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Member of the Board of Managing Directors of Helaba

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The spoken word shall prevail.

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Ladies and Gentlemen,

I would now like to go into more detail about the development of the Helaba Group's balance sheet and income statement. You have already seen that we significantly increased both our consolidated net profit and our total assets in 2019. This is also, but not only, a result of inorganic growth, especially the acquisition of Dexia Kommunalbank Deutschland AG - which was renamed as Kofiba.

Let me start with the development of the **balance sheet**:
Overall, the **balance sheet total** rose by almost 44 billion euros, or 27 percent, to 207 billion euros.
This increase is primarily attributable to three effects: the acquisition of KOFIBA, a very good level of new customer business and strong cash and cash equivalents from inflows on the liabilities side

The first two effects were reflected, in particular, in **loans and advances to customers**. These increased by 18.1 billion euros, or almost 19 percent, to roughly 114 billion euros. The addition of KOFIBA resulted in an increase of 11.7 billion euros. The remaining 6.4 billion euros are attributable to the encouraging volume of new business and - to a lesser extent - to the acquisition of a loan portfolio from DVB.

Loans and advances to customers are the balance sheet item that most closely reflects our business model. In this sense, the increase in this item demonstrates the effectiveness of our business model and also shows that the acquisitions represent a sensible strategic complement to our activities.

Assets held for trading and **non-trading financial instruments measured at fair value** increased by a total of around 12.2 billion euros. Most of this increase is attributable to the inclusion of KOFIBA. The higher valuation of derivatives, which was due to the lower interest rate level, also had an impact here

The main changes on the **liabilities side** were similarly a result of the addition of KOFIBA and the lower interest rate level.

Helaba's **refinancing structure** remains well diversified, both in terms of products and investor groups.

I would now like to come to our **profit and loss statement**.

The **consolidated net profit before tax** in the 2019 financial year, which amounted to 533 million euros, was considerably higher than the previous year's figure of 443 million euros and also above our target.

Net interest income increased by 11 percent to almost 1.2 billion euros. This was partly a result of growth in the loan portfolio. The higher net interest income is very encouraging, especially given the fact that negative interest rates had an even greater adverse impact and that interest earnings from retail activities, particularly at Frankfurter Sparkasse and LBS, were significantly lower. Early repayments, which occurred in 2019 to a lesser extent than in previous years, were offset by new business with good margins.

Provisions for losses on loans and advances rose significantly year-on-year and now stand at minus 86 million euros. This increase can be viewed as a step towards normalisation, with loan loss provisions in 2019 still below their planned target. Of these 86 million euros, 30 million euros are accounted for by net allocations to individual valuation adjustments, in other words specifically expected defaults. The remainder is attributable to early provisioning for exposures that are not acutely at risk of default. This also includes a so-called management adjustment of 31 million euros. That is, we increased the provision beyond its calculated value.

Net fee and commission income amounted to 395 million euros, which is significantly above the previous year and also above target. Fees and commissions from lending and guarantee activities, asset management and payment transactions, including account management, saw particularly welcome growth.
Net fee and commission income accounts for about 20 percent of the bank's operating earnings.

Net income from fair value measurement mainly comprises net trading income and valuation gains or losses on banking book derivatives. It is accordingly volatile and, at 143 million euros, more than tripled compared with the previous year.
In 2019, net trading income had to absorb valuation losses from the further decline in interest rates. Client-driven capital market activities developed positively.

Other net income includes operating income from property management activities on the one hand as well as dividend income and other earnings components on the other. Other net income increased by 17 million euros to 387 million euros.

The management of our subsidiary GWH's real estate portfolio made the most significant contribution to other net income. The balance of rental income, operating costs and sales generated earnings of 214 million euros, which represents an increase of 6 percent on the previous year.

In addition, other net income in 2019 was characterised by two opposite non-recurring effects:
On the one hand, the first-time consolidation of KOFIBA had a positive effect of 125 million euros. On the other hand, it also includes a charge of 71 million euros in the form of a restructuring provision for the "Scope" efficiency programme.

At 1.5 billion euros, **general and administrative expenses** were 70 million euros higher than in the previous year. Personnel expenses accounted for 683 million euros, after 655 million euros in the previous year. The increase of 28 million euros in personnel expenses is mainly due to rises in collectively bargained salaries. In addition, the average number of employees rose by 116 to 6,243. The increase in the number of employees is largely a result of an expansion in the activities of subsidiaries and the addition of KOFIBA.

Other administrative expenses declined by 8 million euros to 711 million euros, while scheduled depreciation and amortisation increased by 50 million euros to 127 million euros. These changes include a postponement in the recognition of items due to changes in the way leases are accounted for. This led to an increase of 42 million euros in depreciation and amortisation, which is offset by a "saving" in rental expenses of a similar amount. Adjusted for this effect, non-staff costs increased by approximately 34 million euros. The following factors are responsible for this:

- Higher allocations from the S-Group's institutional protection schemes due to support measures for NordLB
- The integration of KOFIBA and
- Costs for Project Scope.

Overall, the **consolidated net profit before tax** amounted to 533 million euros, which is higher than the previous year and above target. Even when adjusted for the aforementioned two non-recurring effects, this would still be the case. This shows that 2019 was underpinned by strong operating business, which is reflected in increased net interest and net fee and commission income.

The tax burden for 2019, at 53 million euros, is rather low. This was primarily due to the largely tax-free accrued income from KOFIBA as well as to relief from excessive tax expenses in previous years.

The **consolidated net profit after tax** stood at 480 million euros. This is sufficient to further strengthen the bank's equity in addition to paying out a dividend to the owners and after servicing AT-1 bonds.

Having presented the consolidated figures, I would now like to give you a brief overview of the bank's most important business segments:

At 257 million euros, pre-tax earnings in the **Real Estate** segment were slightly higher than in the previous year and were driven by good operating income and a low level of risk provisioning.

In the **Corporates and Markets** segment, net earnings of 61 million euros were significantly lower than in the previous year. While Corporate Finance lending activities and the client-driven capital market business developed positively, a considerable increase in loan loss provisions, valuation haircuts on derivatives, higher administrative expenses and project costs weighed on this segment's result.

The **Retail & Asset Management** segment comprises the business activities of Frankfurter Sparkasse, Frankfurter Bankgesellschaft, Helaba Invest, Landesbausparkasse Hessen-Thüringen and GWH. At 188 million euros, this segment's net income was somewhat lower than that of the previous year. While earnings were on a par with the previous year, higher administrative expenses due to investments in the expansion of business activities were responsible for the decline.

The **WIBank** business segment encompasses public development activities on behalf of the State of Hesse. As a result of higher net interest income, this segment generated earnings of 27 million euros, which was higher than in the previous year.

The **Other** segment represents earnings contributions and expenses that cannot be allocated to the business segments. In the 2019 financial year, this segment's result was impacted by the first-time consolidation of KOFIBA and the restructuring provision, so that the net result of minus 25 million euros was significantly better than in the previous year.

Ladies and Gentlemen, I would now like to sum up with the following remarks in **conclusion**:

The **consolidated net profit before tax** of 533 million euros was significantly higher than the previous year's result and above our target for 2019. It was driven by a solid operating business, but was also influenced by both positive and negative one-off effects. These included - as I mentioned before - the positive result from the consolidation of KOFIBA in addition to charges such as the provision for Project Scope.
Against a backdrop of persistently low interest rates, regulatory requirements and the associated ongoing high level of investment in our processes and systems, we are satisfied with the result we achieved. Almost all business divisions outperformed expectations and contributed to the growth in net interest and net fee and commission income. After deducting a dividend payment to our owners and servicing AT-1 bonds, we will further strengthen our core capital.

Ladies and Gentlemen, thank you very much for your attention.
I now hand back to Mr Grüntker.