

<sup>1</sup>) 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

<sup>2</sup>) 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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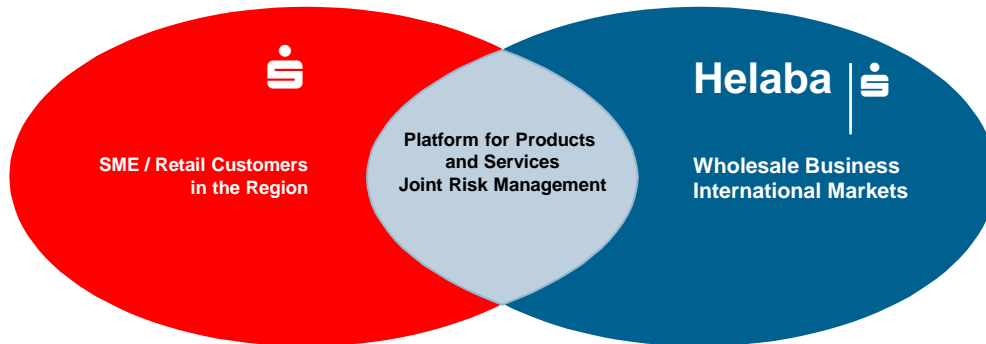


# Helaba and Sparkassen in Hesse-Thuringia

## 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. € 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)



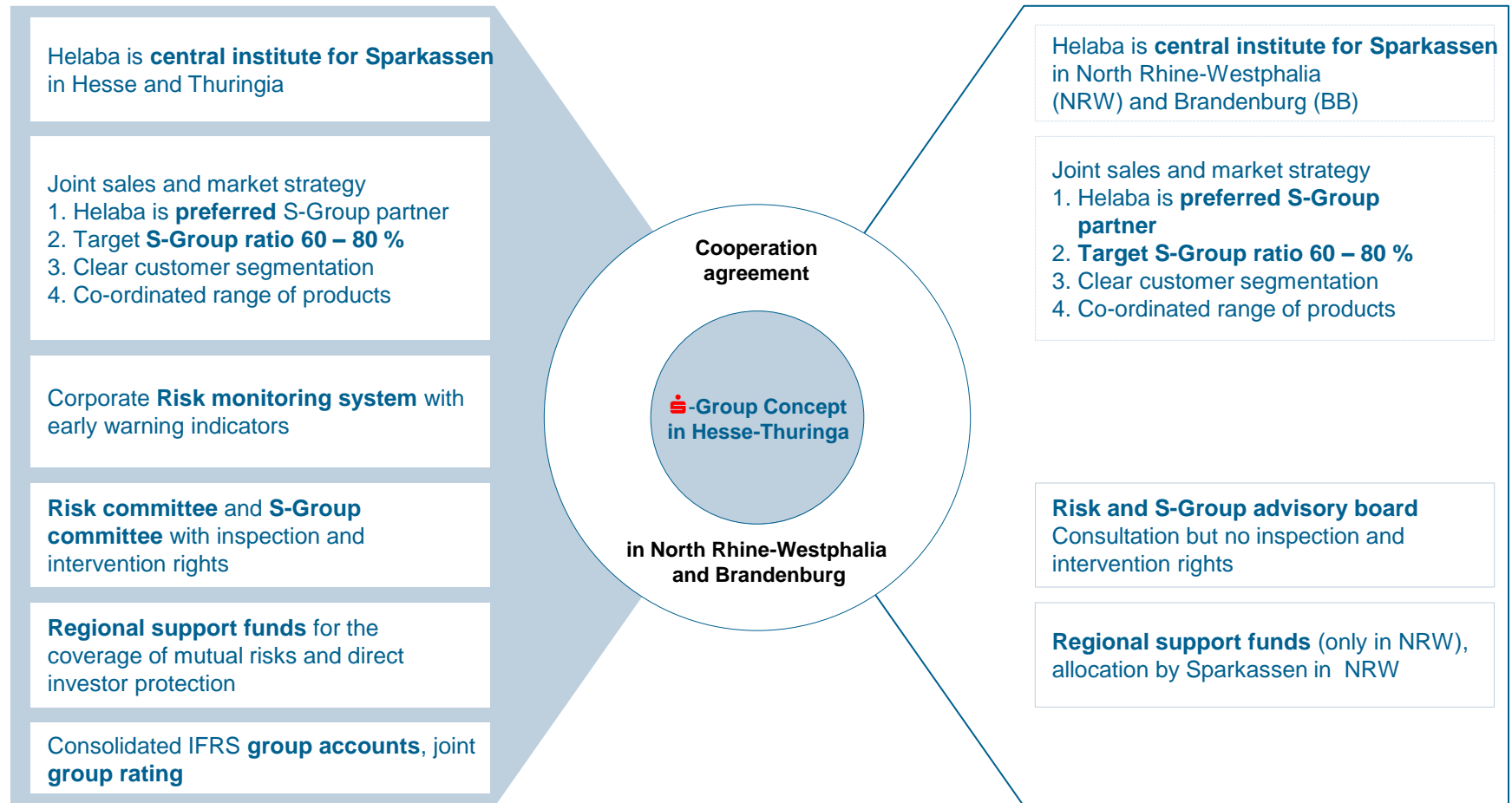
# The -Group Concept in Hesse-Thuringia

## Cooperation agreements with -Organisations in NRW and Brandenburg

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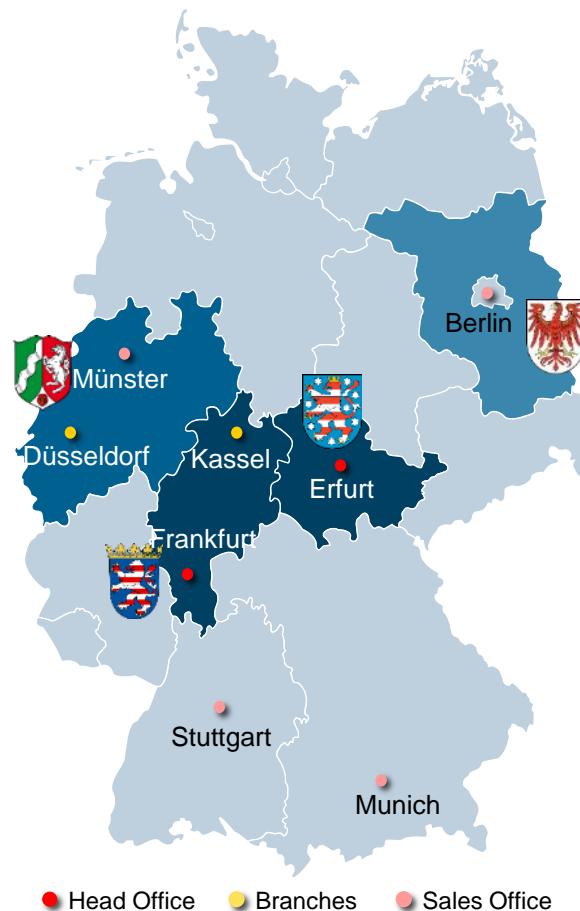
*S-Group concept in Hesse-Thuringia based on the business model as single economic unit*

*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 finishes Q3 2018 with good result

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Despite intense competition and challenging conditions, Helaba was able to hold its ground well in the market



Consolidated profit before tax of 364 m € only slightly below previous year's result of 381 m €, pre-tax result for 2018 expected to match previous year's level



Good portfolio quality ensures risk situation remains comfortable



Strong new business performance repeated in third quarter



Implementation of regulatory requirements continues to weigh on general and administration expenses



CET 1 ratio (phased-in and fully-loaded) of 15.3 % and total capital ratio of 21.3% remain significantly above regulatory requirements



# Development of Key Financial Ratios Reflects the Challenging Market Environment

## Profit before tax

in € m



Q3 2017      Q3 2018

## Total assets

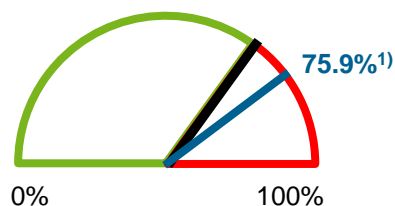
in € bn



2017      Q3 2018

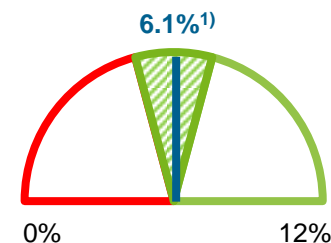
## Cost-income ratio

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 already at the beginning of the year

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

	Requirement 2018	Target ratio/ range	Ratio Q3 2018
CET1 ratio (“fully-loaded“)	8.89% <sup>2)</sup>	12%	15.3%
Liquidity Coverage Ratio	100%	>120%	152%

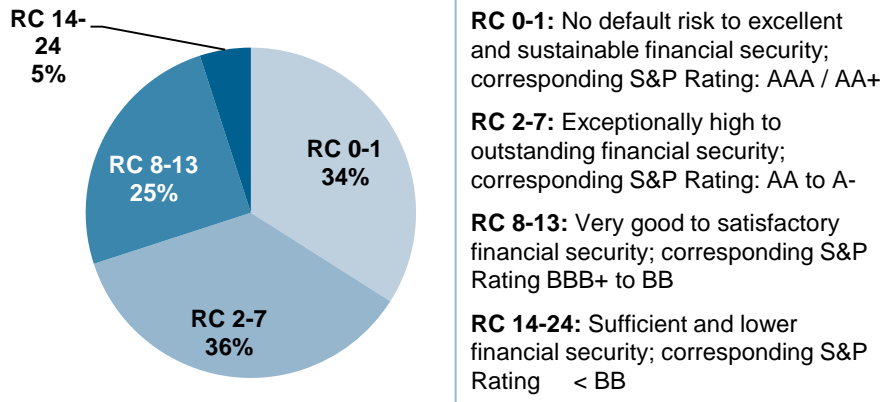
2) Derived from SREP requirement for 2017 taking capital buffers into account





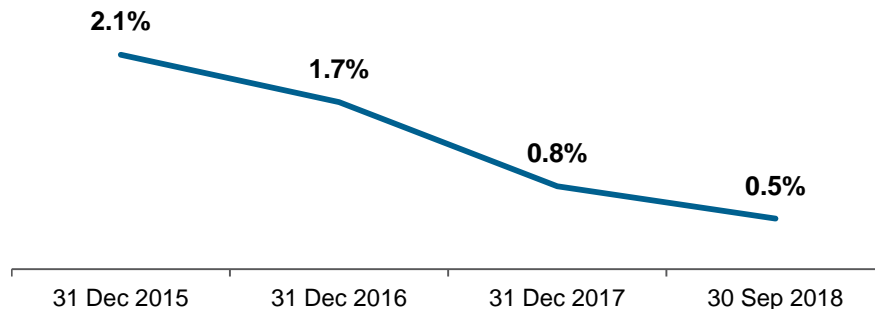
# Further Reduction in NPL Ratio and Stable Rating Structure

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



- Total lending volume of € 194.4 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

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



- As of September 30, 2018, NPL ratio had fallen further to 0.5%
- Of “total loans and advances” of € 127.1 bn, € 0.7 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

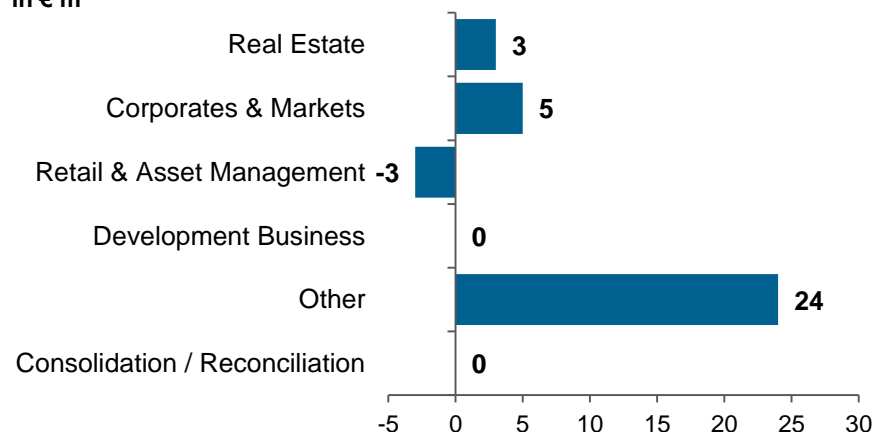
## Composition of loan loss provisions (in € m)

01 Jan – 30 Sep 2017		01 Jan – 30 Sep 2018	
<b>Net risk provisioning</b>	<b>-19</b>	<b>Net risk provisioning</b>	<b>29</b>
		Risk provisioning on loans and advances	23
		Risk provisioning on liquidity securities	0
		Provisions for off-balance lending business	6

- 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

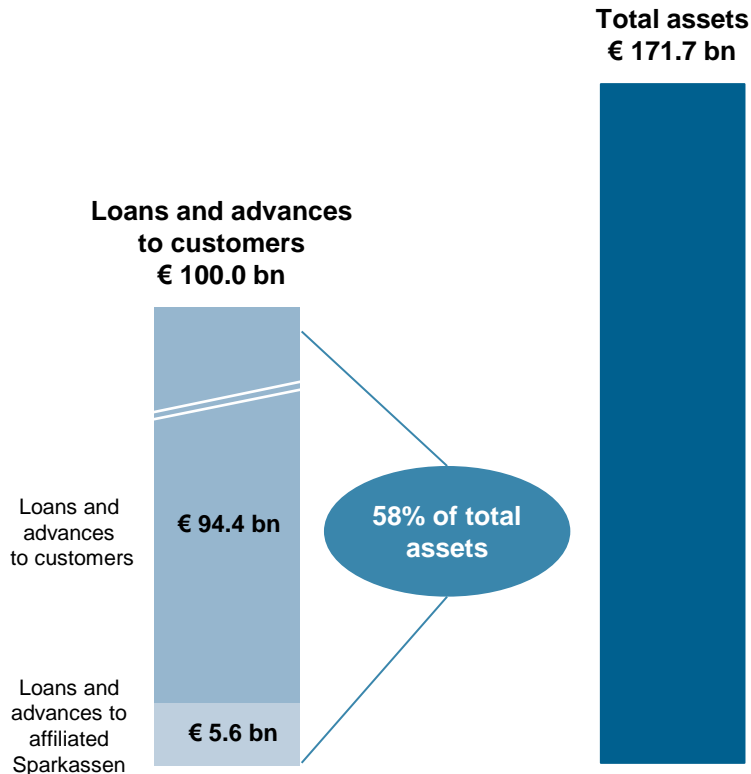


- Low level of net additions to impairments in segment of Corporates & Markets mainly from the activities of Frankfurter Sparkasse and LBS
- "Other" segment continues to be impacted by reversal of portfolio impairments for credit exposures without significant risk of default



# Customer Business Dominates Balance Sheet Structure

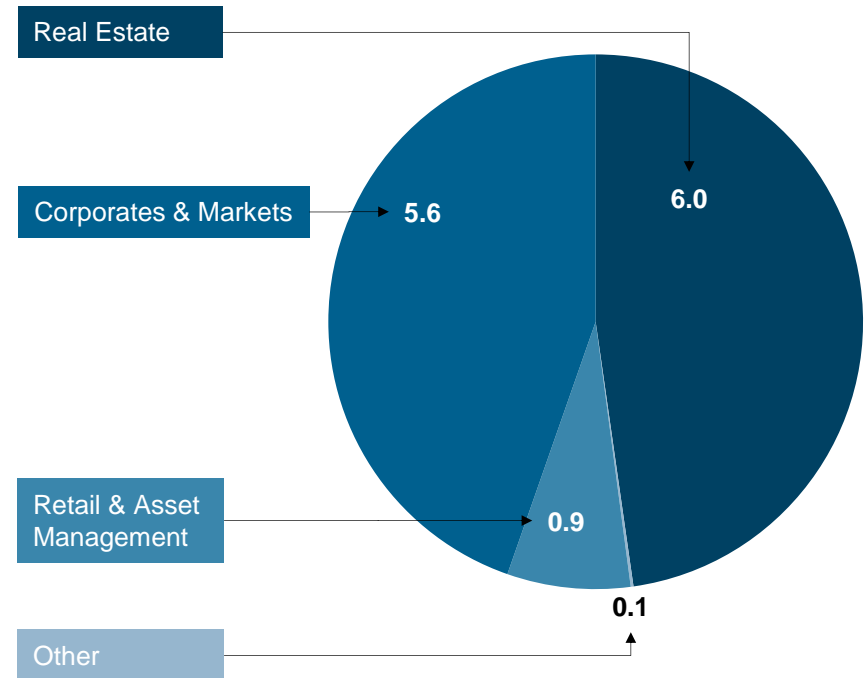
## Closely intertwined with the real economy



- Degree of interconnectedness with real economy remains at 58 % (2017: 60 %), despite a rise in the balance sheet total to 171.7 m €
- Noticeable increase in loans and advances to customers to € 100.0 bn (2017: € 95.3 bn) almost entirely a result of the Hessenkasse development programme

## Medium- and long-term new business volume: € 12.6 bn \*

in € bn

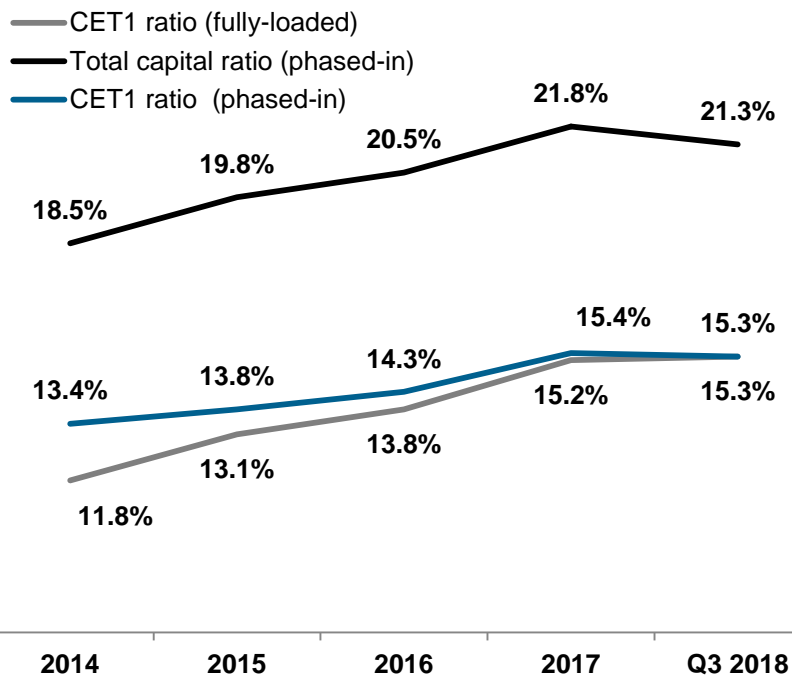


\* New medium and long-term business excl. WIBank

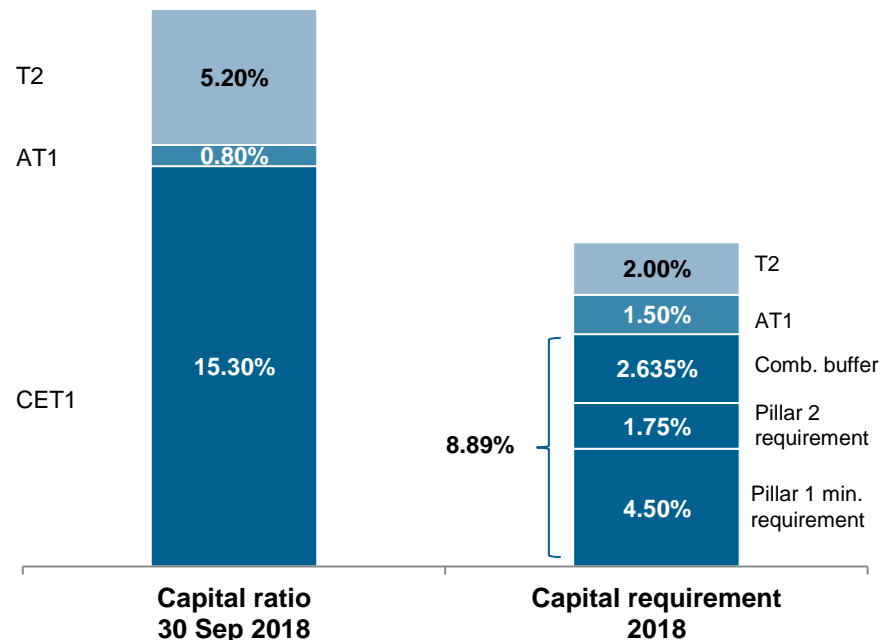
- New business continues to pick up in the third quarter, volume of new medium and long-term business (duration greater than one year) at 12.6 bn € only slightly below the previous year's volume of 13.2 bn €

# Capital Ratios Significantly Exceeds Regulatory Capital Requirements

## Development of capital ratios



## Capital requirements and components



- CET 1 ratio settles at a very good 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 4.6% (phased-in) and 4.3% (fully-loaded)
- Risk-weighted assets of € 52.4 bn

- 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%



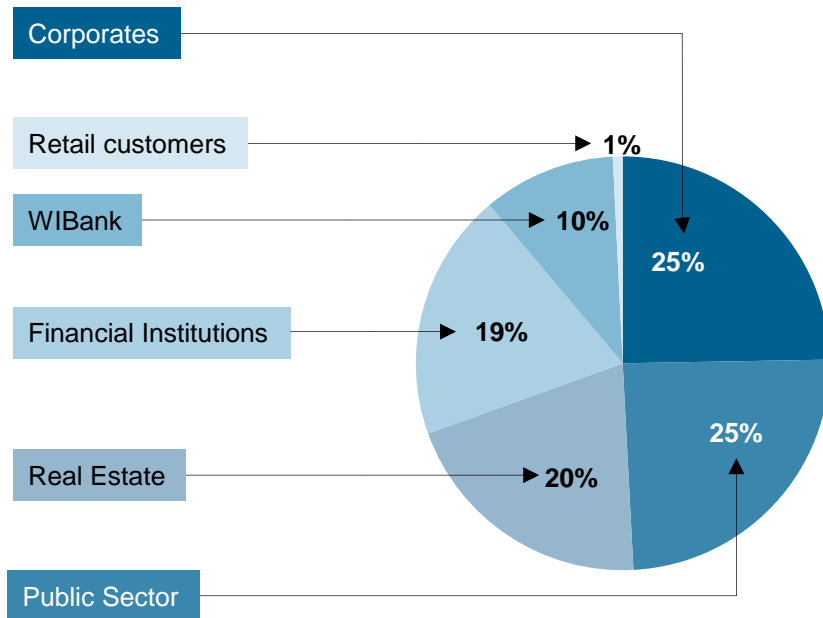
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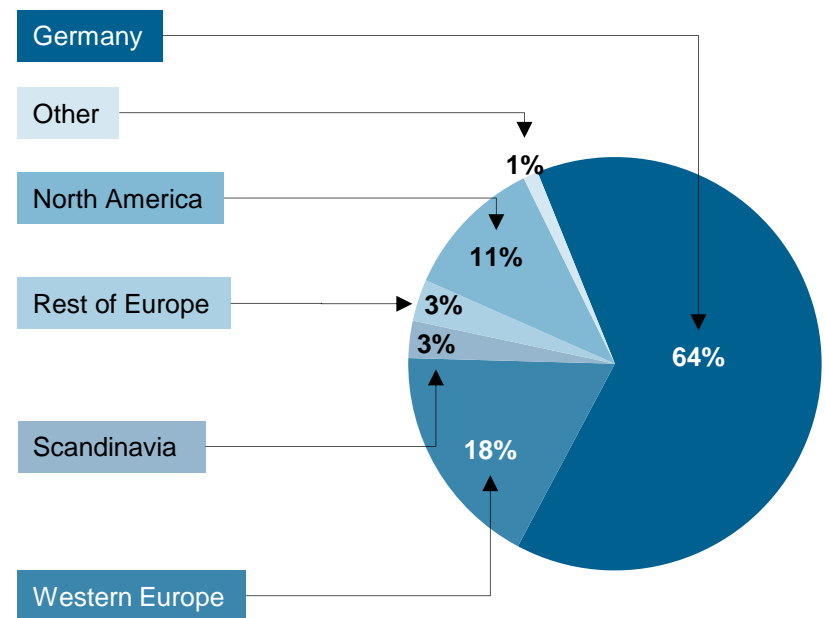
# Helaba Risk Profile – Total Volume of Lending (€ 194.4 bn)

Diversified portfolio with focus on Germany

## Breakdown by customers



## Breakdown by region



As of September 30, 2018

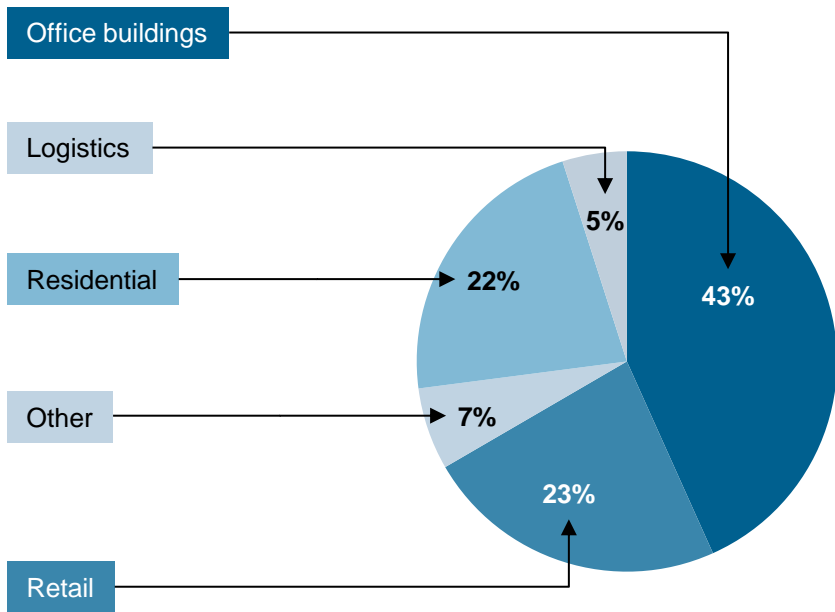




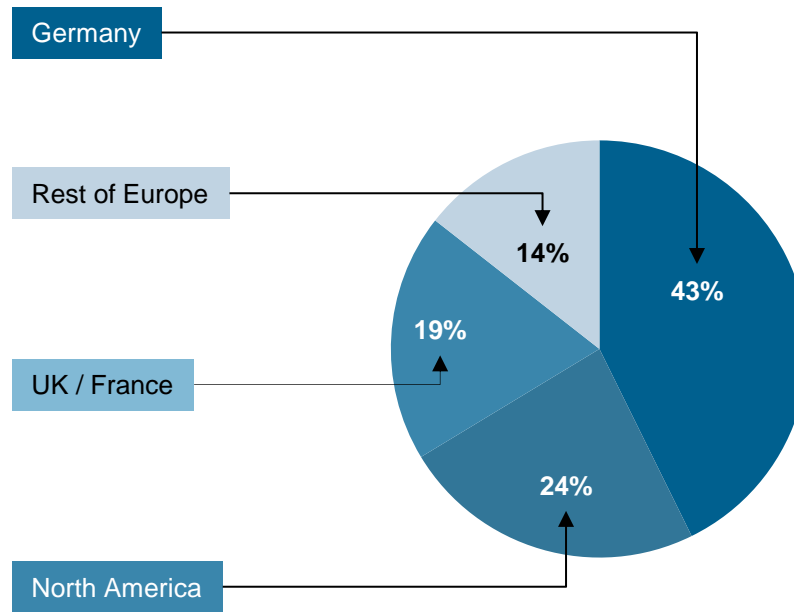
# Real Estate Lending Portfolio

Business volume of € 34.1 bn

## Breakdown by type of use



## Breakdown by region



As of September 30, 2018

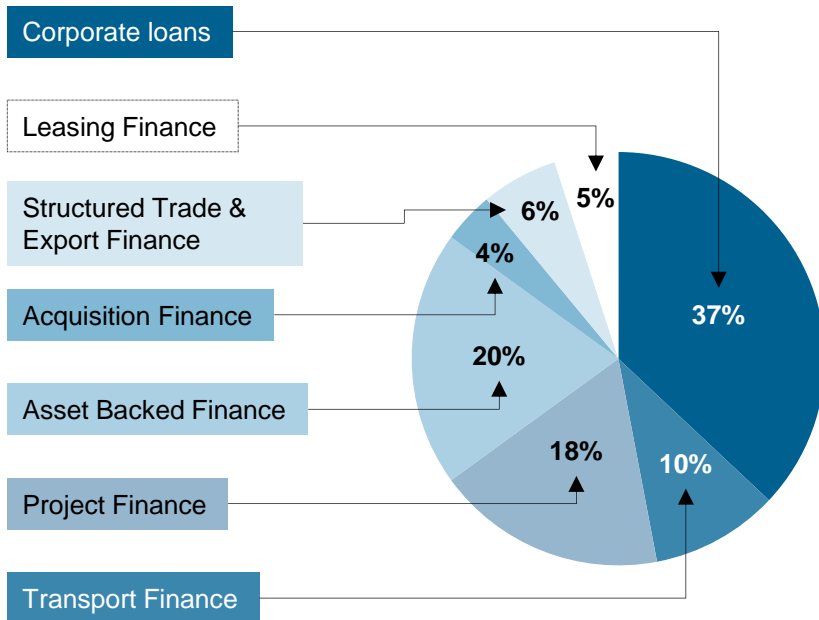
→ **Balanced portfolio by regions and type of use**



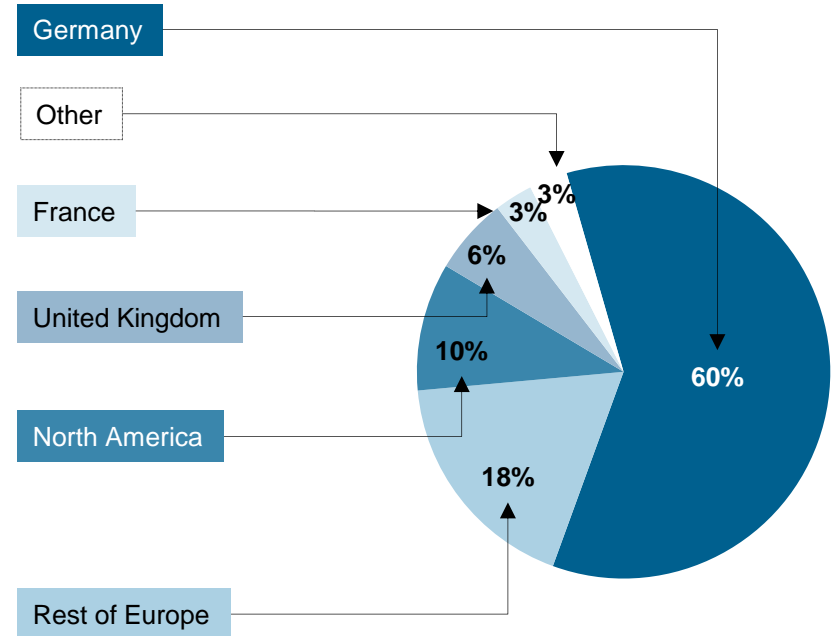
# Corporate Finance Portfolio

Business volume of € 41.0 bn

## Breakdown by product area



## Breakdown by region



As of September 30, 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
<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

- € 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)



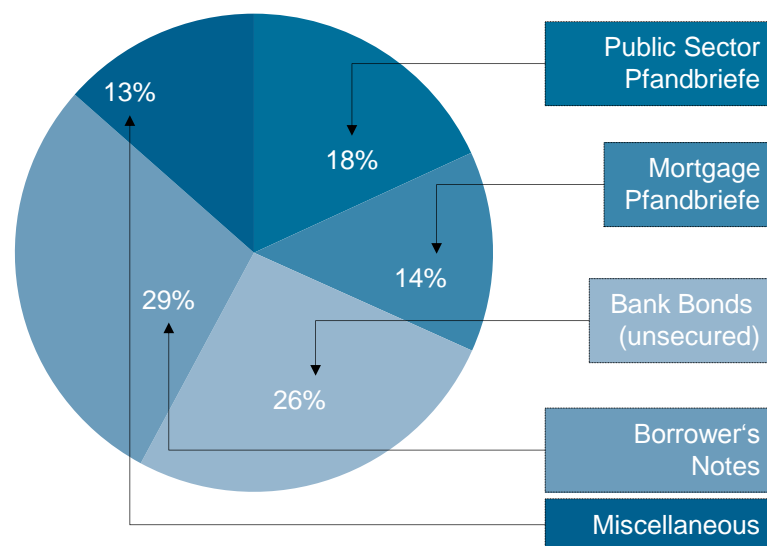
# Funding

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

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### Outstanding medium and long-term funding (≥ 1 year): € 85.8 bn

	Q3 2018	2017	2016
	in mn €	in mn €	in mn €
<b>Covered securities (“Pfandbriefe”)</b>	<b>27,407</b>	<b>26,334</b>	<b>27,477</b>
- Public sector	15,176	16,482	17,605
- Mortgage backed	12,231	9,852	9,872
<b>Senior, unsecured bonds</b>	<b>22,520</b>	<b>20,906</b>	<b>20,113</b>
<b>Borrower's notes</b>	<b>24,505</b>	<b>23,197</b>	<b>21,050</b>
<b>Miscellaneous*</b>	<b>11,321</b>	<b>12,283</b>	<b>12,852</b>
<b>Summe</b>	<b>85,753</b>	<b>82,720</b>	<b>81,492</b>



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

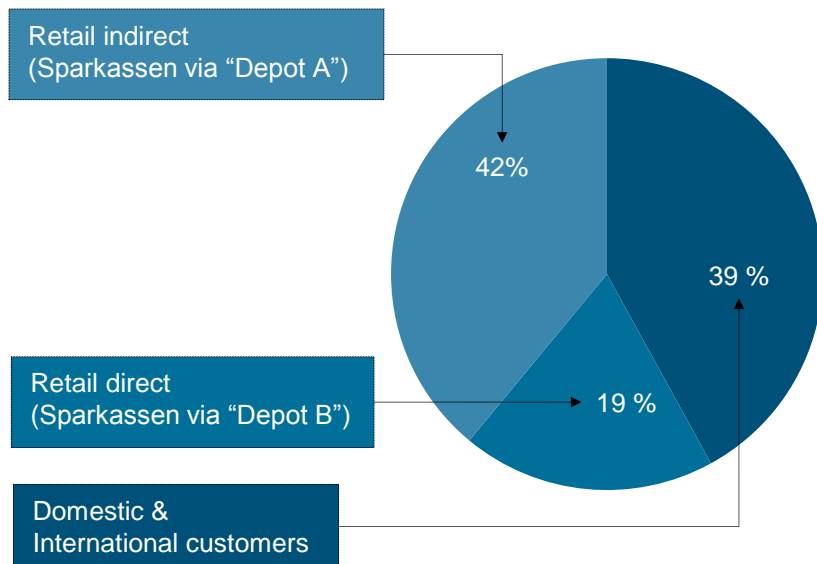
As of September 30, 2018



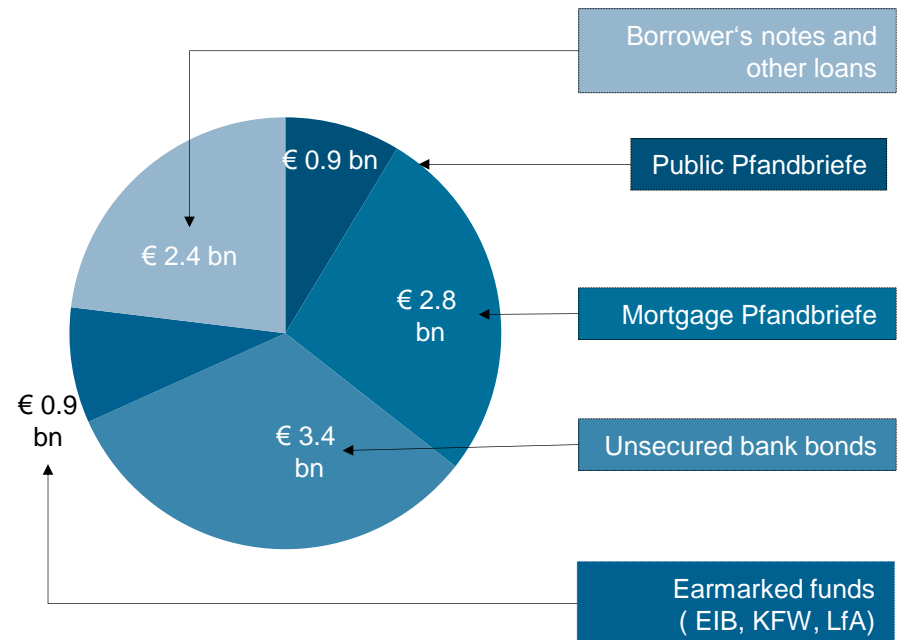
# Medium- and Long-Term Funding ( $\geq 1$ year) in Q3/2018

## Diversified funding mix

### Breakdown by investor



### Breakdown by product



Medium- and long-term funding volume in Q3/2018 : € 10.4 bn

As of September 30, 2018





# Helaba Ratings on a High Level

Moody's		Fitch		Standard & Poor's <sup>1)</sup>	
Outlook	Stable	Outlook	Stable	Outlook	Positive
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-

As of August 2018

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)





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The Q3 2018 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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