Annual Press Conference 2021

The Helaba Groups‘ consolidated financial statements as of 31 December 2020

Frankfurt, march 24th 2021

Werte, die bewegen.

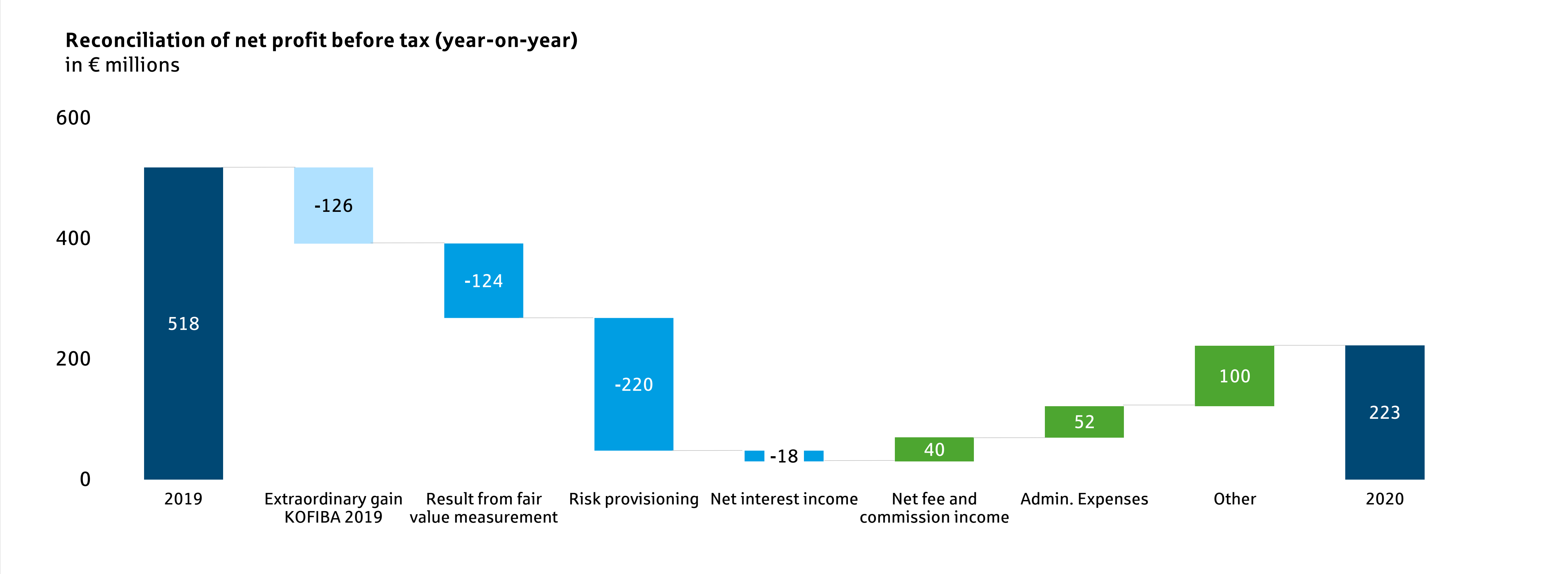
Werte, die bewegen. Helaba

The 2020 financial year in review

Helaba satisfied with 2020 result despite Covid-19

- Consolidated net profit before tax of € 223 million
- The transformation programme the bank has launched is yielding positive results:
  - Operating activities performed well, with net fee and commission income, in particular, rising significantly by 10.1 %
  - Stringent cost management reduced administrative expenses by 3.4 %
- Significant increase in risk provisioning to € 305 million which is adequately funded without any major defaults to date
- CET1 ratio at a very good level of 14.7 %, exceeding previous year and comfortably above regulatory requirements

Significant expansion of operating activities even during Covid-19 crisis, reduction in administrative expenses, significant increase in risk provisioning



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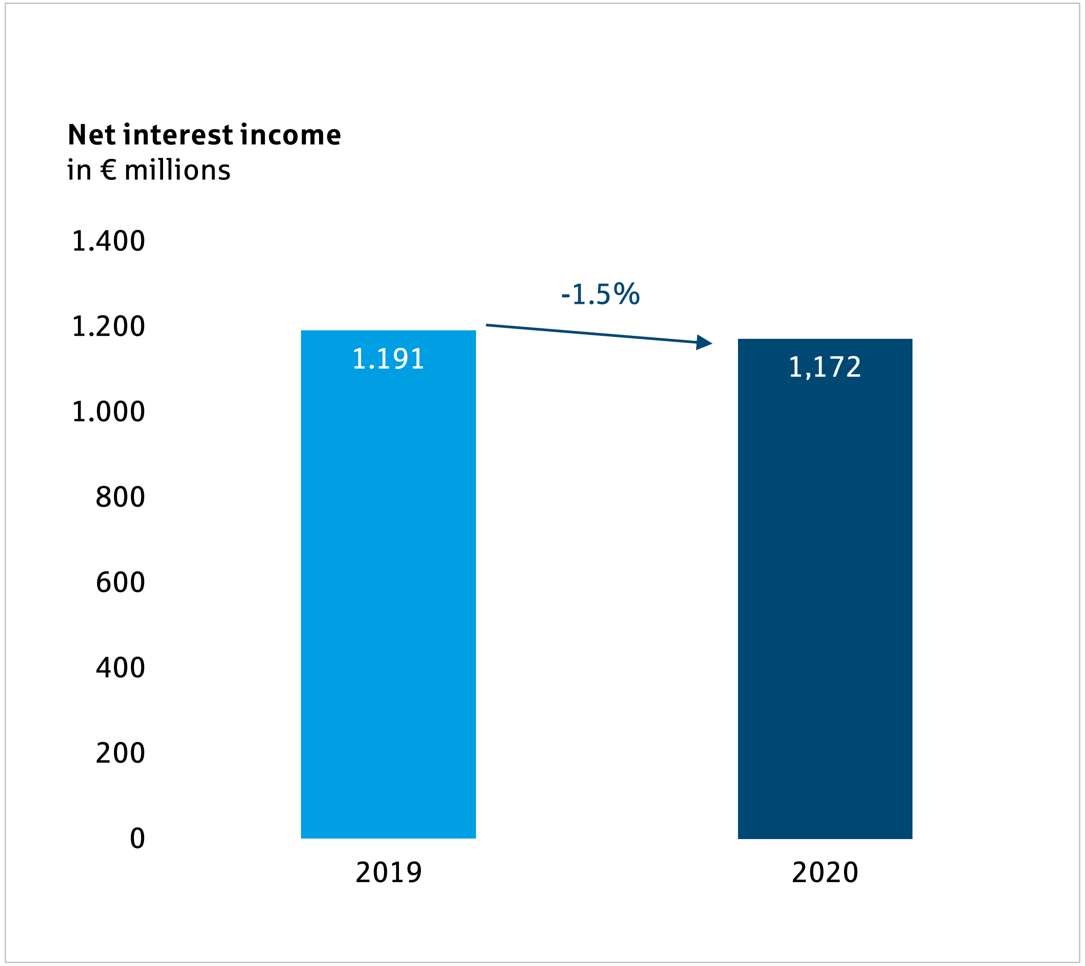
Net interest income almost on a par with previous year



- **All business segments contribute to net interest income:**
  - Real Estate (€ 392 million)
  - Corporates & Markets (€ 395 million)
  - Retail & Asset Management (€ 234 million)
  - Development Business (€ 65 million)
  - Other (86 Mio. €)
- **Decline due to lower income from early repayment penalties, from € 66 million in 2019 to € 17 million in 2020**
- **Higher average portfolio volumes and slight uptick in margins have positive impact**

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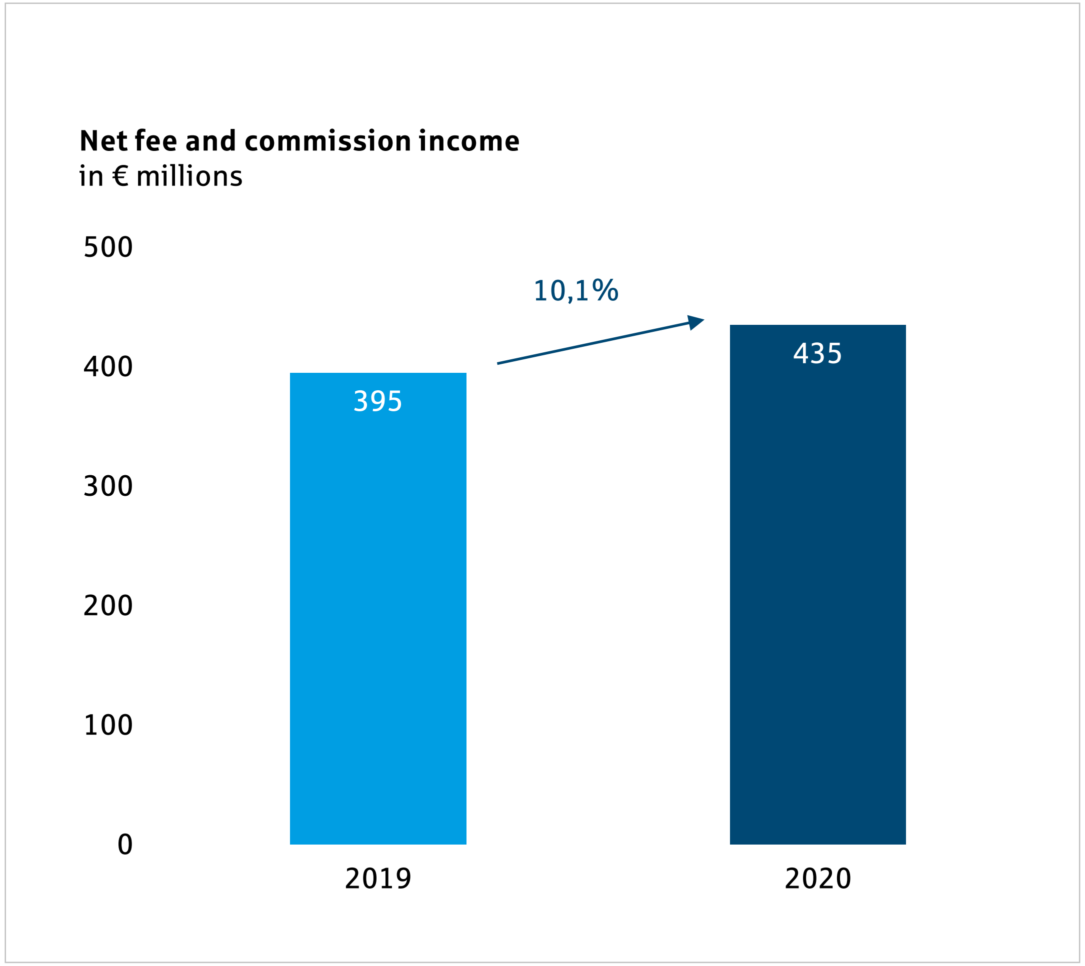
Considerable growth in net fee and commission income



- Rise in net fee and commission income of 10.1 percent (€ 40 million) to € 435 million
- Growth in all of the Group's various business segments
- Especially thanks to strong performance in:
  - Cash management
  - Frankfurter Sparkasse's securities and custodian services
  - as well as Frankfurter Bankgesellschaft's asset management activities

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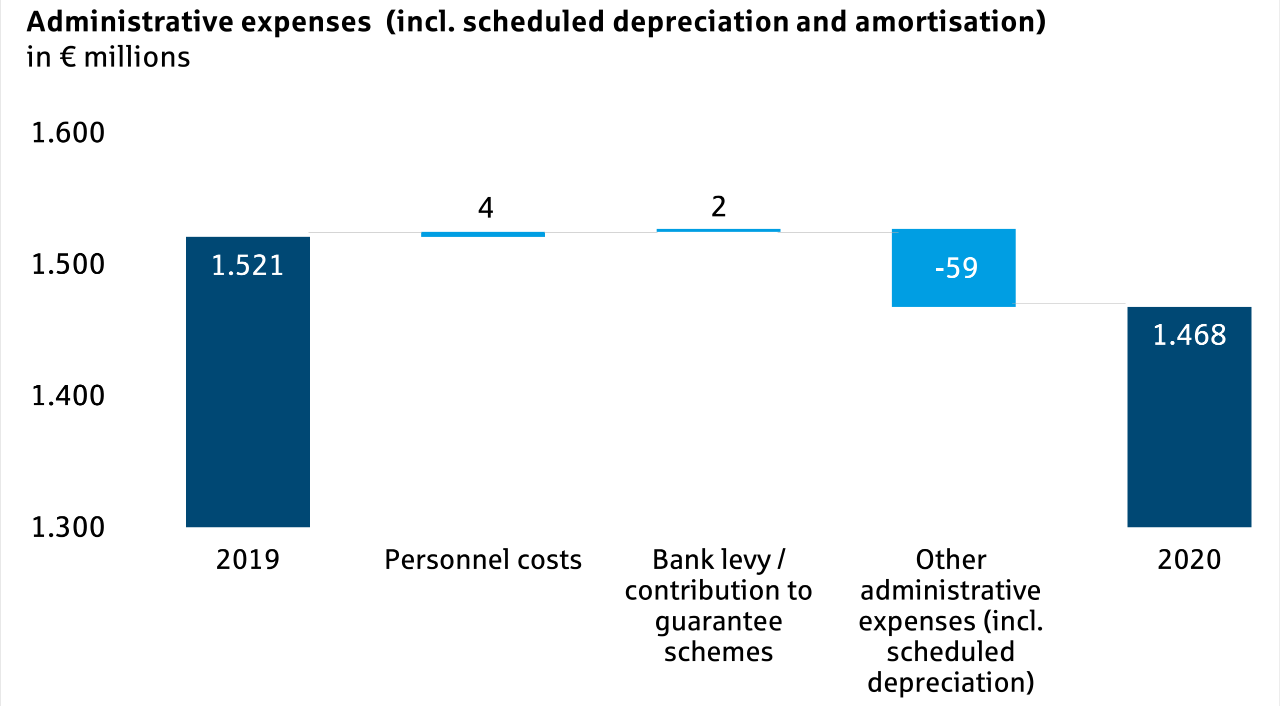
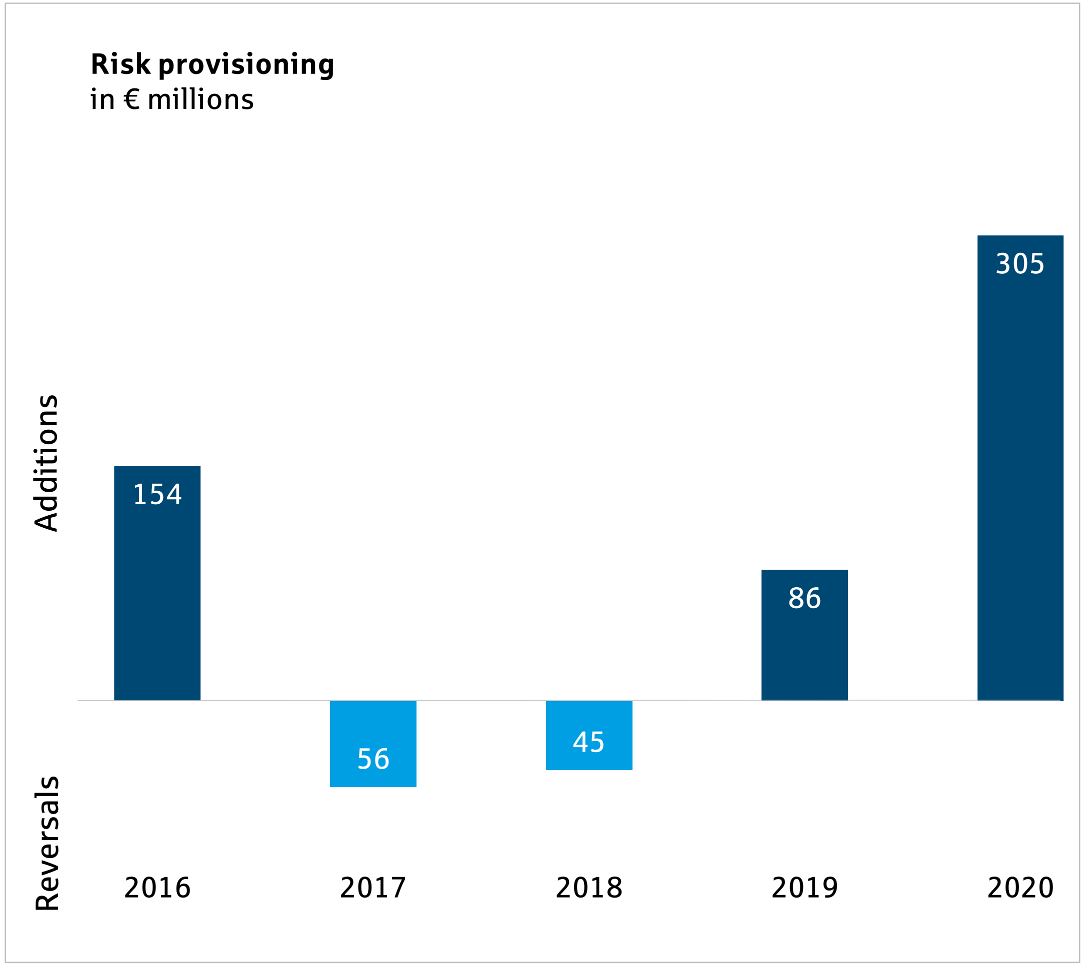
Thanks to Scope project, trend of steadily rising costs halted



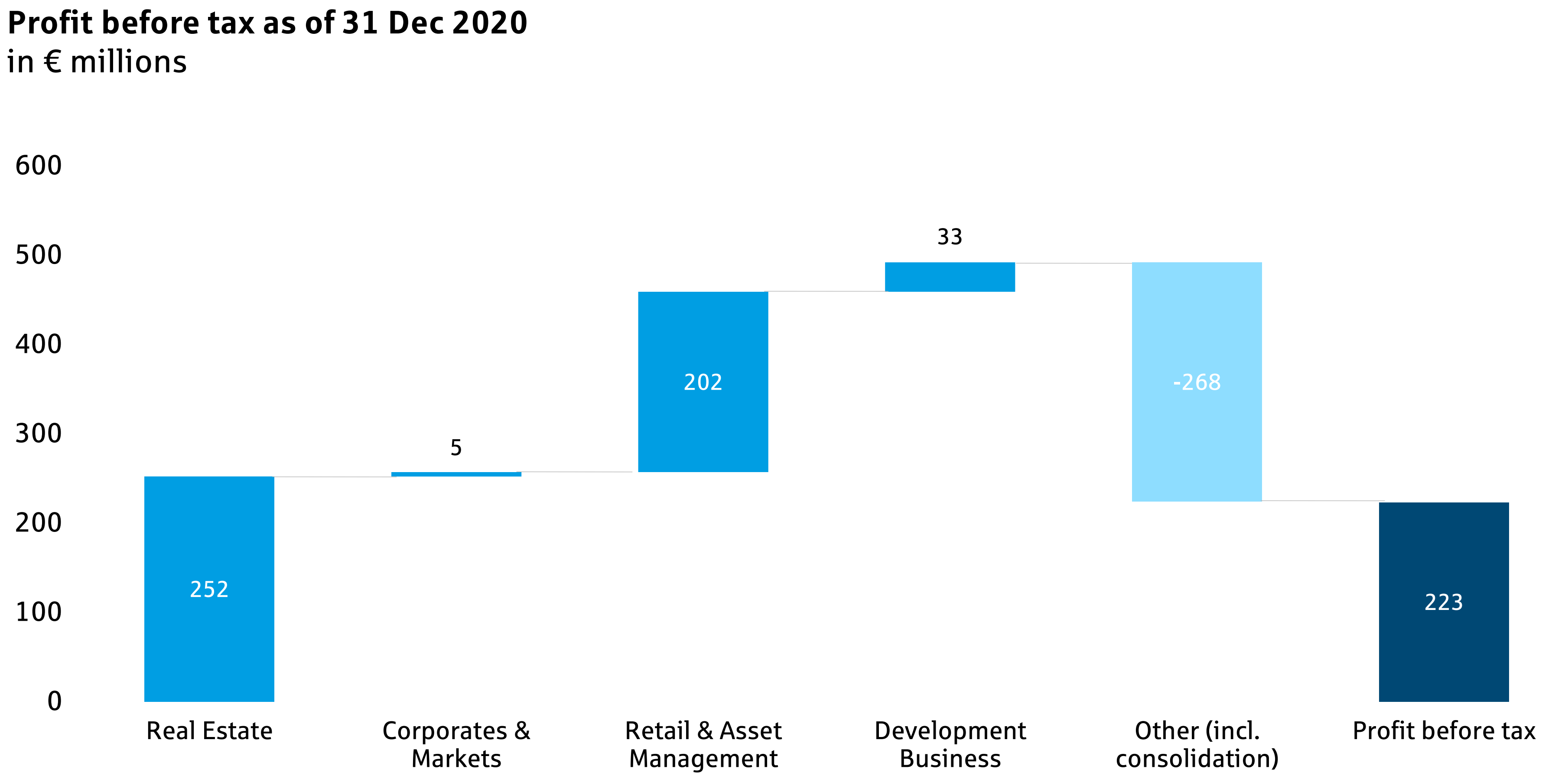
- **Tangible reduction in IT and consulting costs in other administrative expenses**
- **Implementation of Scope programme gets off to successful start**
  - Noticeable streamlining of organisational structure achieved in 2020
  - Cost-cutting measures defined
  - Implementation of measures proceeding as planned
- **Modest rise in personnel costs due to growth initiatives at subsidiaries**

At € 305 million, risk provisioning significantly increased and adequately funded



- → **Risk provisioning for 2020 proactively raised 3.5-fold to an adequate level of € 305 million**
- → **No significant defaults to date thanks to good portfolio quality**
- → **However, the bank anticipates impact in the course of the year**

Broad diversification of business model has stabilising effect



Real Estate
Stable segment result amid challenging environment

Real Estate	2020	2019	Change
	€ m	€ m	%
Total income before loan loss provisions	409	397	2.8
thereof: net interest income	*392*	*404*	*-2.9*
thereof: net fee and commission income	*17*	*19*	*-10.3*
Provisions for losses on loans and advances	-4	13	n.a.
General and administrative expenses	-153	-154	0.5
Segment result	**252**	**257**	-2.1

	31.12.2020	31.12.2019
	€ bn	€ bn
Assets	32.8	30.8
Risk-weighted assets	16.6	16.9

- → **In a challenging market environment, segment achieves stable pre-tax profit of € 252 million**
- → **Higher margins on new business vs. previous year**
- → **Slight year-on-year decline in principal earnings component of net interest income**
- → **Segment continues to benefit from extremely strong portfolio quality**

Corporates & Markets
Positive trend in operating income overshadowed by decline result from fair value measurement

Corporates & Markets	2020	2019	Change
	€ m	€ m	%
Total income before loan loss provisions	605	639	-5.2
thereof: net interest income	*395*	*354*	*11.8*
thereof: net fee and commission income	*170*	*166*	*2.2*
thereof: result from fair value measurement	*37*	*88*	*-57.7*
Provisions for losses on loans and advances	-63	-68	7.3
General and administrative expenses	-537	-499	-7.6
Segment result	**5**	**71**	-93.7

	31.12.2020	31.12.2019
	€ bn	€ bn
Assets	69.1	72.1
Risk-weighted assets	26.3	24.1

- → **Sharp rise in net interest income of around 12 %**
- → **Result from fair value measurement of € 37 million below previous year (2019: € 88 million) due to negative valuation effects**
- → **2,939 applications for KfW's coronavirus aid programmes with a total volume of approx. € 910 million were processed**

Retail & Asset Management
Encouraging rise in operating activities coupled with additions to loan loss provisions

Retail & Asset Management	2020	2019	Change
	€ m	€ m	%
Total income before loan loss provisions	792	752	5.3
thereof: net interest income	*234*	*239*	*-2.1*
thereof: net fee and commission income	*239*	*200*	*19.2*
thereof: result from real estate activities	*216*	*214*	*0.9*
thereof: result from fair value measurement	*3*	*22*	*-87.0*
Provisions for losses on loans and advances	-29	-3	>-100
General and administrative expenses	-561	-554	-1.3
Segment result	**202**	**195**	3.7

	31.12.2020	31.12.2019
	€ bn	€ bn
Assets	33.5	32.3
Risk-weighted assets	7.4	7.4

- → **Total earnings of € 202 million up on previous year (€ 195 million)**
- → **Marked rise in net fee and commission income from € 200 m to € 239 m**
- → **Frankfurter Bankgesellschaft, Helaba Invest, LBS and Frankfurter Sparkasse the primary drivers of this growth**
- → **Rental income from GWH's residential property portfolio continues to make a stable contribution to earnings**

Development Business
Expansion of development business as a result of new Covid-19 support programmes

Development Business	**2020**	**2019**	**Change**
	€ m	€ m	%
Total income before loan loss provisions	112	101	11.1
thereof: net interest income	*65*	*60*	*9.1*
thereof: net fee and commission income	*46*	*40*	*13.7*
Provisions for losses on loans and advances	0	0	n.a.
General and administrative expenses	-79	-74	-6.2
Segment result	**33**	**26**	24.5

	31.12.2020	**31.12.2019**
	€ bn	€ bn
Assets	25.6	24.6
Risk-weighted assets	1.2	1.2

- → **Earnings climb to € 33 million thanks to positive trend in promotional lending activities**
- → **WIBank a dependable partner in supporting local businesses with targeted aid programmes on behalf of Hessian state government:**
  - → Funding commitments of € 236 million for around 7,600 businesses and entrepreneurs in Hesse
  - → Support for Hessian hospitals with compensation payments amounting to approx. € 770 million

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Other
Substantial risk provisioning weighs on segment's net earnings

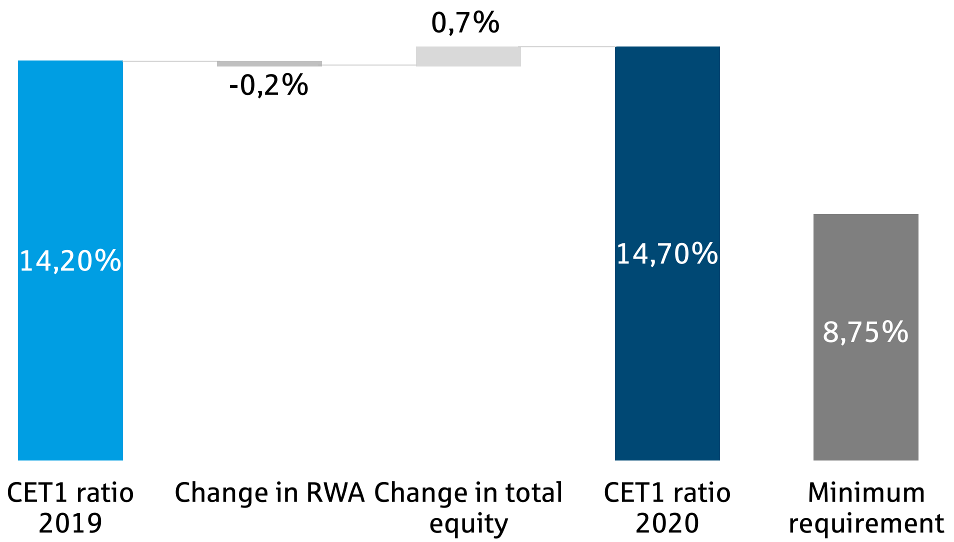
Other (incl. consolidation)	2020	2019	Change
	€ m	€ m	%
Total income before loan loss provisions	80	237	-66.2
thereof: net interest income	*86*	*136*	*-36.8*
thereof: result from fair value measurement	*-36*	*18*	*n.a.*
thereof: other net income	*67*	*94*	*-29.0*
Provisions for losses on loans and advances	-209	-28	>-100
General and administrative expenses	-138	-239	42.3
Segment result	**-267**	**-30**	>-100

	31.12.2020	31.12.2019
	€ bn	€ bn
Assets	58.3	47.2
Risk-weighted assets	9.0	10.1

- → **Total earnings significantly below previous year**
- → **Negative valuation effects in the result from fair value measurement as well as absence of extraordinary gain from addition of KOFIBA included in previous year's result also had adverse impact**
- → **Significant increase in risk provisioning includes management and pandemic-related adjustments**

Capital ratios at very good level and comfortably above regulatory requirements

Development of capital ratios
in %



- → **All regulatory capital ratios remain above minimum requirements**
- → **At 14.7 percent, CET1 ratio noticeably higher than previous year's figure**

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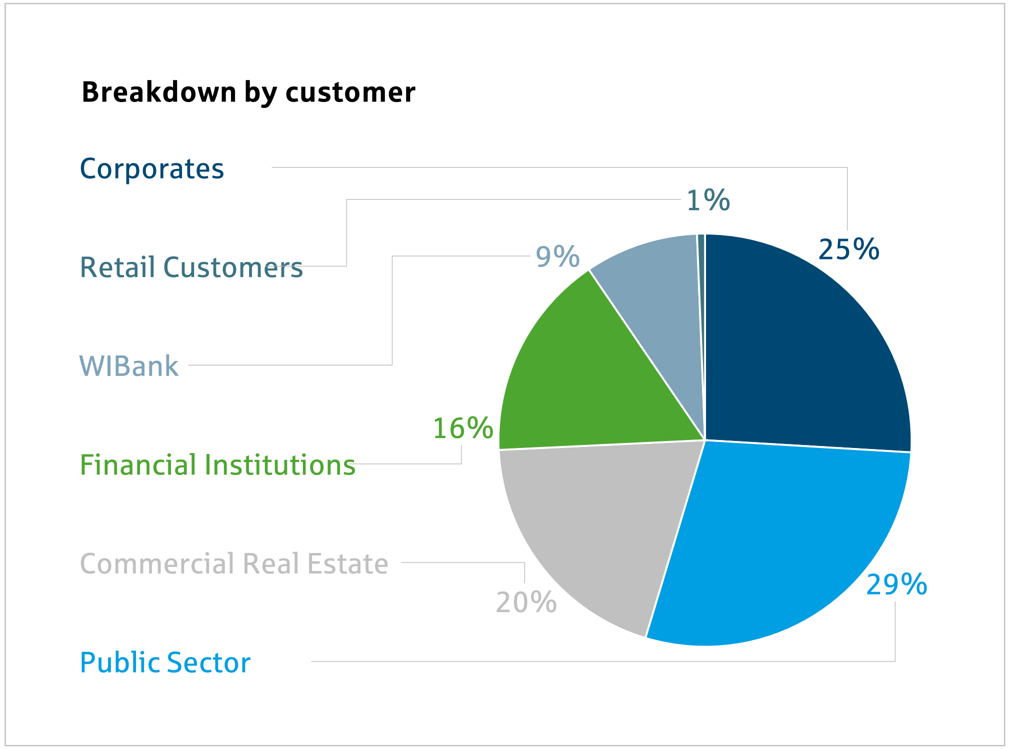
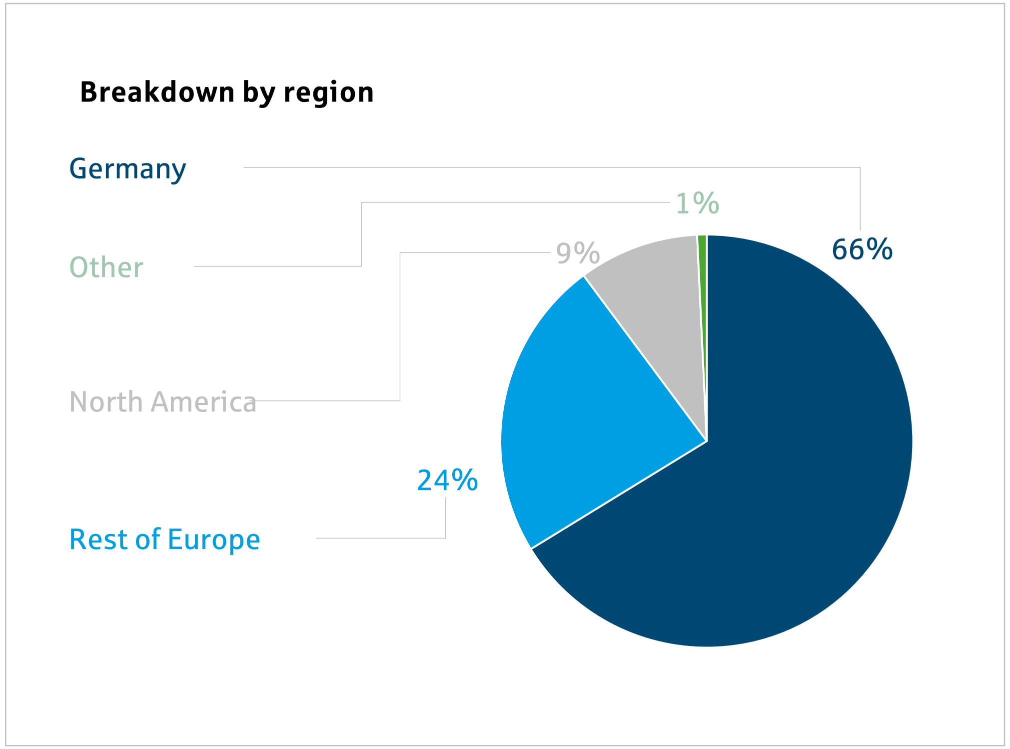
Credit portfolio and risk provisioning

Diversified credit portfolio with focus on Germany



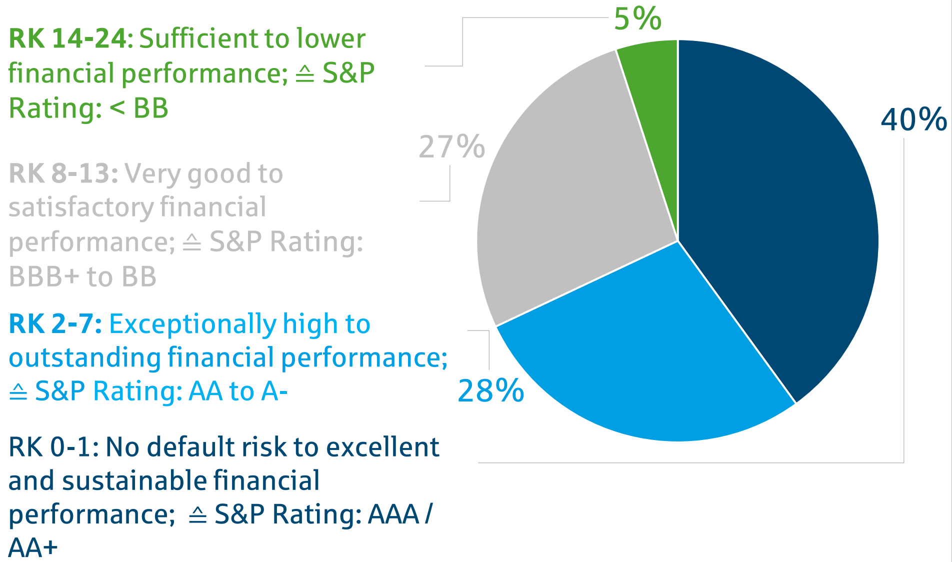


- Growth in total lending volume to € 215.2 bn (previous year: € 208.3 bn) while composition of portfolio by customer group and regional distribution largely unchanged
- Public sector, corporates and commercial real estate still most important customer groups
- Strong regional focus on Germany: two-thirds of portfolio allocable to domestic market

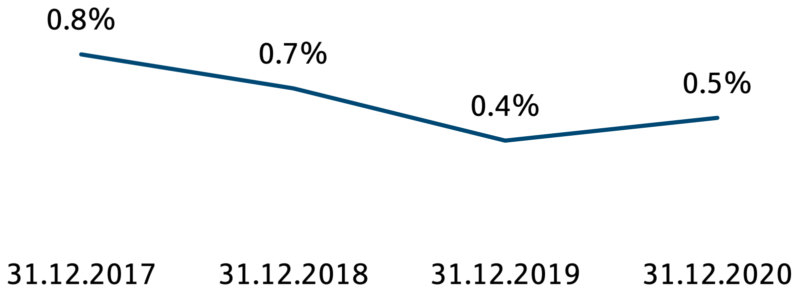
As of 31 Dec. 2020

With a low NPL ratio, Helaba is in a very good position

Total volume of lending
by default rating category (RC)



Development of NPL[1] ratio



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

- Total lending volume of € 215.2 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

- As of 31 Dec 2020, slight increase in NPL ratio to 0.5 % compared to end of 2019, predominantly due to increased defaults in the transport sector
- Non-performing exposures account for € 0.9 bn of total loans and advances of € 164.0 bn

As of 31 Dec. 2020

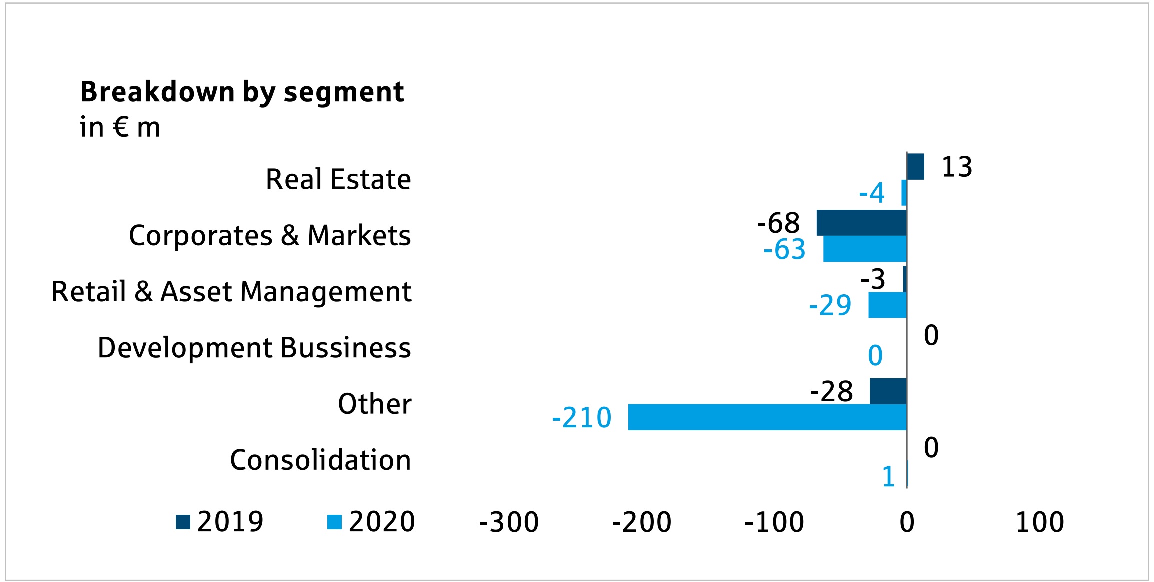
Helaba has taken extensive risk controlling measures to mitigate effects of Covid-19

- Sectors particularly affected by the crisis were identified and placed under close observation
- New business strategy/limits were modified accordingly
- Adjustments made to risk appetite framework determining risks bank is prepared to accept
- Controlling instruments serve as basis to enable differentiated and proactive risk provisioning. In this way, we can steer the quality of new lending business and minimise any deterioration in existing portfolio
- Government assistance measures and emergency liquidity facilities, as well as temporary adjustments to insolvency law, also contribute to this

Proactive risk provisioning to cover potential defaults, amount of Specific Credit Risk Adjustments (Stage 3) remain on low level

Net allocations to risk provisioning	**2020**	**2019**
	€ m	€ m
Stage 1	4	15
Stage 2	-258	-78
Stage 3	-53	-30
Direct write-downs	-3	-3
Recoveries on previously impaired loans/advances	4	10
Net risk provisioning	**-305**	**-86**

- Increase in allocation to loan loss provisions based on reassessment of risk provisioning requirements for 2020 as a result of Covid-19 pandemic
- Risk provisioning significantly higher than 2019, mainly due to allocations to Stage 2 assets (IFRS 9), including creation of management adjustment of € 123 m
- In addition, adjustment to Stage 2 loan loss provisions of € 85 m due to expected deterioration in macroeconomic parameters



- Net allocations to loan loss provisions primarily in the Corporates & Markets and Other segments
- Recognition of management adjustment and adjustment to risk provisioning due to expected deterioration in macroeconomic parameters in Other segment

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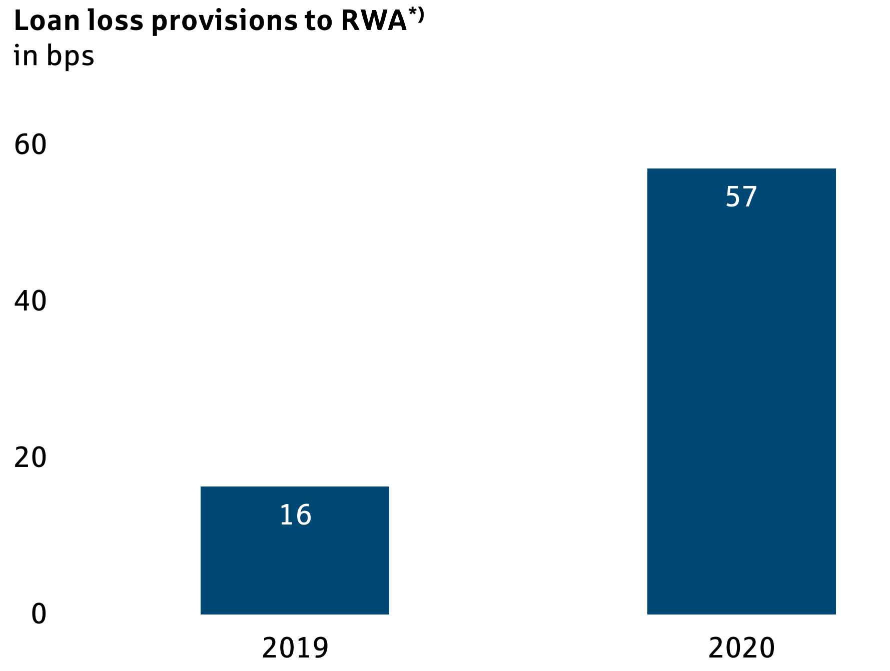
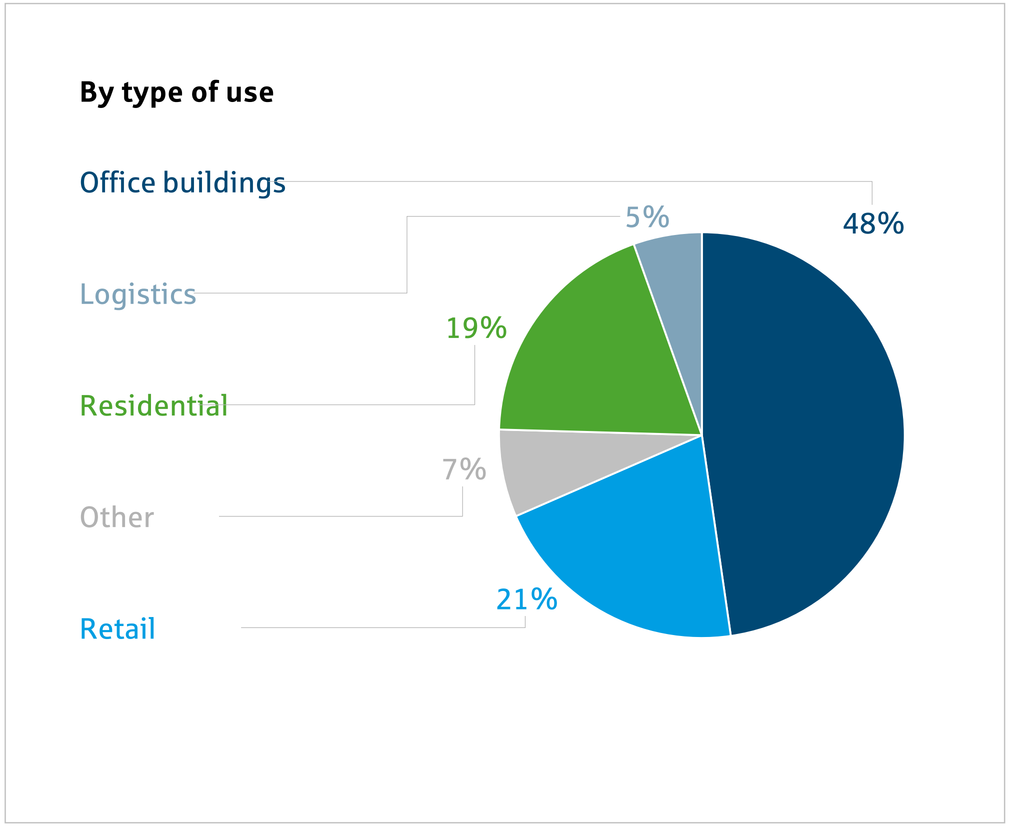
Risk provisioning significantly increased and adequately funded

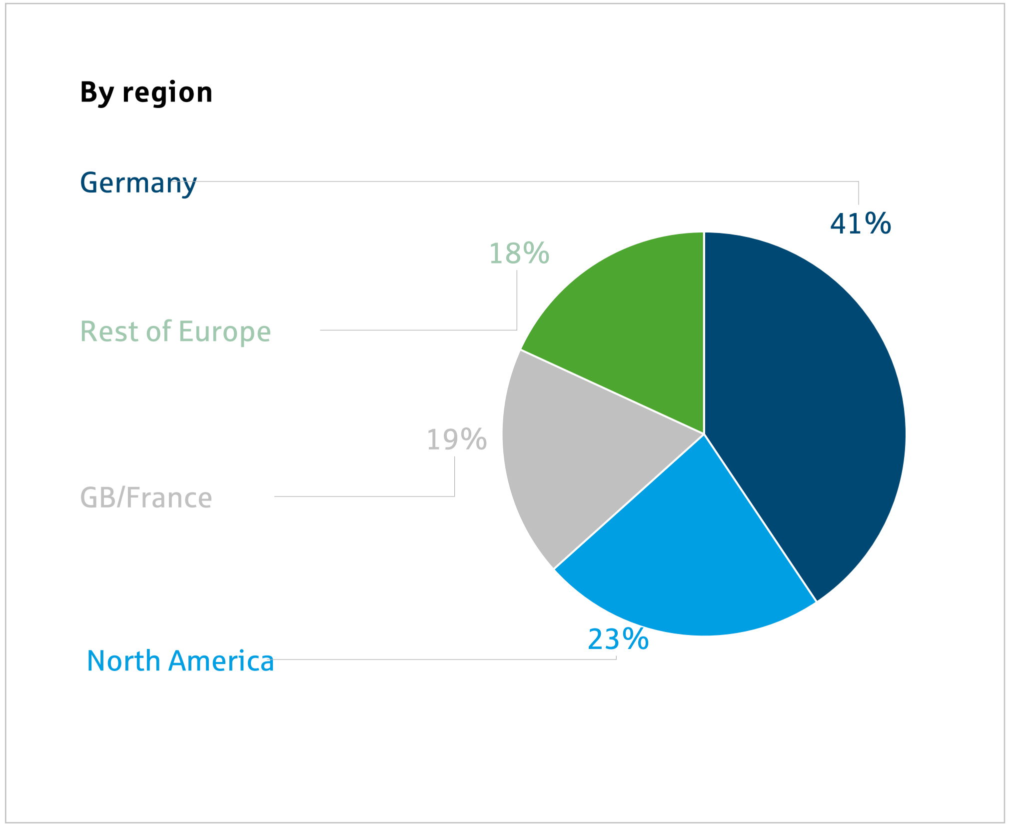


*annualised addition to loan loss provisions, RWAs for counterparty risks exclude investment risks

- Noticeable increase in the risk provisioning costs in relation to RWAs for counterparty risks, corresponding to cost of risk (pursuant to EBA Finrep reporting definition) of 44 bps (non-financial corporations, excl. public sector)
- Allocations to Stages 1 and 2 (IFRS 9) assets related to Covid-19 dominate risk provisioning in 2020
- Actual credit defaults in Stage 3 still limited due to government measures and special provisions of Covid-19 Insolvency Suspension Act

Real Estate Finance Portfolio
Business volume of € 36.1 bn





▶ Balanced portfolio by regions and type of use

As 31 Dec. 2020

Focus on portfolios mainly affected by Covid-19 – retail properties

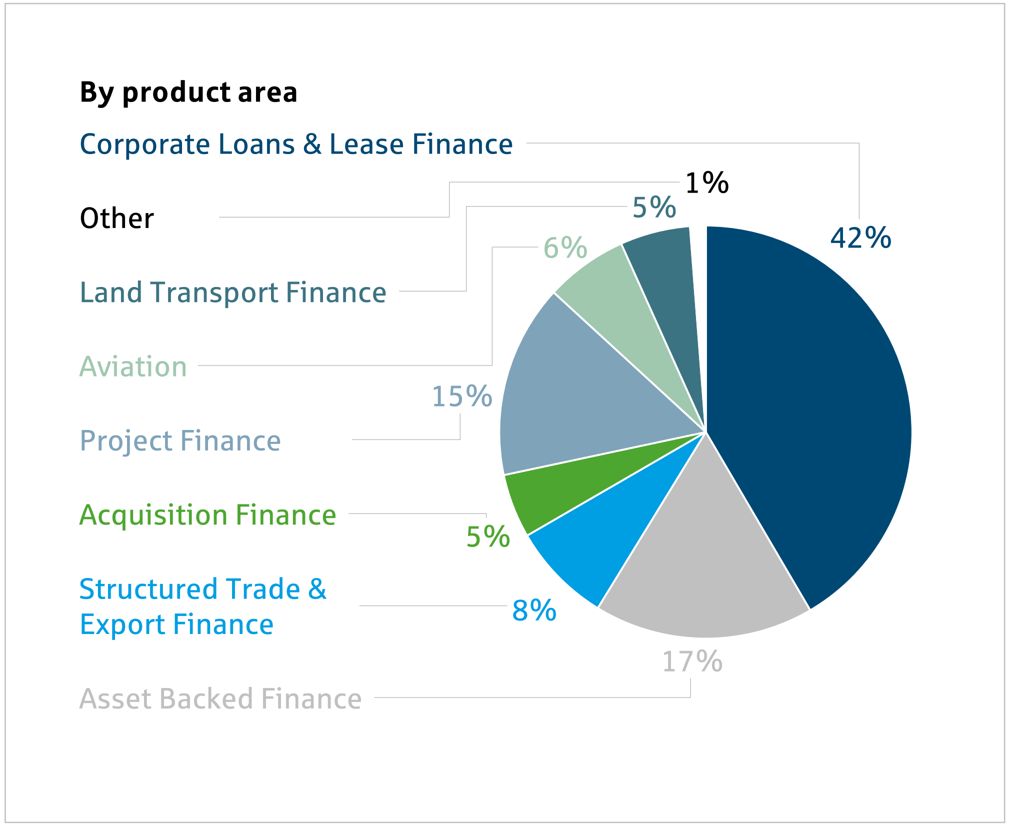
Retail Properties

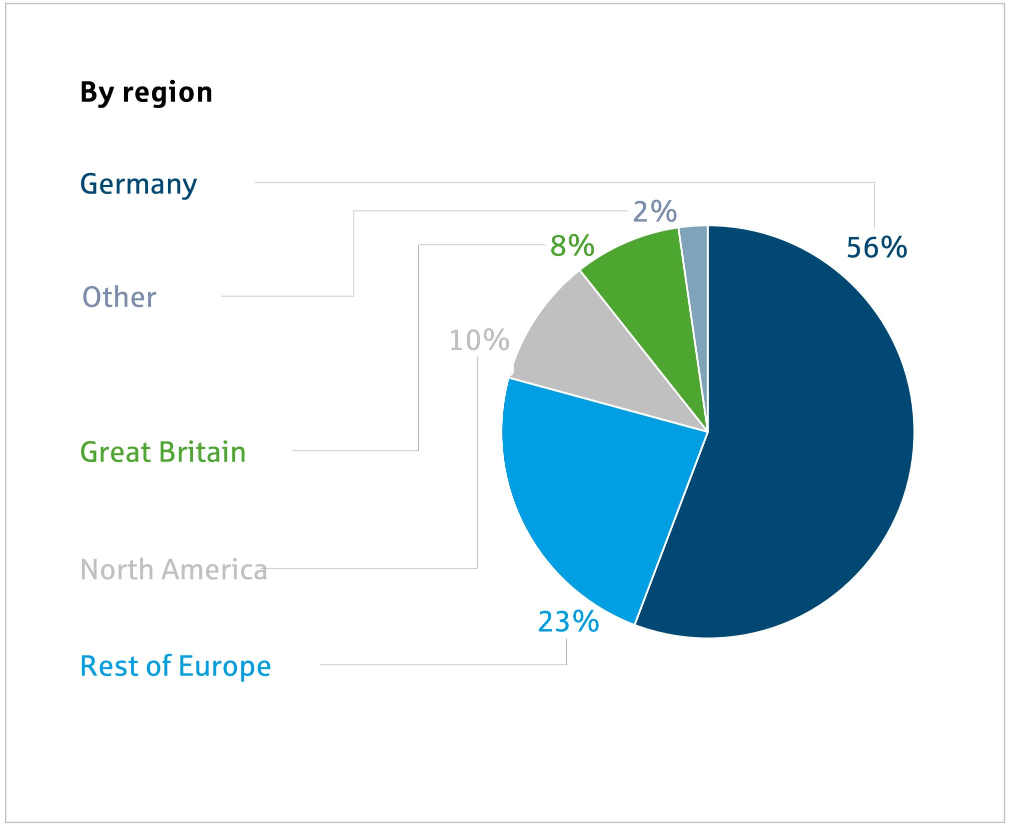
€ 7.4 bn

thereof watchlist € 0.8 bn

- Currently, retail properties most critically affected since tenants generating no or significantly lower revenue due to lockdown
- Future performance depends on duration of lockdown as well as on continued trend away from bricks-and-mortar to e-commerce
- Further declines in rents and market values are expected among projects financed by the bank depending on location, competition, concept, positioning of respective centre as well as shorter lease terms and/or stronger link between rents and actual generated revenue
- Bank has reacted by adjusting its credit risk strategy and approach to new business: greater focus on properties that are still viable in specific locations and with corresponding leasing parameters. Priority given to specialised retailers and local shopping centres.

Corporate Banking & Asset Finance Portfolio
Business volume of € 50.5 bn



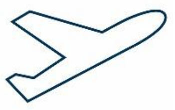


▶ Broadly diversified portfolio with focus on Europe

As 31 Dec. 2020

Focus on portfolios mainly affected by Covid-19 – aircraft finance

Aircraft Finance
€ 2.8 bn
thereof watchlist € 0.7 bn



- Significant disruption to aviation due to Covid-19, especially in Europe. Relative impact in Asia/Pacific and North America lower
- Despite selective yet substantial government aid, airlines implementing wide-ranging cost-cutting programmes and sharply reducing fleets
- To date, large number of airlines have received support, either from governments or in form of fresh capital

Conclusion and outlook for portfolio quality

- Helaba made good progress throughout 2020 thanks good quality of portfolio (default ratings and NPL ratio)
- Additional loan loss provisions allocated, especially at portfolio level as a precautionary measure, in view of uncertainty over further development of pandemic and resulting effects on credit risks
- Limited number of actual defaults recorded to date
- Strong economic recovery expected in the course of 2021: euro area will achieve growth of 4.4 %. Overall, Germany projected to grow by 3.4 % in 2021
- Despite forecast economic growth, 2021 will remain a challenging year in terms of credit risks
- Helaba actively managing risks in sectors particularly impacted by crisis, enabling it to respond effectively to further developments
- Loan loss provisions in 2021 expected to remain at 2020 level
- From today's perspective, we expect risk provisioning requirement to gradually return to normal from 2022

Werte, die bewegen. Helaba

Outlook for 2021 financial year

With its strategic agenda, Helaba is well positioned to meet future challenges

Diversify our business model more broadly and boost efficiency

Modernise the IT infrastructure and drive the digital transformation

Harness sustainability as an opportunity for growth and strengthen diversity

Outlook

- Thanks to its diversified business model, its solid portfolio quality and the forward-looking risk provisioning measure took in 2020, Helaba is well positioned for the challenges it faces in 2021
- The Covid-19 pandemic and its repercussions continue to define the macroeconomic and business environment:
  - Even as shutdown measures are relaxed, many sectors are still subject to restrictions that are weighing on profitability
  - The crisis is forcing certain sectors (e.g. retail) to make necessary structural adjustments
- Interest rates are set to languish at unprecedented low levels
- Despite this, Helaba expects to post a consolidated net profit in 2021 in line with the previous year's result, assuming risk provisioning remains largely unchanged