9 August 2022 Press release Investors

Helaba posts consolidated profit before tax of EUR 327 million in first half of 2022 - update

- Profit before tax in H1 2022 rises by 11.6 % compared to same period of previous year (EUR 293 million), despite significantly higher charges beyond the bank's control
- Operating business continues to grow – especially net fee and commission income, which sees further jump (+20 percent)
- Comfortable CET1 ratio stable at 13.9 percent*
- Risk position currently stable - further additions to risk provisioning through top level adjustment (TLA) in view of mounting uncertainties
- CIR and RoE of adjusted 61.7 percent and 8.7 percent, respectively
- Outlook: Consolidated profit before tax of EUR 500 million for 2022 as a whole, barring an economic downturn due to further severe distortions

Helaba Landesbank Hessen-Thüringen generated a consolidated profit before tax under IFRS of EUR 327 million in the first half of 2022. This represents a significant rise on the previous year's H1 result of EUR 293 million. After tax, the consolidated net profit amounted to EUR 223 million (previous year: EUR 201 million).

"The first six months of the year were largely overshadowed by the many and varied impacts of the war in Ukraine. Given this backdrop, we are satisfied with the result we achieved in the first half of 2022 of EUR 327 million before tax. Growth in our operating activities continued and was reflected by an impressive 20 percent rise in net fee and commission income as well as an increase in the Group's return on equity to 8.7 percent. At the same time, we managed to drive the modernisation of our IT systems forward and successfully launched our Sustainable Lending Framework. In keeping with our prudent approach to risk, we have set aside additional loan loss provisions in order to take account of mounting uncertainties," explains Thomas Groß, Helaba's CEO.

Commenting on the outlook for the remainder of the year, Groß adds: "It is clear that geopolitical tensions, energy shortages, soaring inflation, supply chain bottlenecks and rising interest rates are putting the brakes on the economy and unsettling the markets. Despite this, we consider ourselves well placed to cope with the challenges that lie ahead thanks to our highly diversified business model

and the ongoing and systematic implementation of our strategic agenda. For the 2022 financial year as a whole, we anticipate a consolidated profit before tax of more than EUR 500 million - providing there are no further significant distortions that result in a near-term recession."

The figures for the first half of 2022 at a glance

Net fee and commission income grew by a substantial EUR 45 million to EUR 269 million. All operating business units contributed to this performance. **Net interest income** rose by EUR 24 million to EUR 666 million.

Income from investment property, which was primarily generated by GWH, amounted to EUR 119 million in the period under review and was therefore almost unchanged from the previous year's level (EUR 118 million).

Costs at the single-entity Helaba Bank remained largely stable. However, a significant increase in contributions to the DSGV protection scheme and a marked rise in the bank levy (together amounting to approx. EUR 55 million) in addition to growth initiatives at subsidiaries were the principal factors behind an overall increase in **general and administrative expense**s of EUR -88 million to EUR -869 million (previous year: EUR -782 million).

In line with Helaba's conservative risk policy, a further increase in **provisions for losses on loans and advances** was made due to increasing uncertainty as a result of the Ukraine war. In the first half of 2022, this amounted to EUR -85 million (previous year: EUR -141 million). The quality of Helaba's portfolio remains high. There have been virtually no significant credit defaults to date.

Net income from fair value measurement declined in line with expectations and amounted to EUR 137 million (previous year: EUR 185 million). This development was mainly due to losses on non-trading financial instruments to which the fair value option is applied.

The **Other result** rose by EUR 48 million to EUR 89 million.

With a stable **CET1 ratio** of 13.9 percent* (previous year: 14.0 percent), Helaba’s capital position remains solid.

The **cost/income ratio (CIR)** of 61.7 percent is within the Group’s target range; **return on equity (RoE)** of 8.7 percent exceeds the Group’s target range (previous year: 60.1 percent and 7.8 percent, respectively).

The Group's **balance sheet total** edged up by EUR 1.5 billion to EUR 213.8 billion in the first half of 2022 (31 December 2021: EUR 212.3 billion).

Segment report

The **Real Estate** segment generated a profit before tax of EUR 145 million, an increase of EUR 21 million. A modest decline in net interest income was more than offset by a sharp rise in net fee and commission income. Additionally, there was a significant reduction in risk provisioning.

Compared to the same period of the previous year, the result in the **Corporates & Markets** segment was dominated by a marked improvement in net trading income and lower loss provisions. This segment's pre-tax profit rose by EUR 176 million to EUR 291 million.

A rise in net fee and commission income as well as reduced loan loss provisions in the **Retail & Asset Management** segment were outweighed by losses from the measurement at fair value of Frankfurter Sparkasse's special funds. This segment's result before tax consequently fell to EUR 78 million (previous year: EUR 113 million).

WIBank recorded a pre-tax profit of EUR 23 million, which was above the previous year's level for the same period of EUR 14 million. This result mainly reflects an expansion in service-related activities and the limited growth in material and IT costs in the year to date.

Earnings before tax in the **Other** segment declined significantly to EUR -229 million (previous year: EUR -93 million). The principal items behind this development were a decline in the result from fair value measurement, higher risk provisioning, an increase in contributions to the DSGV protection scheme and a rise in the bank levy.

* Slightly adjusted as part of the finalization of the half year accounts

find the financial data here

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