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Chairman of the Board of Managing Directors der Helaba

Annual Press Conference 2021

Webkonference Frankfurt am Main

24. März 2021

The spoken word shall prevail.

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Good morning everyone,

First of all, I would like to welcome you to our annual press conference and presentation of our financial statements. Having had to report a loss due to Covid-19 during my first call as Helaba's CEO last August, I am happy to be able to announce a positive result for the year today.

At 223 million euros, as a Group we have achieved a satisfactory pre-tax result. It reflects the fact that the transformation programme we had launched is having a positive effect and, thanks to stringent cost management, that we were able to reduce our administrative expenses. Overall, our operating activities performed well and what is particularly encouraging is the growth in net fee and commission income. At the same time, remeasurement effects, which had weighed significantly on our results for the first half of 2020, declined considerably in line with our expectations while our CET1 ratio, at 14.7 percent, reached a very good level. Given the challenging market environment due to the pandemic and a significant and prudent increase in risk provisioning, we can be satisfied with the result we achieved in 2020.

When looking at our Group's 2020 results in more detail, it is clear that we are moving in the right direction:
Even against the backdrop of the Covid-19 crisis, we were able to expand our operating activities and reduce administrative expenses. The impact of the pandemic on our net earnings was reflected in increased haircuts on

our fair value result as well as significantly higher loan loss provisions. Additionally, the 2019 results included an extraordinary gain related to the KOFIBA transaction.

I would like to start by highlighting the positive trend in our operating activities:

At 1,172 million euros, our **net interest income** remained almost at the same level as in the previous year. Here, we benefited from a higher average credit portfolio and slightly better margin. However, these positive factors were eclipsed by negative effects that ultimately resulted in a 1.5 percent decline. In particular, this was due to lower income from early repayment penalties, which fell from 66 million euros in 2019 to 17 million euros in 2020. Overall, however, it is clear that are well positioned with our broad-based business model since all segments contributed to net interest income, as shown in the chart above.

Growth in **net fee and commission income** of 40 million euros - or just over 10 percent - to 435 million euros is a particularly welcome development. This once again demonstrates the inherent strength of our business model because this positive trend is broadly distributed and various business lines contributed to this expansion. For example, the improved performance was evident in our cash management activities, in Frankfurter Sparkasse's securities and custodian services as well as in Frankfurter Bankgesellschaft's asset management activities.

Furthermore, **income from rented properties** once again proved to be a stable and dependable earnings component, amounting to 215 million euros (2019: 214 million euros) in the period under review.

Other net income fell slightly by 3.5 percent to 166 million euros, mainly due to non-recurring effects resulting from property disposals by the bank and OFB. In addition, the absence of an extraordinary gain from the first-time consolidation of KOFIBA in 2019, which I mentioned earlier, is another factor that impacted the result.

In the first half of 2020, distortions on the capital markets in the wake of the Covid-19 pandemic led to a significant increase in risk premiums across all credit rating classes in addition to their effect on interest rates. In turn, this resulted in a temporary but substantial valuation loss in the first half of the year. As expected, these remeasurement effects receded significantly. Moreover, we have since taken extensive steps to avoid any future volatility. For 2020 as a whole, we are able to report a valuation gain of 4 million euros (2019: 128 million euros) in our **result from fair value** measurement.

We are especially encouraged by the fact that we were able to halt the upward trend in costs thanks to our transformation programme. This was largely made possible because we succeeded in appreciably streamlining our organisational structure and had already implemented a number of cost-cutting measures as planned in 2020. Beyond that, we were also able to noticeably reduce our IT and consulting expenses. The modest rise in personnel costs was due to growth initiatives at our subsidiaries. Despite this, we managed to reduce our **general and administrative expenses** by more than 3 percent to 1,468 million euros.

Ladies and Gentlemen,
The positive trend in our operating activities and in our costs were offset by market-driven valuation losses as well as the negative impact of Covid-19, which resulted in considerably higher risk provisioning. Thanks to the good quality of our portfolio, Helaba has not recorded any significant defaults to date. That said, we expect to see the repercussions of the Covid-19 pandemic over the course of the year and have therefore made sufficient allowance for this; specifically, we proactively increased our **loan loss provisions** in 2020 to an adequate level of -305 million euros. The magnitude of this Covid-induced peak becomes evident when comparing it with changes in risk provisioning over the last five years. My colleague Dr. Detlef Hosemann will delve deeper into the issues of the credit portfolio and risk provisioning in a few moments.

At this stage, let us turn to performance in the Group's business segments. Here, the positive development in our operating activities is testament to the fact that our diversified business model means we are well placed to cope with the challenges we face, especially with crises such as the one we are currently experiencing. The ramifications of the Covid-19 pandemic are particularly noticeable in the Corporates & Markets as well as in the Other segment. In this respect, the impact of increased haircuts had a negative effect on the result from fair value measurement in the Corporates & Markets segment. Furthermore, the recognition of a management adjustment as well as an adjustment to risk provisioning due to Covid-19 led to a tangible decline in the Other segment's net earnings. However, the stable performance in the remaining segments more than compensated for these negative factors and, on balance, resulted in a satisfactory consolidated **net income before tax** of 223 million euros.

Permit me at this juncture to briefly address the key developments in our five business segments:

In the **Real Estate segment**, we managed to achieve a stable pre-tax result of 252 million euros (2019: 257 million euros) amid a challenging market environment. In particular, we are extremely pleased with the fact that we were able to lift our margins compared to the previous year. At 392 million euros, net interest income - the principal earnings component - was slightly below the previous year's level of 404 million euros. In this respect, we continue to benefit from the very high portfolio quality of our real estate exposure. The impact of the pandemic has been limited thanks to the emphasis of our property portfolio on the residential, office and logistics segments. We see a positive development in the two segments of residential and logistics in particular; while in respect of office properties in prime locations, our observations point to a sideways trend. However, the retail property segment has been adversely impacted by the crisis to a certain extent and Dr. Hosemann will discuss this issue in more detail during his presentation.

In the **Corporates & Markets segment**, the decline in the result from fair value measurement overshadowed the positive trend in operating activities, particularly in corporate finance. Net interest income increased by a strong 12 percent to 395 million euros, which was largely driven by a higher average business volume, while net fee and commission income also rose to 170 million euros. The result from fair value measurement, at 37 million euros, was below the previous year's figure of 88 million euros due to negative valuation effects - in line with our expectations - and eclipsed the positive trend in this segment's operating activities. Since March 2020, Helaba has been supporting the Sparkassen-Finanzgruppe in the German states of Hesse and Thuringia as a pass-through institution in distributing new subsidised loans from the German federal development bank, KfW. By the end of December, 2,939 applications for KfW’s Covid-19 aid programmes with a total volume of around 910 million euros had been processed. Thanks to their tremendous commitment, Helaba's employees have also played a vital role in helping to address the challenges posed by the pandemic in this area as well.

We are also pleased to report good performance in the operating activities of the **Retail & Asset Management segment**, with total earnings of 202 million euros exceeding the previous year's figure of 195 million euros. The most notable rise was in net fee and commission income, which rose

from 200 million euros to 239 million euros. Frankfurter Bankgesellschaft, Helaba Invest, Frankfurter Sparkasse and LBS were the primary drivers of this growth. Rental income from GWH's residential property portfolio, which is allocated to this segment, continues to make a stable contribution to this segment's net earnings.
WIBank posted a net profit before tax of 33 million euros, which was up on last year's result. During the Covid-19 pandemic, WIBank has been a dependable partner in supporting local businesses with targeted aid programmes on behalf of the Hessian state government. In 2020, WIBank granted funding commitments totalling 236 million euros to around 7,600 businesses in the State of Hesse. In addition, Hessian hospitals were provided with compensation payments amounting to approximately 770 million euros. Overall, this also shows that we have made a vital contribution in many areas to mitigating the consequences of the Covid-19 pandemic.

Net earnings in the Other segment were significantly below the previous year at a negative 267 million euros. The absence of an extraordinary gain from the addition of KOFIBA had an adverse impact on the result from fair value measurement, which was also influenced by negative valuation effects. This segment also includes management and pandemic-related adjustments to risk provisioning.

The effects of the coronavirus pandemic are also reflected in our key financial indicators. Despite this, all regulatory ratios are still comfortably above statutory requirements. This is particularly true for the **CET1 ratio** which, at 14.7 percent, has reached a very good level and is considerably higher than the previous year's figure of 14.2 percent - and thus well above minimum requirements. This exceptionally good development is primarily attributable to a rise in the Group's capital base, including retained earnings and the effects of regulatory relief measures.

The Helaba Group's **balance sheet total** rose by 12.5 billion euros to 219.2 billion euros. This increase was primarily due to measures to bolster our liquidity position as well as higher market values of derivatives.

I would just like to summarise the most important points once again:

- Against the backdrop of the Covid-19 pandemic, we are satisfied with our Group's net profit of 223 million euros in 2020.
- Our transformation programme is bearing fruit: the performance of our operating activities - especially net fee and commission income - is encouraging. We were able to halt the trend of rising costs.
- Risk provisioning of 305 million euros was proactively and significantly increased and is adequately funded, while we have not seen any major defaults to date.
- The considerable rise in loan loss provisions and the sharp decline in the result from fair value measurement overshadowed the good performance of our operating activities.
- The CET1 ratio improved to 14.7 percent and is thus very comfortably above regulatory requirements.

In this extraordinary year, Helaba once again demonstrated that it is capable of acting at all times, especially during challenging market environments, and that it is committed to serving its clients as a reliable partner. So, Helaba is well positioned, has a stable business model and is profitable. On top of that, we have launched wide-ranging measures and refined our strategic agenda in order to prepare the Group to meet future challenges - a point I will return to in more detail shortly.
Before I do so, I would like to hand over to my colleague on the Executive Board and CRO, Dr. Detlef Hosemann, who is going to elaborate further on our credit portfolio and risk provisioning.

Ladies and Gentlemen,
In the past year, we have demonstrated that we are capable of responding flexibly and successfully to challenging crises such as the Covid-19 pandemic. And we have taken the opportunity to pave the way for the continued successful development of our business. I believe we are therefore well prepared to face the challenges that await us and I am optimistic about the future.
We have defined ambitious long-term goals and we are confident that we will achieve them:

- A consolidated net profit before tax in the mid triple-digit million range.
- Net fee and commission income of at least EUR 500 million, with the aim of achieving a balance between net interest income and total income from non-interest-bearing earnings components.

- And we want to further intensify our collaboration with the savings banks and thereby integrate Helaba even more tightly into the Sparkassen-Finanzgruppe.

In order to realise these goals, we are systematically pursuing the strategic agenda we have already embarked on. We have defined the following three areas of action in this regard:

1. Diversifying our business model more broadly and boosting efficiency
2. Modernising the IT infrastructure and driving the digital transformation
3. Harnessing sustainability as an opportunity for growth and strengthening diversity

What exactly do these areas of action involve?

1. Diversifying our business model more broadly and boosting efficiency

Earlier on, I explained that we want to create an overall balance between our net interest income and total income from non-interest-bearing earnings components. With this in mind, we are focusing on growth in capital-efficient business lines. We also explicitly want to exploit appropriate growth potential within the Helaba Group and step up existing initiatives, for example in asset management, cash management and the S-Group business.

At the same time, we will continue to refine our business model in terms of the bank's long-term lending activities. Our aim is to pass on or bundle loans to a much greater extent through syndication and thus create fund-based investment opportunities for insurance companies, pension funds and savings banks.

By selectively placing loan portfolios with third parties, we will be able to simultaneously increase our capital efficiency and reduce the burden on both our equity base and balance sheet. In this way, we will also be preparing ourselves for the anticipated requirements of Basel IV, which will impose stricter RWA criteria on long-term lending operations.

In addition, we will push ahead as planned with our transformation programme, which got off to a successful start, and thereby further boost our efficiency.

2. Modernising the IT infrastructure and driving the digital transformation

A modern IT infrastructure serves as a basis for the growth and future viability of a financial services provider. That is why we intend to invest a sum in the triple-digit million range in the modernisation of our IT infrastructure every year. Our focus in this respect is not only on the core banking system; rather, we are looking to develop and modernise our entire IT infrastructure so that our systems are able to cope with future challenges. Aspects such as smart data and artificial intelligence will also play a key role in this respect. However, we are also looking at the systems used by our traditional business lines.

We will consistently exploit opportunities arising from digitisation as a whole, whether in terms of in-house development or by forging partnerships with platforms or service providers.
For me, digitisation is not an end in itself. It must offer added value for Helaba AND our clients. This is the only way we can enhance our customer relationships even further.

3. Harnessing sustainability as an opportunity for growth and strengthening diversity

Sustainability is by no means a new issue for Helaba. It is an integral part of our DNA as a public-sector institution. However, we want to continue improving our ESG profile and, crucially, take systematic advantage of growth opportunities as they arise. This will be reflected, for example, in the form of intensified advisory and sales activities in the corporate Schuldschein segment and will also be underpinned in the near future by the issuance of our own Green Bonds. In order to transform Helaba into a fully sustainable company, we have launched the HelabaSustained programme. The aim of this programme is to translate our ESG strategy into quantifiable targets within the Group and to firmly integrate ESG criteria into Helaba's organisation and corporate management. In this respect, we are already acting in accordance with the current EU taxonomy. The fact that we are on the right track is borne out by our sustainability ratings (ISS ESG, imug, MSCI ESG RATINGS, Sustainalytics).
One hallmark of a sustainable company is also a sustainable approach to human resources. This entails knowing, developing and making use of

existing talent and skills more effectively. It also includes promoting diversity. For this reason, we intend to promote and consider women to a far greater extent than in the past when it comes to identifying potential, planning management succession all the way to internal and external shortlisting during recruitment processes, among other things. We have set ourselves the goal of appointing women to fill more than 30 percent of management positions in future.

Ladies and Gentlemen,

We are absolutely convinced that this strategic alignment will safeguard our future viability in the long term. But what does this mean in terms of our prospects for the current financial year?

Covid-19 is set to remain a dominant factor in 2021, with a corresponding impact on the credit side as well. Thanks to our diversified business model, our solid portfolio quality and the forward-looking risk provisioning measures already taken in 2020, Helaba is well positioned for the challenges it faces this year. We have a very sound equity base which means we are able to continue supporting our clients as a reliable partner - even through this difficult phase.

And this will also be necessary as the Covid-19 crisis continues to have a negative impact on the economy and, by extension, on the profitability of many sectors as well as because the need for structural adjustment - for instance in the retail sector - will increase.

Beyond the coronavirus pandemic, we should not lose sight of the other challenges facing the financial sector - especially the historically low level of interest rates.

Our agenda for 2021 is ambitious. However, I am confident that we will succeed in positively shaping the current financial year. Our performance in the first few weeks of the year gives me cause for optimism, with operating activities having got off to a very good start in the first few months of 2021 as well.

Provided there are no additional major lockdowns with negative consequences for the economy and the capital markets, we anticipate that we will be able to achieve a pre-tax profit in 2021 in line with last year's result, assuming risk provisioning remains largely unchanged.

That brings me to the end of my remarks. Thank you very much for your attention.

Dr Hosemann and I are happy to answer any questions you may have and I will now hand over to Mr Schweitzer who will moderate the discussion.