

Wirtschafts- und Infrastrukturbank Hessen

Investor Presentation April 2019

Agenda

- 1. WIBank at a Glance**
- 2. The State of Hesse as a Guarantor**
- 3. WIBank in Figures**
- 4. Refinancing**

1. WIBank at a Glance

Wirtschafts- und Infrastrukturbank Hessen (WIBank)

- Act as an **independent** in **legally** but **dependent** in **economic and organisational** entity, within Helaba.
- Is mandated with the **monetary development business** of the State of Hesse and is a **development bank according to “Understanding II”**, i.e. strict separation of the development banking business from the business of Helaba and thus compliant with the state aid guidelines of the EU.
- coverage of the following business units: **Economic Development, Building and Housing, Infrastructure, Education and Employment**

1. WIBank at a Glance

Wirtschafts- und Infrastrukturbank Hessen (WIBank)

- Has a **direct statutory guarantee** from the State of Hesse:
 - **explicit, unconditional** and **irrevocable** for all liabilities
 - **payable upon first demand**, thus a **default of payment is excluded**
 - resulting in a **risk weight of 0 according to CRR (formerly “Solva zero status”)**; including all of WIBank’s own issues:
 - **no capital requirements**
 - **exempt from regulatory large exposure limits**
 - **LCR status level 1**
 - **gilt-edged security according to sec. 1807(1) no.2 of German Civil Code**
- Acts on the basis of **competition neutrality** and is **exempt from tax on earnings**.

1. WIBank at a Glance

Development Programmes of WIBank



1. Rating overview

Wirtschafts- und Infrastrukturbank Hessen

- Has identical **issuer ratings** by Standard & Poor's¹ (as of 8 October 2018) to the State of Hesse:
 - Long-term: “AA+”
 - Short-term: “A-1+”
 - The outlook is stable.
- **Has a sustainability rating** by imug² for bank bonds with an **assessment of “positive”**(as of 17 March 2014).
- **Performs “above average”**:
 - of 126 national and international bank issuers
 - of twelve assessed national and international development banks
 - of six assessed national development banks

¹ Source: S&P Research Update as of 8 October 2018:

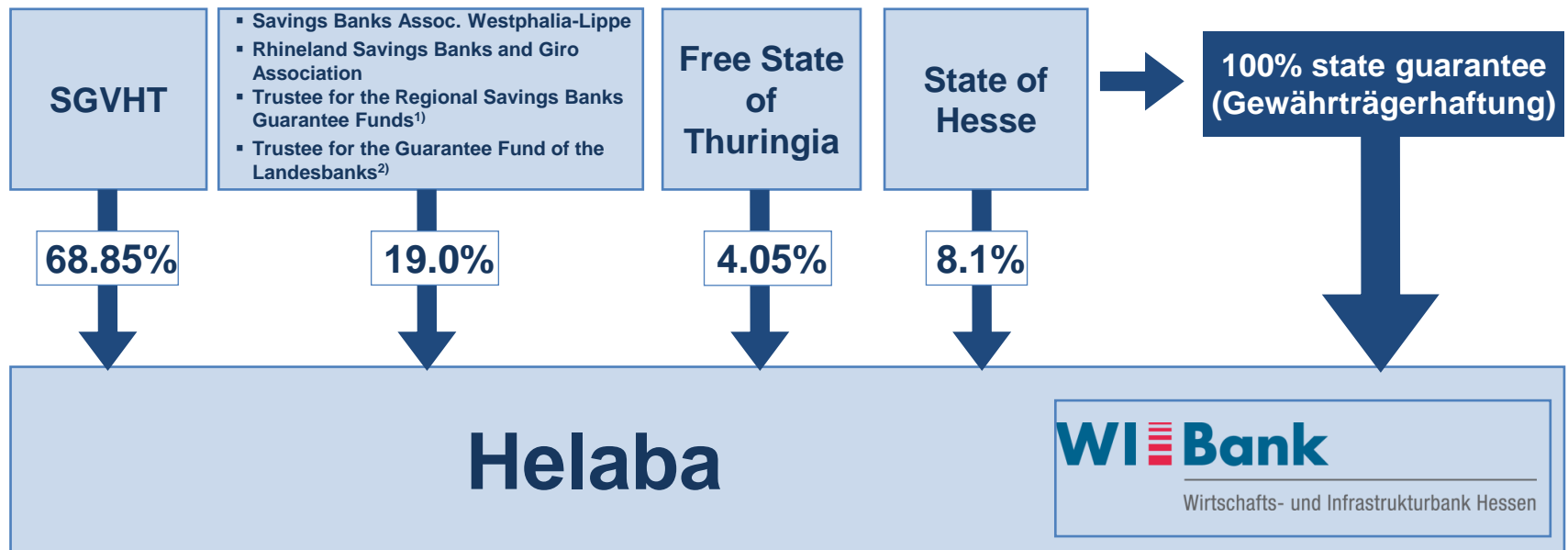
<https://www.wibank.de/blob/wibank/314852/ff347f28b5c20e018d1fb123e87d5222/ratingbericht---standard-and-poor-s-data.pdf>

² Source: imug – consulting company with focus to social-economic innovations e.V.– Hannover, as of 17th March 2014

1. Integration of WIBank in Helaba

Basis and Structure of WIBank

WIBank – and its Public Development and Infrastructure Business - represents one of the three core business units within Helaba. WIBank is an integral part of the established strategic business model (wholesale business, s-group business, private customers and sme business) of Helaba. The annual financial statements of WIBank are fully consolidated in the annual financial statements of Helaba.



¹⁾ FIDES Alpha GmbH, represented by the DSGVO ²⁾ FIDES Beta GmbH, represented by the DSGVO

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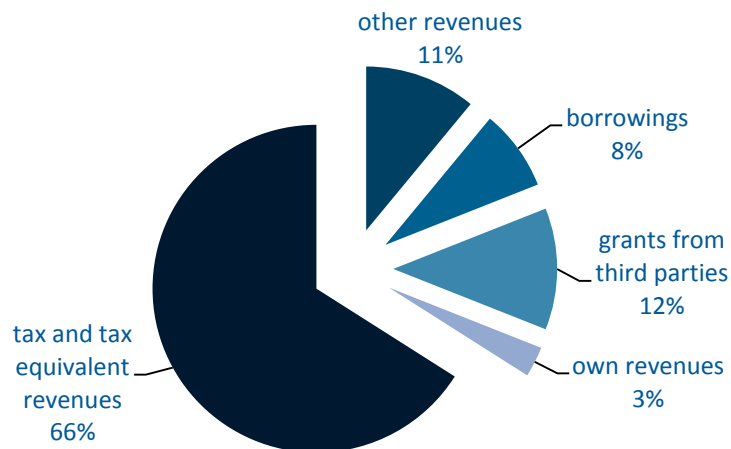
1. **WIBank at a Glance**
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2. The State of Hesse as a Guarantor

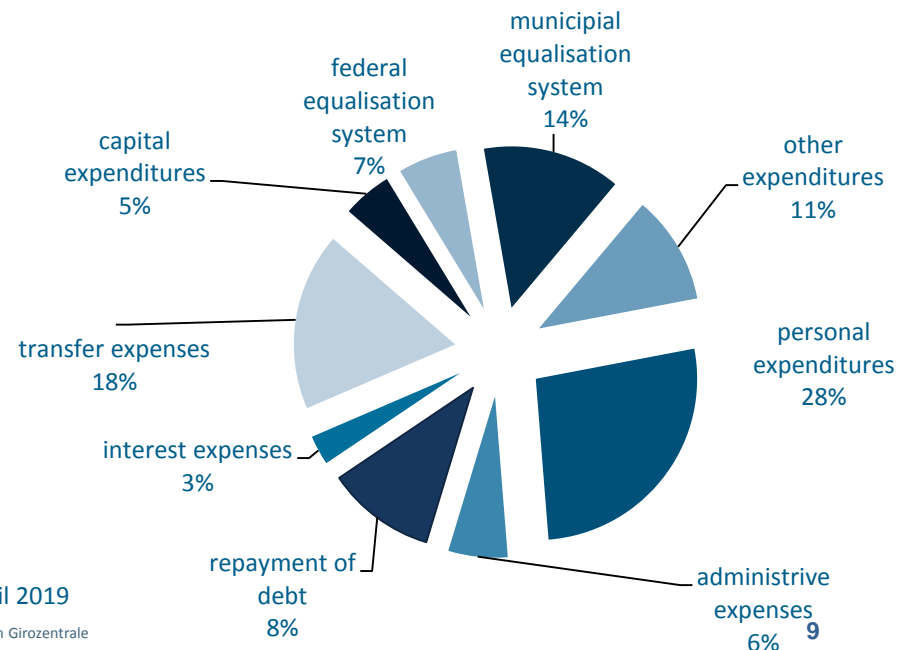
Total spending in State of Hesse's 2019 budget: EUR 36.4 bn – without net borrowing

- **High tax revenues:** at EUR 3,692 per inhabitant in 2018, the tax power of the State of Hesse prior to application of the financial equalisation system of the Federal Government and the *Länder* was **4.7% above the average** of all German *Länder*.
- Outstanding debt on capital markets: EUR 39.7 bn as of 31st December 2018 (according to calendar year).
- As of 2019 there are regularly redemptions planned
- Per capita debt: at EUR 6,406 as of 31 December 2018, per capita debt in Hesse is equal to the average of all German *Länder*.

budget revenues 2019e¹



budget expenditures 2019e¹



¹ Source:: Fact Sheet of the Ministry of Finance - State of Hesse as of April 2019

2. The State of Hesse as a Guarantor

Selected Figures of the Guarantor

Hesse exhibits an above-average standard of living and its industries are significantly intertwined in the global economy

	Germany	State of Hesse	%
Land mass in km ²	357,578	21,116	5.9%
Population in millions (2018)	82.9	6.2	7.5%
GDP in EUR bn (2018)	3,386	292	8.6%
GDP per capita (in EUR, 2018)	40,900	46,700	114.2%
GDP per employee (in EUR, 2018)	75,500	84,000	111.3%
Unemployment rate (in %, 2018)	5.4	4.6	88.5%

Quellen: Statistische Landesämter, Bundesagentur für Arbeit, Helaba Volkswirtschaft/Research

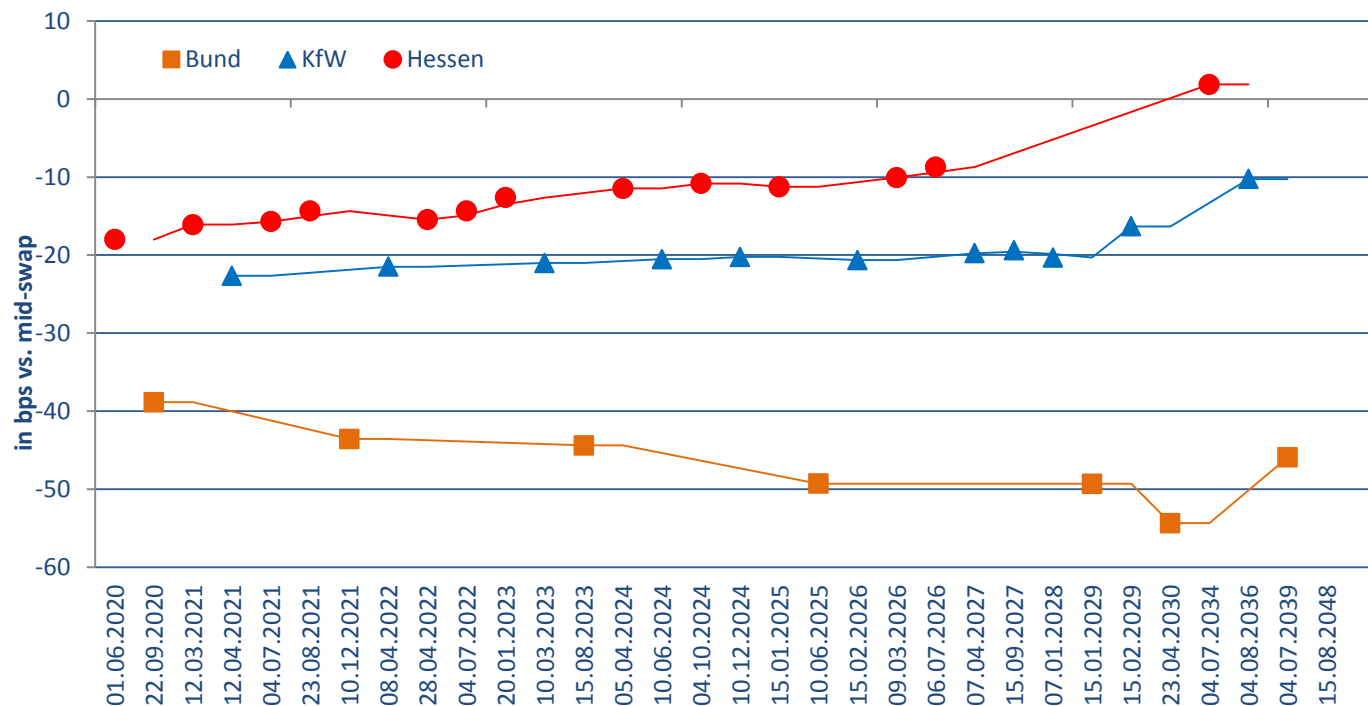
The economy of the State of Hesse is based on a sound, diversified structure with a focus on the service sector.

2. The State of Hesse as a Guarantor

The State of Hesse as an Issuer

Refinancing Strategy and Refinancing Volume: € 2.935bn (Gross) in the Budget Year 2019

- The exact timing of fund raising depends on the **liquidity and budgetary situation** as well as the **contemporary capital market environment**.
- **The main currency debt position is in Euro.**
- Interesting **yield-pick-up vs. Bund; diversified benchmark curve**.



As of: 25.04.2019
Source: Bloomberg

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3. WIBank in Figures

Balance Sheet (pursuant to German Commercial Code – HGB¹)

Position	31.12.2018	31.12.2017	31.12.2016
Loans and advances to banks	9.292,5	7.085,8	7.010,0
Loans and advances to customers	14.023,0	9.664,3	9.578,5
Bonds and other fixed-income securities	27,6	25,5	20,6
Equity participations	0,3	0,3	0,4
Interests in associated companies	0,1	0,1	0,1
Trust assets	719,6	841,0	790,8
Intangible Assets	0,0	0,0	0,0
Property	0,7	0,8	0,8
Other Assets	0,9	0,5	0,4
Prepaid Expenses of Issues and Loans	40,0	8,4	11,0
Total assets	24.104,7	17.626,7	17.412,6
Liabilities to banks	16.019,2	11.707,2	11.668,0
Liabilities to customers	1.891,9	901,8	825,7
Securitised liabilities	3.380,0	2.098,0	2.052,8
Trust liabilities	719,6	841,0	790,8
Other liabilities	13,2	3,7	2,7
Deferred Income	17,4	21,3	25,7
Provisions	93,7	86,8	82,7
Present values of the pools of segregated assets/special funds	1.920,0	1.920,0	1.920,0
Funds for general banking risks	0,3	0,3	0,3
Equity	49,4	46,6	43,9
Total liabilities	24.104,7	17.626,7	17.412,6
Contingent liabilities	20,5	7,4	1,1
Irrevocable loan commitments	3.304,7	1.338,8	1.068,9

¹ Rounding differences may occur.

3. WIBank in Figures

Profit and LOSS (pursuant to German Commercial Code – HGB¹)

Position	31.12.2018	31.12.2017	31.12.2016
Net interest income	54,8	51,6	49,1
Income from affiliated companies	0,6	0,5	0,6
Net commission income	39,3	39,8	38,5
Other net operating income	0,4	0,9	7,7
General administrative expense	69,4	65,6	61,2
Depreciation and amortization of intangible assets and property, plant and equipment	0,1	0,1	0,1
Other net operating expense	9,6	7,1	2,5
Provisions for losses on loans and advances and valuation result	2,1	6,2	11,7
Result from ordinary operations	13,9	13,8	20,4
Extraordinary result	0	0	-1,1
Taxes	0,1	0,1	0,1
Net income	13,8	13,7	19,2

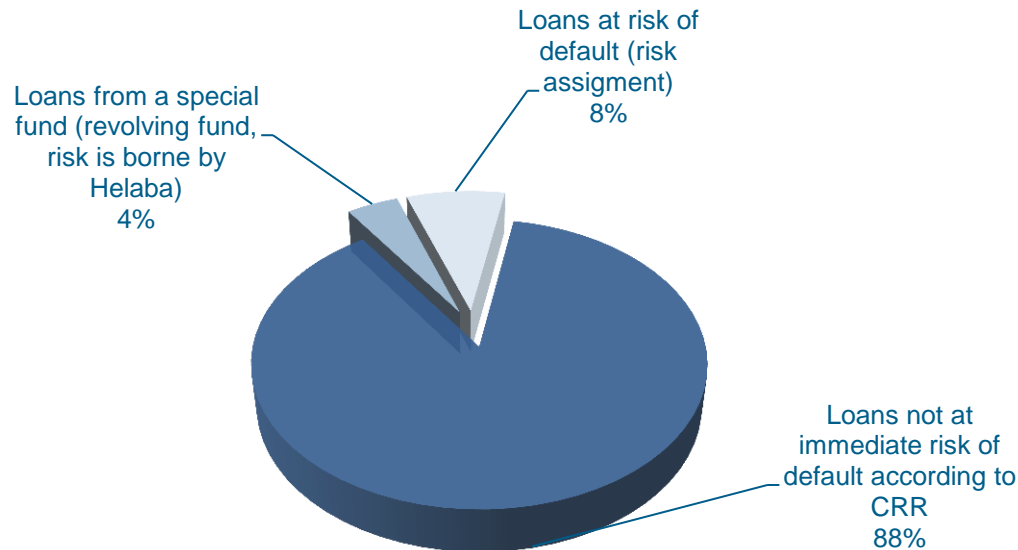
¹ Rounding differences may occur.

3. WIBank in Figures

Quality of the Loan Portfolio

Loan portfolio by counterparty risk, total volume EUR 23.3 bn¹ as of 31 December 2018:

- The largest portion of the loan portfolio is at **no immediate risk of default** according to CRR Regulation. Total risk weighted assets³ amount to EUR 1.2 bn.
- All **counterparty risks** have been **assumed by Helaba** (against remuneration).



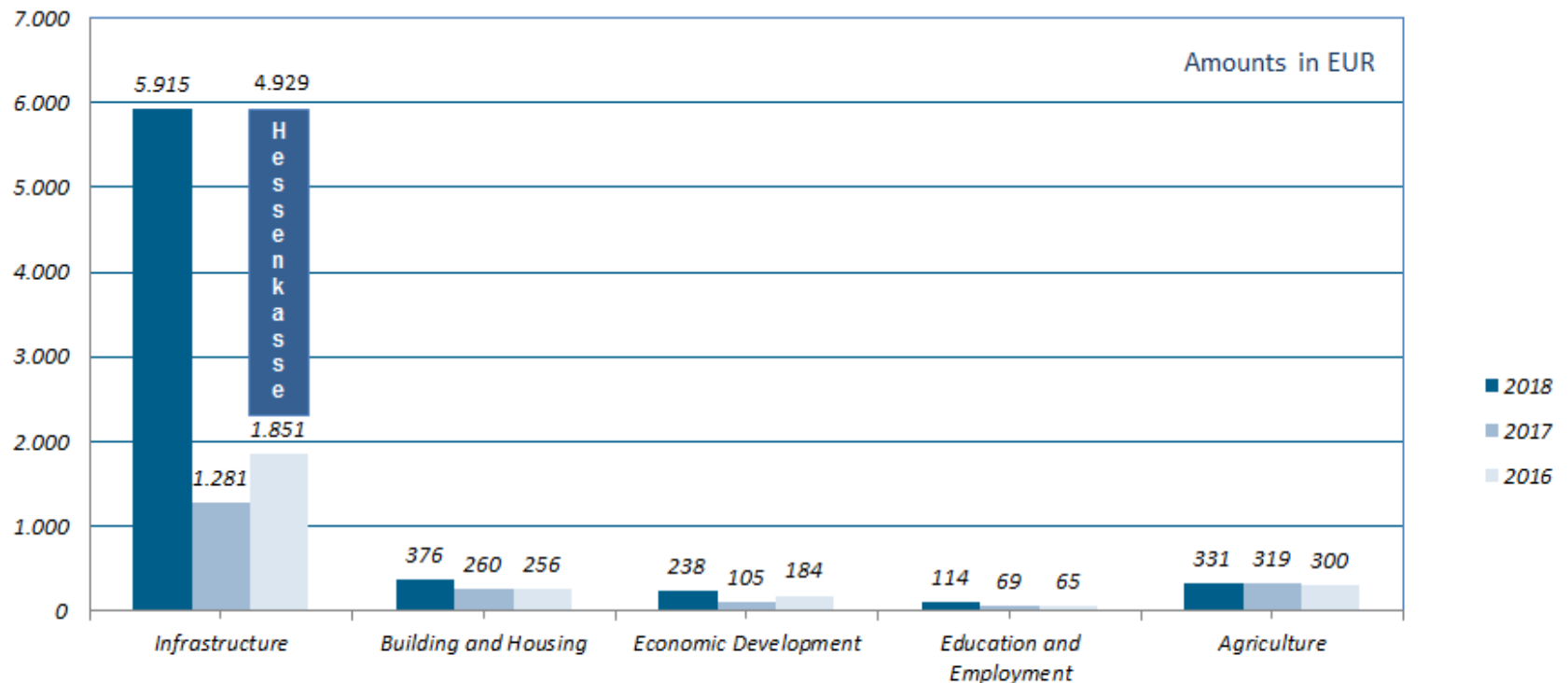
¹ Total lending volume excluding payment obligations, trust assets and other assets .

² Definition: Risk Weighted Assets are specified in the rules of the Baseler committee

3. WIBank in Figures

Promotional Loan Business

Year	Net balance sheet total (EUR)	New business (EUR)	Number of employees
2018	24,1	7,0	423
2017	17,6	2,1	419
2016	17,4	2,0	406



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4. Refinancing

Refinancing Structure

Liabilities to banks ¹⁾ / customers and securitised liabilities amounting to EUR 16 bn as of 31 December 2018:

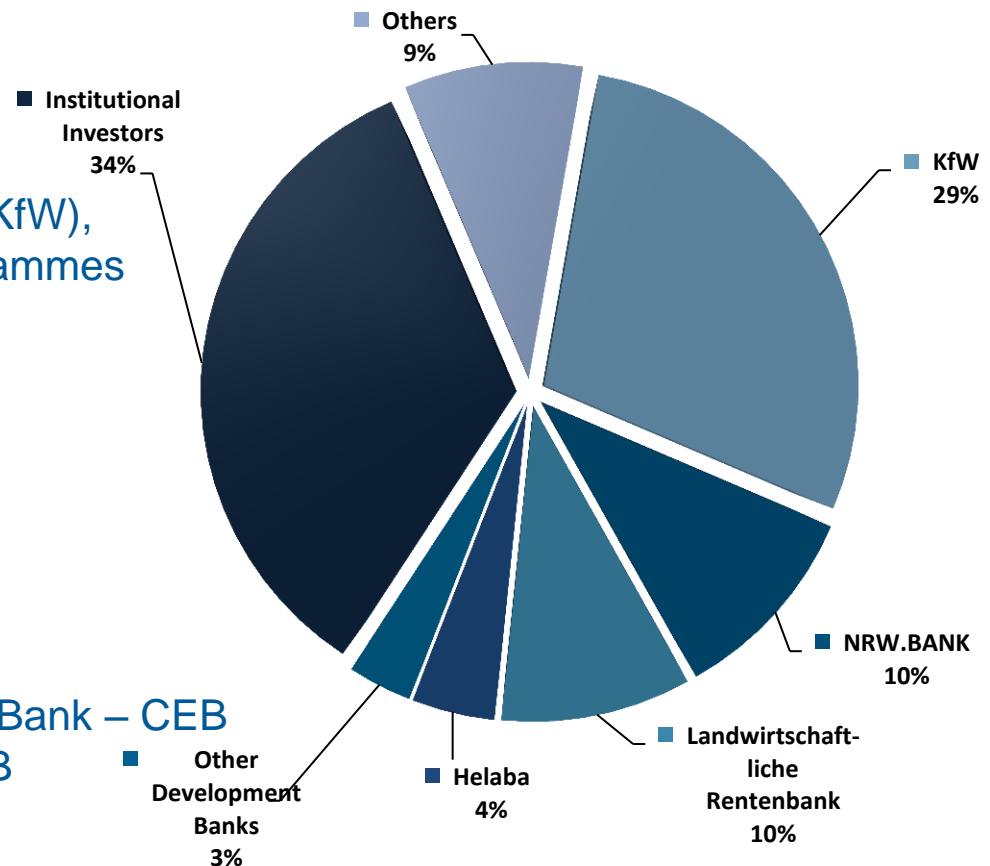
Refinancing counterparties:

- **National:**

- Kreditanstalt für Wiederaufbau (KfW), notably from development programmes
- Landwirtschaftliche Rentenbank, for investments in rural areas
- NRW.Bank

- **International – other development institutions:**

- Council of Europe Development Bank – CEB
- European Investment Bank – EIB



¹⁾ excludes intragroup transactions to neutralise interest rate risks of approx. EUR 6.3 bn.

4. Refinancing

Review and Outlook

The entire financing of HESSENKASSE is based on staggered maturities of up to 30 years. Initially, WIBank had a **refinancing requirement of EUR 3 bn in 2018**, which was fully collected.

The funding plan – following the procurement of most of the funds for HESSENKASSE – forecasts a return to the previous level of between EUR 1.0 and 1.5 bn:

Refinancing			Refinancing Instruments
2019		2020	<ul style="list-style-type: none"> Global loans with development banks Bearer bonds, promissory notes and registered bonds (especially private placements)
Actual (as of March 31st)	Budget	Budget	
EUR 0.37 bn	~ EUR 1.1 bn	~ EUR 1.1 bn	

In the years 2020 and 2021, low three-digit refinancing activities are planned in the context of HESSENKASSE.

4. Refinanzierung

Benchmark Curve

Wirtschafts- und Infrastrukturbank Hessen (WIBank) issued very successful since the end of 2012 to date five bonds in benchmark format to the capital markets. Because of WIBank's longterm funding needs for promotional loans, the bonds had a long tenor of minimum seven years.

ISIN	AMOUNT	TERM	COUPON	MATURITY
DE000A1R0121	EUR 500 mn	7 years	1,375%	12.06.2020
DE000A1R0105	EUR 500 mn	10 years	1,75%	06.12.2022
DE000A1R0139	EUR 650 mn	10 years	1,75%	15.04.2024
DE000A2DAF36	EUR 750 mn	10 years	0,875%	14.06.2028
DE000A2DAF77	EUR 500 mn	15 years	1,25%	06.09.2033

Your Contact Persons for any questions and enquiries:

Head of Treasury (WIBank)

Philipp Kaufmann

Tel: +49 (0)69 9132-4487

E-Mail: Philipp.Kaufmann@wibank.de



Managing Director (WIBank)

Dr. Michael Reckhard

Tel: +49 (0)69 9132-4086

E-Mail: Michael.Reckhard@wibank.de

Wirtschafts- und Infrastrukturbank Hessen

Neue Mainzer Straße 52-58

60311 Frankfurt am Main

<https://www.wibank.de/wibank/investorrelation>

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Statutory and Refinancing Guarantee



Gesetz über die Wirtschafts- und Infrastrukturbank Hessen
 – rechtlich unselbstständige Anstalt in der
 Landesbank Hessen-Thüringen Girozentrale
 (Wirtschafts- und Infrastrukturbank Hessen-Gesetz)
 Vom 18. Dezember 2006

Stand: geändert durch Artikel 2 des Gesetzes vom 16. Juli 2009 (GVBl. I S. 256)

...

§ 6
Gewährträger

(1) Gewährträger der Wirtschafts- und Infrastrukturbank Hessen ist das Land. Die Rechte des Gewährträgers nimmt das Ministerium der Finanzen wahr. Für die **Verbindlichkeiten der Wirtschafts- und Infrastrukturbank Hessen** haftet das Land als Gewährträger **unbeschränkt**, soweit die Befriedigung aus dem Vermögen der Wirtschafts- und Infrastrukturbank Hessen nicht möglich ist (Gewährträgerhaftung). Die Gewährträgerhaftung des Landes umfasst auch sämtliche Verbindlichkeiten der auf die Helaba verschmolzenen IBH. Die Gewährträgerhaftung des Landes für die IBH besteht fort, auch sofern das Land vor der Verschmelzung nicht mehr Anteilseigner ist.

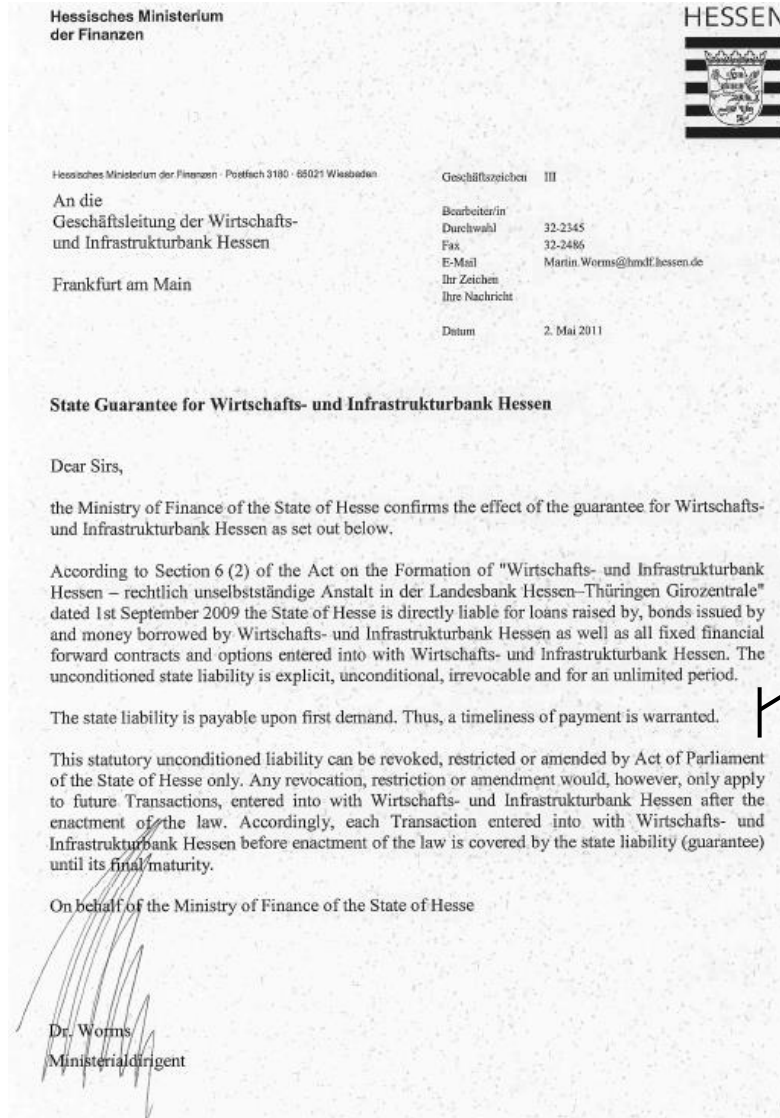
(2) Das Land haftet **unmittelbar** für die von der Wirtschafts- und Infrastrukturbank Hessen aufgenommenen Darlehen und die von der Wirtschafts- und Infrastrukturbank Hessen begebenen Schuldverschreibungen, die als Festgeschäfte ausgestalteten Termingeschäfte, die Rechte aus Optionen und andere Kredite an die Wirtschafts- und Infrastrukturbank Hessen sowie für Kredite, soweit sie von der Wirtschafts- und Infrastrukturbank Hessen ausdrücklich gewährleistet werden. Die Haftung des Landes gilt auch und soweit sie im Zeitpunkt der Verschmelzung bereits bestand für die von der auf die Helaba verschmolzenen IBH aufgenommenen Darlehen und begebenen Schuldverschreibungen, die als Festgeschäfte ausgestalteten Termingeschäfte, die Rechte aus Optionen und andere Kredite an die IBH, die von der IBH eingegangenen Beteiligungen und im Zusammenhang mit Beteiligungen stehenden Geschäfte sowie für andere Kredite, soweit sie von der IBH ausdrücklich gewährleistet wurden.

...

“For all **liabilities** of the **Wirtschafts- und Infrastrukturbank Hessen**, the **State of Hesse is liable as guarantor without limitation**, to the extent that the satisfaction of the creditors from the assets of the Wirtschafts- und Infrastrukturbank Hessen is not possible (**statutory guarantee**).”

“The State is **directly liable for the loans raised by the Wirtschafts- und Infrastrukturbank Hessen** as well as **for the bonds** issued by the Wirtschafts- und Infrastrukturbank Hessen”
 (refinancing guarantee)

Statutory Guarantee of the State of Hesse




“The state liability is payable upon first demand. Thus, a timeliness of payment is warranted.”

Risk weight of 0 according to CRR

**Bundesanstalt für
Finanzdienstleistungsaufsicht**

BaFin | Postfach 12 53 | 53002 Bonn

Landesbank Hessen-Thüringen
Main Tower
Neue Mainzer Straße 52 - 58
60311 Frankfurt (Main)



BaFin

Bankenaufsicht

Hausanschrift:
Bundesanstalt für
Finanzdienstleistungsaufsicht,
Graurheindorfer Str. 108
53117 Bonn | Germany

Kontakt:
Herr Christian Hupe
Referat BA 22
Fon +49 (0)228 41 08-3993
Fax +49 (0)228 41 08-1550
poststelle@bafin.de
www.bafin.de

Zentrale:
Fon +49 (0)228 41 08-0
Fax +49 (0)228 41 08-1550

Dienststelle:
53117 Bonn
Graurheindorfer Str. 108

53175 Bonn
Dreizehnmorgenweg 13-15
Dreizehnmorgenweg 44-48

60439 Frankfurt
Marie-Curie-Str. 24-28

09.01.2014
GZ: BA 22-K 5240-100435-2014/0001 (Bitte stets angeben)
2014/0036765
Adressenprivilegierung der Wirtschafts- und Infrastrukturbank Hessen
gemäß Art. 116 Abs. 4 CRR

Ihr Schreiben vom 20.12.2013 (eingegangen am 30.12.2013)

Sehr geehrte Damen und Herren,

In Bezug auf Ihr vorbezeichnetes Schreiben teile ich mit, dass ich aufgrund der Gewährträgerhaftung durch Art. 2 § 6 Abs. 1 und 2 des Gesetzes zur Neuordnung der monetären Förderung in Hessen vom 16.07.2009 und die Staatsgarantie des Landes Hessen vom 02.05.2011 unter Risikogesichtspunkten keinen Unterschied zwischen den Zahlungsverpflichtungen der Wirtschafts- und Infrastrukturbank Hessen und des Landes Hessen zu erkennen vermag. Die Voraussetzungen des Art. 116 Abs. 4 CRR zur Bemessung der von der Gewährträgerhaftung erfassten Forderungen gegenüber der Wirtschafts- und Infrastrukturbank Hessen mit dem Risikogewicht des Landes Hessen sehe ich daher als gegeben an.


Im Hinblick auf die rechtliche Unselbstständigkeit der Wirtschafts- und Infrastrukturbank Hessen ist für meine Einschätzung u. a. eine angemessene wirtschaftliche und organisatorische Trennung dieses Geschäftsbereichs maßgeblich gewesen.

Für Rückfragen stehe ich gern zur Verfügung.

Mit freundlichen Grüßen

Im Auftrag
gez. Hupe

Beglaubigt:
S. Hupe
Tarifbeschäftigte



There is **no difference** between the **payment obligations** of WIBank and the State of Hesse.

The requirements of **article 116 section 4 CRR** for the assessment of **receivables from WIBank**, which are covered by the statutory guarantee and thus have **equal risk status as the State of Hesse**, are considered to be fulfilled.