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**Chairman of the Board of Managing Directors
of Helaba**

**Presentation of the Annual Financial Statements
2018**

**MAIN TOWER
Frankfurt am Main**

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The spoken word shall prevail.

Ladies and Gentlemen,

I would also like to welcome you to this year's presentation of our annual financial statements. Last year was an eventful year for Helaba – I will go into more detail as to what we exactly mean by this later in my speech.

A very special welcome goes out to two of my colleagues in the Board of Managing Directors who are taking part in an annual press conference for the first time.

Hans-Dieter Kemler has been responsible for our capital market activities and Helaba Invest since May 2017. Christian Schmid joined us on 1 October 2017 and is in charge of the real estate business, the administration unit and our real estate subsidiaries GWH and OFB in his position as Executive Vice President.

Before Dr Hosemann explains Helaba's consolidated results to you and analyses our figures in greater detail, I would like to give you an overview of the most significant projects and initiatives that we launched in 2017. In particular, I would like to expand on the plans we have made for this year's strategic agenda. Finally, at the end of my presentation, I will outline our forecast for the 2018 financial year.

By way of introduction, however, please allow me to present an overall assessment of our annual results for 2017.

Ladies and Gentlemen,

In a similar way to the previous year, Helaba's financial year in 2017 was characterised, on the one hand, by a positive economic situation in Germany. On the other hand, though, the challenging competitive environment in our sector and the on-going low interest rate policy once again left their mark on our business results. In the context of these conflicting pressures, Helaba managed to achieve a consolidated profit before taxes under IFRS of 447 million euros in 2017; after

allowing for income taxes, our Group's net profit reached 256 million euros. Pre-tax earnings were therefore around 100 million euros lower than the year before (2016: 549 million euros) and after taxes they declined by 84 million euros (2016: 340 million euros).

Nevertheless, we are satisfied with the overall development of Helaba's business and earnings performance because we were aware that the year was going to be challenging and that we had to expect a noticeable decline in profits. Having said that, this fall turned out to be smaller than we had initially forecast. This result enabled us to further strengthen our capital ratios – as in previous years – using our own resources while, at the same time, laying the essential groundwork for the future from a secure financial position. What is important is the fact that we were able to maintain or expand our good market position in our core business fields.

The fact that this successful co-operation was possible in 2017 is borne out by the development our core business fields. For instance, in terms of corporate lending or project finance activities, we managed to maintain our strong market position in the business unit of Corporate Finance. We take immense pride in the opportunity we have had of working together with renowned companies for many years.

In the Real Estate Finance business, a central pillar of our banking activities, we once again built on our successful track record in 2017. In addition to financing prestigious properties, numerous industry awards from various industry magazines underline our good market position.

In the Capital Markets segment, we pursued a strategy of focusing our activities on client-related business. We have positioned ourselves as a successful player in the corporate *Schuldschein* market and we are a market leader in providing capital market solutions for municipalities.

After this initial brief introduction, I would now like to hand over to our CFO Dr Hosemann, who will go into detail on the key financial figures and on the development of our various business segments.

Strategic Agenda 2017/18

Ladies and Gentlemen,

Allow me now to elaborate on the measures and initiatives that we launched in 2017 in order to prepare Helaba for the future and, in this way, to improve the bank's long-term competitiveness.

Over the last few years I have spoken on various occasions about the new reality of banking and the major challenges that our industry faces. The competitive environment within the banking sector remains equally marked by the on-going phase of zero and negative interest rates. Historically low base rates and the ECB's asset purchase programmes are keeping market liquidity at a persistently high level, which is exerting corresponding pressure on margins.

There is no point complaining about it. We must accept these conditions and look ahead in order to find the right answers today for the future.

There is nothing new about the fact that, time and time again, our industry has been faced with drastic and far-reaching change. Even when I look back at my career at Helaba, that meanwhile spans more than 25 years, there have already been two such moments that have made it necessary to make strategic adjustments to our business model and take forward-looking decisions.

2001: Abolition of institutional and guarantor liabilities

With the signing of the so-called “Monti I Understanding”, guarantor liability was abolished and institutional liability replaced by a “normal commercial relationship” to our owners. In those days it was clear that good ratings and stable refinancing conditions were things we had to fight for on the market. The business model of a Landesbank had to be overhauled. The imperatives of boosting profitability, ensuring future opportunities for growth and focusing on core business fields were prioritised. What evolved from this was a business model based on the principle of an integrated commercial bank, a central S-Group bank for the savings banks organisation and a public development bank – a success story that has endured until today. Back then, by launching the S-Group concept together with savings banks in the German federal states of Hesse and Thuringia, we laid the foundation for the irreversible integration of Helaba into the savings banks organisation. A vital strategic decision for Helaba’s business model was taken as early as the year 2000, namely our investment in GWH, which has today evolved into a stable source of earnings with its approximately 50,000 residential units. The outcome was a new Helaba – a client-driven bank, closely intertwined with the real economy with solid capital resources, stable ratings, a considerably better earnings structure and profitability, firmly embedded in the savings banks organisation.

2008: Financial market crisis

The second dramatic event was the financial crisis. Thanks to our strategic positioning as well as our conservative risk culture, as you know we came through this period comparatively unscathed. However, we were also aware of the fact that conditions in the banking industry would undergo permanent change as a consequence of the financial market crisis. The advantage we possessed was an

ability to act from a position of strength. For us, a further expansion in client-driven activities and the need to become even more deeply embedded in the savings banks organisation were on the agenda. So, how did we react? At that time, we conducted a further streamlining of our portfolio of strategic business segments in the scope of the existing business model. This included a further development of our joint activities with savings banks, expanding our business with SMEs as well as rounding off our customer base and product range in the real estate and wholesale segments – also on an international level. However, this additionally necessitated a pruning of non-core activities and the disposal of non-strategic investments.

As a result of these measures, by 2009 we had already returned to a pre-crisis path. In the years that followed, we were able to lift our results to a higher overall level and we had put the prerequisites in place for the successful takeover of WestLB's S-Group business in 2012. By the time this step had been completed, at the latest, Helaba's integration into the savings banks organisation had become irreversible. Today, we are the leading S-Group bank and central clearing bank for the savings banks in Hesse, Thuringia, North Rhine-Westphalia and Brandenburg. We are thus directly responsible for 40 percent of all savings banks and we maintain business relationships with almost all savings banks in Germany.

Both of these examples demonstrate that Helaba is in a position to identify fundamental changes in the market, accept challenges, take the right decisions and successfully put them into practice.

Actively tackling current tasks

In keeping with tradition, this is also how we want to act today. This is because, just like in 2005 when state guarantees were abolished, the new reality of banking means that we are faced with tasks of a similarly fundamental nature. Meanwhile, this new reality of banking, consisting of low interest rates, excessive liquidity, regulation and digitalisation, has become a fact of everyday life.

As you heard from Dr Hosemann, we have remained faithful to our basic principle of a conservative accounting strategy. In turn, this allows us to meet current challenges from a position of strength. In recent years, we have used our own resources to substantially increase our capital ratios. Today, our core capital ratio is 15.2 percent, compared to 8.8 percent in 2009, in other words immediately preceding the outbreak of the financial market crisis. From this favourable position we are actively tackling current tasks and grasping the opportunities we have in order to dynamically grow our business.

In doing so, we have set ourselves a clear objective: to maintain and expand our strong position in the market as well as to noticeably boost our earnings over the next few years.

- We enjoy strong market positions in our core business fields, our business model is well balanced and closely connected to the real economy.
- Our management team and workforce demonstrate their expertise and loyalty on a daily basis, even in the prevailing difficult market conditions.
- Our owners view us as a strategic investment and, together with us, pursue a strategy based on a long-term commitment.

- Furthermore, we enjoy successful long-term relationships with our customers – the fundamental mainstay of our business – that are characterised by mutual trust.

The key will be to preserve and further strengthen this sustainable basis.

Against this backdrop, we have launched a number of projects and initiatives and we are concentrating on three tasks in this respect:

1. **Refining our business model and implementing growth initiatives.**
2. **Modernising our infrastructure** under the headings of **IT, organisation and digitalisation.**
3. **Developing our responsible corporate culture and values.**

These three tasks are focused on three aspects: focused growth, long-term performance and responsible conduct.

We view this as a three-pronged approach consisting of associated tasks and objectives which – co-ordinated between one another – stand for the successful evolution of our bank into a future-proof entity.

Accordingly, we are driving all three sets of tasks ahead at the same time and must not lose sight of the evident dependencies that exist between them.

Refining the business model – focused growth

Let me start by explaining what this means in relation to our business model.

Last year, we subjected our business portfolio to a comprehensive review, which affirmed the viability of the bank's business model and strategic alignment.

Therefore, in the future we will continue to serve our customers in three functions: as a commercial bank, as a central bank for the S-Group (service provider and

product supplier for savings banks) and as a development bank. However, the results also showed that, with a view to the changed conditions, it was necessary to make some business policy and organisational adjustments. One important decision in terms of the S-Group business was a decision to follow the example of other sales units and bundle product responsibility into various specialist units. Now, as a consequence of this, all units at Helaba are responsible for S-Group business and the S-Group bank is no longer the only unit driving the business ahead. This expansion in responsibility is making itself positively noticeable in our activities with savings banks. We have also strengthened our international business by setting up a dedicated unit ("Banks & International Business").

As a result of refining our business model, we have changed the depiction of precisely this business model and have redesigned the segment structure. Henceforth, we shall offer our customers tailor-made products and solutions from the following segments: Real Estate, Corporates & Markets, Retail & Asset Management and Development Business. From this financial year onwards, our financial reporting will also be prepared on the basis of this new segmentation.

A sustainable basis has therefore been created for the focused development of the business model which builds on findings from this portfolio review; at the same time, various growth initiatives have been agreed.

For instance, the bank will use its strong market position in the real estate segment to further expand its syndication business in Germany and Europe.

In this area, we want to considerably expand our position with both savings banks and institutional investors. In the scope of syndication activities, savings banks will be able to participate in our lending business and thus benefit from a diversification of their risk position. We also intend to leverage additional business potential by integrating the latter even more closely into the Helaba Group.

Furthermore, in Corporate Finance we have created the necessary conditions in order to be able to offer customers our know-how in asset and liability management in connection with additional products as well, for example in the off-balance sheet financing of receivables portfolios. At the same time, we are expanding syndication activities in the areas of aircraft and acquisition finance. In this way, we are taking pressure off our balance sheet but continue to be available to our customers for new business. This applies in equal measure to structured sales financing. In the midcap segment of companies with revenues starting at 250 million euros, we have made encouraging headway and will adhere to our strategy of continually acquiring new customers.

In respect of the realignment of the capital markets business, we will concentrate on increasing our client-driven focus and, in order to achieve this, we will also increasingly offer digital solutions, which I will talk more about later on.

We already adjusted our strategy in Public Finance activities last summer and now offer this product, which provides margins that are currently still attractive, even more widely in areas outside our core regions.

In addition, we have identified opportunities for growth at international locations as well as in our business with international clients. For example, one success story in this respect is our Stockholm office, which we will be converting from a representative office into a full branch much earlier than expected thanks to the promising growth in customers there.

A very ambitious project is the improvement of processes and the expansion of customer relationships in foreign commercial business, especially with the savings banks.

The aim here is to be the preferred partner in all our business activities when it comes to finding solutions to our customers' financial issues and to expand Helaba's strong market position.

However, as part of the portfolio review we also disposed of activities. For instance, we sold our stake in Hannover Leasing and discontinued our international public finance operations outside of Europe. Furthermore, we have carried out restructuring measures at LBS. We aim to achieve better results at the Bausparkasse with a combination of outsourcing, process optimisation and measures to reduce staff numbers.

Modern Infrastructure – IT and Organisation

The second parameter that has a significant impact on the Helaba's future viability is our infrastructure.

Helaba is creating the basis for the lasting efficiency of the bank as well as for infrastructure and organisation that conform to regulatory requirements by making long-term and forward-looking investments in modern and stable IT systems. The focus of this is also to further enhance our processes and overall project management skills. In addition to this, we will also continue to expand the IT security organisation.

The bulk of this programme of transformation will be carried out this and next year. However, certain initiatives and the permanent implementation of all measures in the bank's regular operations will continue until 2020 and, in some cases, beyond that date.

Last year I wrote to you about the project to modernise the core banking system. Unfortunately, as the aforementioned tasks tie up so much capacity, we were

forced to stop this project. We were able to take this decision because, although our current core banking system is outdated, it continues to run smoothly. Parallel to this, we will take steps to ensure that this remains the case over the next few years as well. Nonetheless, we still accept the fundamental need to modernise these systems.

Digitalisation – redefining our interface to the customer

At the same time, we want to make further use of available opportunities to optimise our business and IT processes with our “Digital Agenda”. In the course of this, Helaba will redefine the interface to the customer and create options to develop new products. The focus is on providing customers with innovative and digital platforms to carry out their banking transactions with confidence and added simplicity. With the launch of the “Helaba Client App”, we have taken the first step towards digital rights management that offers our customers a greater degree of accessibility, transparency and efficiency in their relationship with us.

Additionally, client portals for Helaba’s wholesale customers and in the business units of Corporate Finance and Real Estate Lending have reached an important milestone with the completion of the first releases. Beyond that, we intend to boost the efficiency of internal processes with additional digitalisation projects.

In our successful Schuldschein activities, we have entered into a co-operation with the digital issuing platform “vc trade”. Now, for the first time ever a fully digital platform is available that prevents media discontinuities, increases transparency and raises efficiency. As we announced on Monday this week, we have already managed to gain a first issuer in the form of the Austrian electricity producer

Verbund AG, with whom we will be jointly marketing a “green” Schuldschein in an amount of 100 million euros on the new platform.

These initiatives will be complemented by support for the Frankfurt-based TechQuartier, investments in venture capital funds for fintech start-ups as well as the creation of a Helaba-owned holding company to make direct investments in fintechs.

Responsibility and values – developing our good corporate culture

Inherent in the aforementioned operational measures is also the necessity to ensure that, in respect of its corporate culture, the bank is able to meet the challenges of the future. This brings me to our third area of action.

As I previously laid out, digitalisation already plays a large role at Helaba in terms of how we define the way in which we interact with our customers and how we can further improve our business processes.

But the impact of digitalisation is much more profound. It is leading to long-term changes in our economic and social systems. Changes to our daily work will be particularly noticeable.

At Helaba, we have a reliable set of values and a positive corporate culture. Now, our job is to transport this good basis into the digital age in a responsible way and to adapt our tried-and-tested corporate culture to the demands of digitalisation as well as modern working practices.

This means actively accepting the challenge presented by the digital transformation and, accordingly, to orientate the bank towards it. In doing so, we should maintain the strengths of our culture in these change processes and use

them in an effective way. As part of this process, we also want to support alternative concepts for the workplace of the future and new forms of collaboration.

Corporate and social responsibility also means that Helaba consistently aligns its conduct towards the principles of sustainability. For instance, in addition to signing the UN Global Compact some weeks ago, we have defined a binding Code of Conduct for our employees and agreed guidelines for lending activities. In this way, Helaba wants to build on the optimism and existing trust in the bank's actions.

Outlook for 2018

Ladies and Gentlemen,

As you can see there is a lot going on at Helaba and we have achieved a great deal.

We have already taken or initiated the necessary steps in order to make Helaba fit for the future – operationally, organisationally and culturally.

While we look back at 2017 as an eventful year, in 2018 we will place our focus on responsibly and successfully continuing the process of change that we have started.

To conclude with, I would like to talk about the current conditions in the market before giving you an outlook of Helaba's development in 2018.

2017 was an outstanding year for the German economy and we expect this upswing to continue in 2018, albeit it with some exceptions. For us as a credit institution that means there will be further prospects for good business opportunities.

In view of capacities that are increasingly stretched to their limits and of a growing shortage of skilled workers, especially in Germany, inflation expectations and price pressures are rising here as well. The bond markets will remain volatile in the course of the year. What is more, historically speaking, interest rates are still on a very low level this year. A turnaround in rates on the bond markets in Germany and in the euro area is already in full swing and Helaba will also need to adjust to this.

Ladies and Gentlemen,

We have set ourselves a clear objective for the future: We want to maintain and expand our strong position in the market. With the measures we have introduced, we have laid the groundwork for a noticeable increase in our earnings over the years to come. Since interest rates will remain on a very low level this year, conditions will continue to be equally challenging. Against this backdrop, for 2018 we anticipate a stable performance in our business and a profit before taxes in the mid-triple-digit million range.

Thank you very much for your attention and I now look forward to answering your questions.