9 March 2023 Press release Banks Investors

Helaba Group's net earnings before tax up 11.3 percent to € 633 million in 2022 financial year

- Growth in operating activities: net fee and commission income up 10 percent; net interest income rises by 7 percent; all business segments make positive contribution to net earnings
- Risk position of credit portfolios remains favourable; adequate risk provisioning of € 162 million (previous year: € 207 million)
- General and administrative expenses increase to € 1,652 million (previous year: € 1,515 million), primarily due to mandatory levies and investments in IT infrastructure
- CET1 ratio of 13.5 percent at comfortable level and still well above prudential requirements
- In 2023, Helaba expects to generate a consolidated net profit before tax of between € 500 and € 700 million in a challenging operating environment

Helaba Landesbank Hessen-Thüringen has posted an 11.3 percent rise in consolidated net profit before tax under IFRS in the 2022 financial year to € 633 million (previous year: € 569 million). All operational business segments made a positive contribution to this result. Net fee and commission income rose by € 48 million to € 533 million, while net interest income climbed by € 92 million to € 1,417 million.

"Given a geopolitical and macroeconomic environment dominated by uncertainties, we were able to achieve an extremely positive result in 2022. It reflects the continued growth in our operating activities, with a further increase in net interest and net fee and commission income," commented Thomas Groß, Helaba's CEO. "Last year we considerably strengthened our role as a partner for the German savings banks and our corporate customers, supporting them - among other things - in the transformation towards a sustainable economy."

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CEO

General and administrative expenses rose by € 137 million to € 1,652 million (previous year: € 1,515 million). This increase is primarily attributable to higher mandatory levies. Another factor in these higher costs was investment in the modernisation of the Group's IT infrastructure. In an environment characterised by high inflation, personnel expenses only saw a modest rise.

Helaba continues to boast healthy capital ratios, with a CET1 ratio of 13.5 percent (previous year: 14.3 percent). The Group's CET1 ratio therefore remains comfortably above prudential requirements. The lower figure is chiefly due to changes in the valuation of equity securities not recognised in profit and loss as a result of higher interest rates and a mod-est rise in risk-weighted assets (RWAs).

"The high quality of Helaba's portfolio remains unchanged. In terms of our credit exposure, the overall risk situation is still favourable," explained Dr. Detlef Hosemann, Helaba's CRO.

At € 162 million, the Group has set aside an adequate level of risk provisioning (previous year: € 207 million). € 48 million of this is attributable to specific credit risk adjustments (SCRAs), while top level adjustments (TLAs) of € 137 million account for the majority of additions to total loan loss provisions.

Looking to the future, Thomas Groß expressed his confidence in the Group's performance: "The business environment in 2023 will also be marked by a variety of challenges. These include the uncertain geopolitical landscape, an unclear development in energy prices, ongoing supply chain issues, a shortage of skilled labour as well as sticky inflation that remains high and its associated impact on costs. Despite these difficulties, however, we are firmly of the opinion that our diversified business model will continue to prove its resilience in the future. We will continue to actively support our customers in navigating the current period of upheaval. This also gives us grounds of confidence beyond 2023." For the 2023 financial year, Helaba expects to generate a consolidated net profit before tax of between € 500 and € 700 million.

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Summary of key figures for FY 2022

The **consolidated net profit after tax** amounted to € 431 million (previous year: € 501 million).

The **cost-income ratio (CIR)** of 67.5 percent was within the Group’s target range (previous year: 66.1 percent).

Return on equity (RoE) improved to 6.7 percent (previous year: 6.4 percent) and was likewise within the Group's target corridor.

At € 211.5 billion, the Helaba Group's **balance sheet total** was on a par with the previous year (31 December 2021: € 212.3 billion).

Segment report

In the **Real Estate** segment, net earnings before tax rose by € 62 million to € 286 million (previous year: € 224 million). Whereas net interest income remained virtually unchanged from the prior financial year, this segment generated an extremely positive rise in net fee and commission income. At the same time, there was a significant reduction in allocations to risk provisioning.

The **Corporates & Markets** segment benefited from a marked upswing in net trading income, appreciably higher net interest income as well as lower risk provisioning. The segment's net earnings before tax grew by € 255 million to € 472 million (previous year: € 217 million).

The **Retail & Asset Management** segment reported an increase in net interest and net fee and commission income, primarily from Frankfurter Bankgesellschaft and Helaba Invest. However, this was more than offset by a decline in the fair value of Frankfurter Sparkasse's special funds due to the turnaround in interest rates as well as slightly lower net earnings at GWH. Against this backdrop, net earnings before tax in this segment amounted to € 194 million and were thus € 51 million lower than last year's result (previous year: € 245 million).

WIBank recorded earnings before tax of € 42 million. WIBank performs essential development funding activities for the German state of Hesse. In addition to the promotional loan business, which generates a corresponding net interest income, it also provides a range of public development services.

Earnings before tax in the **Other** segment fell sharply to € -361 million (previous year: € -150 million). The main drivers of this decline were a lower result from fair value measurement due to changes in interest rates, recognition of the top level adjustment in this segment, higher contributions to the institutional protection scheme of the Sparkassen-Finanzgruppe as well as an increase in the bank levy.

Financial Data

find the financial data here

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