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The spoken word shall prevail.

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Ladies and Gentlemen,

In the following presentation, I would like to elaborate a little more on our results. But before I go into the balance sheet, I would like to briefly explain the revised reporting structure of the financial statements. We took advantage of the **first-time application of IFRS 9** in the 2018 financial year to bring the statements more closely into line with the EBA standard. Accordingly, the first classification level in the balance sheet is the measurement category under IFRS, that is, roughly whether the measurement is at amortised cost, at fair value or has no effect on income and is outside the P&L.
In addition, the first-time application of IFRS 9 led to smaller measurement effects with the consequence that we have taken the slightly adjusted figures for 2017 as a basis for comparison with the annual financial statements.

The **balance sheet total** increased by just 5 billion euros, or 3 percent, to 163 billion euros. Thus, after several years of decline, we have once again recorded an increase in the balance sheet total.

This rise is attributable to the significant increase of 7.4 billion euros in loans and advances, especially to customers. Conversely, cash on hand and sight deposits at central banks and credit institutions were reduced by 3.2 billion euros.

At EUR 95.6 billion, **loans and advances to customers**, the item on the asset side that most strongly reflects our business model, were 6.9 billion euros higher than in the previous year. The majority of this increase, approximately 4.3 billion euros, is attributable to the special assets of Hessenkasse, which Mr Grüntker mentioned earlier. In the second half of 2018, the State of Hesse launched a debt

relief programme for Hesse's municipalities, under which Helaba assumes the liabilities of the local authorities and reports a corresponding receivable from Hessenkasse.
Around 2 billion euros of this increase is due to the encouraging volume of new business in real estate and corporate finance in the second half of the year.
In addition, the exchange rate effect of the stronger US dollar in an amount of approximately 0.5 billion euros also contributed to the increase in loans and advances to customers.

There were only minor changes in the volume of **assets held for trading** and **non-trading financial instruments measured at fair value**, which mainly consist of securities held in the liquidity reserve.
On the **liabilities side**, financial **liabilities** measured at amortised cost increased by 2.7 billion euros, mainly due to a higher volume of mortgage Pfandbriefe issuance. **Liabilities held for trading** and **non-trading financial liabilities measured at fair value** increased by a total of 1.7 billion euros.

Helaba's **refinancing structure** remains well diversified, both in terms of products and investor groups. It is based on Pfandbrief issues, public development business, retail business and wholesale funding and on an investor base made up of corporate customers, retail customers, public-sector customers and credit institutions. Customers from the Sparkassen-Finanzgruppe, in particular, continue to make a stable and significant contribution to the bank's funding.

Equity on the balance sheet amounts to 8.5 billion euros. 354 million euros of the increase of 0.5 billion euros is attributable to an AT I bond placed with savings banks.

These capital resources ensure **equity ratios** that are sufficient to cover both further growth in customer business and any negative effects from the revision of CRR and CRD IV.

I would now like to turn to the **profit and loss statement**.

The **consolidated profit before tax** of 443 million euros corresponds almost exactly to the previous year's figure of 447 million euros and is therefore better than planned.

At just under 1.1 billion euros, **net interest income** was at the previous year's level. Net interest income reflects the effects of the ongoing very low level of interest rates. As in the previous year, the bank’s retail-related business and proprietary investments were particularly affected. The volume of new lending, which was good overall in 2018, did not develop until the third and especially the fourth quarter, so that the effect of new business on net interest income fell short of expectations.

Credit defaults are again at a very low level. We were able – or I should rather say, forced – to further reduce **loan loss provisions**, resulting in a positive earnings contribution of 45 million euros, compared with 56 million euros in the previous year.
The reversal of provisions for our ship finance portfolio, which we had created in previous years, contributed significantly to this income. Our exposure in the ship finance portfolio was further reduced in 2018 by around one third to an approximate level of only 400 million euros.

Net fee and commission income declined by some 1 per cent compared to the previous year and amounted to 349 million euros. This decline was not business related but is attributable to the sale of LB Swiss Investment AG, a subsidiary of Frankfurter Bankgesellschaft (FBG). This resulted in the absence of a contribution of approximately 7 million euros to net fee and commission income. The main sources of net fee and commission income, which otherwise remained at the previous year's level, continue to be payment transactions including account management, securities and custody business, asset management, lending and guarantee business and the administration of WIBank's public promotional loan programmes.

Net trading income for 2018 amounted to 32 million euros. This disappointingly low figure contrasts sharply with the previous year's figure of 268 million euros. At this point last year, I had indicated that this figure overstated the development in 2017. The opposite is now true for 2018; in my view, the value shown in the balance sheet underlines the success of the capital market business.

Three reasons are decisive for this figure and contributed to the significant decline compared with the previous year:
Firstly, the widening of spreads and market developments led to a decline in net trading income. As early as the second quarter, significant valuation losses occurred, in particular on bank bonds, due to uncertainties about budget financing in Italy. The slight recovery in the third quarter was impacted by valuation effects from declining trading volumes, and thus lower market liquidity, in December. As these are only temporary remeasurement losses, we expect a positive reversal effect over the average remaining term of three years.

Secondly, the valuation haircuts on derivatives, i.e. the credit valuation adjustment and the funding valuation adjustment, fell from plus 77 million euros in the previous year to minus 11 million euros in 2018. This can be seen as a normalisation of the very strong price spikes seen in the previous year.
Thirdly, the elimination of intragroup transactions had an effect. In 2018, this resulted in a charge of 22 million euros against net trading income, compared with 42 million euros in the previous year. The remeasurement gain or loss from non-trading is credited or debited in the same amount, but with a reversed positive or negative sign. Accordingly, this effect, which led to a reduction in net trading income of 64 million euros compared with the previous year, has no effect on net income.

Net income from hedges and non-trading derivatives reached 13 million euros and is therefore fully in line with expectations for this item on the income statement, as remeasurement effects from hedges and their underlying transactions are shown here and this balance should be approximately zero. This result was 149 million euros higher than in the previous year. In 2017, remeasurement effects resulting from the so-called cross currency basis spread, the CCBS, were still recognised in profit or loss in this line item. In 2017, this led to a charge of minus 60 million euros. We now recognise the valuation component for the liquidity of foreign currencies directly in equity, thereby reducing the volatility of the income statement.
The above-mentioned elimination of intragroup transactions contributed 22 million euros to the net profit for 2018. In relation to the change from the previous year, this gain amounted to as much as 64 million euros.

The result from **companies accounted for using the equity method** did not change significantly and stands at 13 million euros, compared with 19 million euros in the previous year.

Other net income includes a number of very different earnings components. The main component is the other net operating income, in addition to dividend earnings and the result from the disposal of financial instruments. For 2018, other net income amounted to 359 million euros.

The main contribution to other net income was made by the management of property portfolios that are mainly held by the GWH subsidiary. The balance of rental income, operating costs and disposals generated a net profit of 198 million euros, 2 percent more than in the previous year.

Additional contributions of 48 million euros in 2018 resulted from partial reversals of provisions and from non-banking services, e.g. in our project development subsidiary OFB.
The aforementioned sale of LB Swiss Investment AG had a negative impact of 17 million euros. However, the sharp increase in the other net income in 2018 is also attributable to negative effects in 2017. In the previous year, we had recognised an extraordinary impairment loss on the goodwill of Frankfurter Sparkasse, we had written down the values of consolidated property companies to which we had extended loans and we had adjusted the value of software developed in-house. On balance, the elimination of these three charges in 2018 led to an improvement in earnings of around 120 million euros.

At just over 1.4 billion euros, **general and administration expenses** were 92 million euros higher than in the previous year. Personnel expenses of 655 million euros are included in this figure, an increase of around 1.5 percent. This increase is mainly the result of two adjustments to collective bargaining agreements, as the average number of employees remained roughly unchanged from the previous year at 6,127.

Other administration expenses rose by 78 million euros to 708 million euros. This amount reflects the expenses incurred by the bank for investments in IT and projects, particularly in connection with the implementation of regulatory or business-driven requirements. 67 million euros of this increase was attributable to the bank as a single entity and 11 million euros to group subsidiaries.
Scheduled depreciation had a negative impact of 77 million euros on general and administration expenses, around half of which was related to depreciation at GWH.

Overall, the **consolidated profit before tax** was 443 million euros, on a par with the previous year.
In the previous year, non-tax-deductible expenses had driven the tax rate up, while the tax burden in 2018 was lower at 165 million euros. The **consolidated profit after tax** thus amounted to 278 million euros. This will enable us both to pay a dividend to our owners and to further strengthen our capital.

Having presented the aggregated Group figures, I would like to provide an insight into the business performance of our principal business segments. In 2018, we adjusted the definition of the segments and now focus more strongly on a customer and risk-oriented segmentation.

The **Real Estate** segment comprises the real estate lending business.

Net income before tax in this segment amounted to 242 million euros, compared with 254 million euros in the previous year. A slight decline in average loan portfolios led to a modest fall in net interest income while average margins remained unchanged. Risk provisioning is still very low at minus 14 million euros, after plus 2 million euros in the previous year. Lower depreciation and amortisation in the other net operating income more than offset the increase in administration expenses. The volume of new medium and long-term business increased by 13 percent year-on-year to 9.8 billion euros, thus exceeding the planned target figure.

The **Corporates and Markets** segment comprises the customer groups of corporate customers, institutional clients, the public sector and municipal clients. At 119 million euros, net income in this segment was significantly below the previous year's figure of 261 million euros. The main reason for this was the decline in net trading income that I explained previously. Net interest income from lending activities was stable. Expenses for risk provisioning in this segment are zero, so that this item resulted in an improvement of 68 million euros compared with the previous year. At 6.1 billion euros, the volume of new medium and long-term business was around 0.3 billion euros higher than in the previous year.

The **Retail & Asset Management** segment includes the business activities of Frankfurter Sparkasse, Frankfurter Bankgesellschaft, Helaba Invest, Landesbausparkasse Hessen-Thüringen and GWH. This segment's net income of 205 million euros was below the previous year's figure of 220 million euros. At EUR 268 million euros, net interest income was roughly on a par with the previous year. Risk provisioning of 4 million euros and net fee and commission income of 180 million euros also changed only slightly compared with the previous year. Other net income for this segment in an amount of 292 million euros is dominated by income from the residential portfolios of GWH. This increase is mainly attributable to the sale of LB Swiss Investment AG. Administration expenses in this segment rose by 23 million euros to 530 million euros. The reasons for this are initiatives by Helaba Invest and GWH to develop new products and sales forms and to expand advisory capacities at FBG.

The **WIBank** business segment encompasses public development activities on behalf of the State of Hesse. Net income remained unchanged at 19 million euros. WIBank's business in 2018 was dominated by the new promotional loan product of the aforementioned "Hessenkasse".

The **Other** segment represents earnings contributions and expenses that cannot be allocated to the business segments. These include results from centrally consolidated investments such as OFB, earnings from treasury and liquidity management as well as costs of the central divisions. Net income in this segment was -117 million euros, compared with -316 million euros in the previous year. The significant improvement in this segment's result can primarily be attributed to the absence of one-off expenses in the previous year. Amortisation of the goodwill of Frankfurter Sparkasse and the carrying amount of internally generated software had a negative impact on the previous year's figure. In addition, the elimination of the charge arising from the CCBS effect had a positive effect.

Ladies and Gentlemen, as I approach the end of my presentation, I would now like to sum up with the following remarks in **conclusion**:

The consolidated net profit before tax of 443 million euros was equal to what we reported in the previous year and above our target for 2018. Against the backdrop

of a challenging business environment, particularly for our capital market activities, and substantial costs resulting from the development of our processes and systems in line with regulatory requirements, which are reflected in the financial statements, we are satisfied with the results we have achieved. The share of loans and advances to customers in the balance sheet total continued to rise year-on-year, and new lending business developed positively. We see this as a sign of the sustainability of our business model.
After deducting a dividend payment to our owners, we will use this result to further strengthen our core capital. This will increase the scope at our disposal for a continued expansion in our customer business.

Ladies and Gentlemen, thank you very much for your attention.