Tamara Weiss

Member of the Executive Board of Helaba

Annual Media Conference 2024

Main Tower
Frankfurt am Main

27. März 2025

Check against delivery.

Helaba
Landesbank Hessen-Thüringen
MAIN TOWER
Neue Mainzer Straße 52 - 58
60311 Frankfurt am Main

Ladies and Gentlemen,

A very good morning to you all from me, too.

I am delighted to have the opportunity today to share some more in-depth information on Helaba's **credit portfolio and risk provisioning**. On the left side of the slide, you can see four key figures that are important for our risk management.

Amounted to a good 225 billion euros, our **total lending volume** was only marginally lower than in the previous year. We were able to reduce our **risk provisioning** to around €350 million. In the previous year, it was just under €450 million. This is mainly a consequence of the first signs of stabilization in the real estate market. In particular, we saw a decline in the default rates in the CRE portfolio in the second half of the year. But you can also see that our risk provisioning remained at an elevated level. This has to do with increased risk provisioning in corporate banking.

On the one hand, the recession in Germany is clearly noticeable here. On the other hand, this continues to be due to the default of individual commitments. There is also no individual specific industry particularly affected by risk provisioning in 2024. There continues to be no specific industry phenomenon.

In our view, the situation of the German economy is and remains very challenging, and this in combination with the uncertainty in the geopolitical environment. We have priced this into our risk provisioning.
We have also decided to grow only selectively and with our existing customers in the Commercial Real Estate and Corporate Clients business. This is reflected in our 2024 figures in a lower volume of new business.

Our **liquidity reserve** is at the previous year's level and well above regulatory requirements. The same applies to our refinancing ratio. Our liquidity position remained very comfortable during the past financial year.

Helaba's **total credit portfolio** remains highly diversified across a variety of customer groups. Compared to the previous year, there have been slight changes in the public sector portfolio in which we increased the lending volume by around 3 billion euros to 67.5 billion euros. As a consequence, this comparatively less risky credits accounts for a third of the total credit portfolio. We finance infrastructure and public-sector investments – as part of the sustainable transformation and the energy transition.
Corporates are our second-largest customer group.

This is followed by our real estate portfolio. We have reduced it by almost 3 billion euros in 2024. We have on the one hand achieved this through proactive management. On the other hand, we have only very selectively taken on new business in this segment.

In other respects, the **composition of our portfolio** remains unchanged versus 2023, both in terms of customer group and regional breakdown. Our focus is and remains on the German market. As a regional bank with strong roots in its home market, we feel extremely comfortable with this.

On the far right of the chart, you can see our **rating structure**.
The overall rating profile of our credit portfolio is stable, which once again testifies to its high quality. Around 87 percent of the portfolio is classified as investment grade.

Here is a deeper look at our **corporate client portfolio**. Our corporate customer portfolio forms part of our corporate banking portfolio which, in addition to corporate customers, also includes asset-backed finance, project finance and transport finance. At 36.4 billion euros, the corporate customer portfolio makes up around 16 percent of Helaba's total lending volume.

Our corporate customer portfolio is also highly diversified, with the largest share attributable to energy and water utilities. In this sector, we primarily finance low-risk municipal corporations.
We have not identified any major sector-specific concentration risks in our overall corporate customer portfolio. Similarly, we have not seen any far-reaching effects on our corporate customers from the rising number of insolvencies in Germany.
What we do see, however, are a small number of individual exposures at risk of default involving challenges for specific companies operating in different sectors. We have allocated an adequate level of loss provisions to this.

One thing is certain: 2025 will once again be a challenging year for many companies in Germany. Two factors offer some optimism for the German economy: On the one hand, planning security for companies will increase as soon as a new federal government is in office. On the other hand, the announced investment plans will revitalize the domestic economy.
But of course there is also the threat of new burdens, particularly with regard to the customs policy of the US government and geopolitical tensions. We therefore anticipate that 2025 will be another year filled with numerous uncertainties.

The development of the **real estate market** is showing the first signs of stabilizing. This is also reflected in our lower risk provision. However, at €158 million, we have not yet reached the pre-crisis level. The latest interest rate development and the number of transactions continue to be closely monitored and are incorporated into the valuation of our portfolio.

It is quite interesting to take a look at the various asset classes. We are currently seeing a two-track situation: Residential property prices have stabilized, particularly in Germany. There are two reasons for this: we are seeing continued high demand for living space. And we are seeing low levels of new construction. In other words, supply is tight.

The situation is quite different for commercial real estate. We observe continued price declines, particularly for properties in B and C locations (less central areas) and for outdated real estate. This affects in particular the office segment. The main impact here was felt on the office segment due to greater demand from investors and tenants for prime central locations, high ESG ratings and a more widespread adoption of new work concepts.

Helaba's portfolio consists of properties in predominantly attractive locations, most of which are secured by first-line mortgages. Our portfolio remains highly diversified, both by type of use and by location.

What did we do in 2024 in the context of market developments?
We responded to developments on the market with active management and a selective approach to new business, initially reducing the portfolio by a further 34.2 billion euros.
For the current year, we expect real estate prices to bottom out and transaction volumes to increase again. However, we remain cautious. We will therefore continue to operate selectively in the market. And we will continue to closely monitor our portfolio.

Ladies and Gentlemen,
We have achieved the best annual result in our history. The reduction in loan loss provisioning in the Real Estate segment contributed to this. But we had to set aside additional provisions for credit losses in Corporates & Markets. In conclusion, the situation is showing signs of improvement.

Growth in the **non-performing loan ratio** slowed down over the course of the previous year. You can see that we recorded a significant increase to 2.4 percent from 2022 to 2023. At the end of the first half of 2024, it had risen to 3.0 percent. By the end of 2024, it stood 3.2 percent. The stabilisation in commercial real estate played a major role in reducing the pace of NPL growth.

We are confident that we can reverse the trend in the NPL ratio with our strategy of actively managing the portfolio.

Ladies and Gentlemen,

At this point, let me just summarise Helaba's risk position once again:

- Total loan loss provisions have declined.
- We are observing a stabilisation and a turnaround in the commercial real estate sector.
- 2025 will also be a challenging year for our corporate customers.
- We will continue to actively manage our portfolios.
- And we have a clear objective of expanding in the customer business – albeit very selectively.

Despite the ongoing geopolitical and economic uncertainties, we expect lower additions to loan loss provisions in 2025 than in the past year.

Thank you for your attention and I hand the floor back to Thomas.