21 November 2019 Press release Investors

Helaba Group figures for 9M 2019: Satisfactory performance in operating business

- New business, net interest income and net fee and commission income above previous year
- Consolidated net profit before tax of EUR 349 million slightly below same period last year
- Decline in interest rate leads to negative valuation effects in net trading income
- Progress with initiatives resulting from strategic agenda on track CET1 ratio of 13.8 percent still significantly above regulatory requirements

Frankfurt am Main – Helaba Landesbank Hessen-Thüringen generated a consolidated net profit before tax of EUR 349 million in the first three quarters of 2019. This was slightly below the previous year's result in the same period of EUR 364 million. After tax, the consolidated net profit rose by EUR 17 million to EUR 272 million (9M 2018: EUR 255 million).

"Despite intense competition and a challenging environment, we successfully maintained our position in the market and are satisfied with the development of our operating business. This enabled us to raise the volume of new business as well as net interest income and net fee and commission income compared with the same period last year. These figures reflect the fact that we are well positioned in our core business lines and confirm our successful business model," said Herbert Hans Grüntker, Chairman of Helaba's Board of Managing Directors, in summing up the bank's activities in the first nine months of the year. On the implementation of the strategic agenda, he added: "We are making good and rapid progress with the initiatives we have launched. The aim of our growth through effi-ciency project - Scope - is to stem the rise in costs while, at the same time, exploiting the resulting room for manoeuvre to systematically implement our growth initiatives. We are working on the as-sumption that we will conclude a reconciliation of interests on the results of Project Scope before the end of this year, which will thus be reflected in our full-year results for 2019. Despite these charges, we expect to generate a profit before tax at the same level as last year."

The 9M figures at a glance

Net interest income grew by EUR 65 million to EUR 850 million (9M 2018: EUR 785 million). Provi-sions for losses on loans and advances increased to EUR -57 million (9M 2018: EUR 29 million). The quality of Helaba's portfolio remains high. The increase reflects the general deterioration in the eco-nomic environment and returns risk provisioning to a normal level. Net fee and commission income rose by EUR 28 million to EUR 287 million (9M 2018: EUR 259 million).

Net income from fair value measurement, which comprises net trading income and net income from hedge accounting and other financial instruments measured at fair value, was adversely impacted by valuation effects, particularly in the third quarter, as a result of the sharp fall in interest rates. As a consequence, it fell by EUR 81 million to EUR 18 million (9M 2018: EUR 99 million).

Other net income improved by EUR 105 million to EUR 348 million (9M 2018: EUR 243 million), primarily due to special effects from the first-time consolidation of KOFIBA. General and administra-tive expenses rose to EUR 1,117 million (9M 2018: EUR 1,057 million), which primarily reflects significantly higher operating expenses in connection with the implementation of regulatory and business-drive requirements.
In the first nine months of 2019, the Helaba Group's balance sheet total increased by EUR 58.6 billion to EUR 221.6 billion (31 December 2018: EUR 163.0 billion). This main reason for this was the consolidation of KOFIBA as well as an increase in customer deposits and loans. Since the beginning of the year, business volume had increased by EUR 59.9 billion to EUR 260.8 billion (31 December 2018: EUR 200.9 billion) and loans and advances to customers to EUR 121.1 billion (31 December 2018: EUR 101.9 billion). At EUR 14.6 billion, the volume of new medium and long-term business - excluding WIBank's competitively neutral promotional business - was significantly higher after the first three quarters than in the same period last year (EUR 12.6 billion).

The CET1 ratio amounted to 13.8 percent as of 30 September 2019. Return on equity (before tax) stood at 5.5 percent and the cost/income ratio at 73.3 percent.

Segment report

Since the 2018 financial year, Helaba's segment reporting has more closely reflected the client and risk structure of its business. The bank's activities are divided into the segments of "Real Estate", "Corporates & Markets", "Retail & Asset Management" and "WIBank".

The Real Estate segment focuses on larger-scale commercial portfolio and project financing for real estate. Earnings before tax in this segment remained virtually unchanged at EUR 178 million (9M 2018: EUR 185 million). The volume of new medium and long-term business increased by 5 percent to EUR 6.3 billion (9M 2018: EUR 6.0 billion). A comfortable risk situation once again led to a reversal of loan loss provisions in an amount of EUR 16 million (9M 2018: EUR 3 million).

In addition to credit products, the Corporates & Markets segment also comprises trading and sales activities as well as payment transactions. Pre-tax earnings fell to EUR -109 million (9M 2018: EUR 146 million). This was due to a decline in the net income from fair value measurement driven by nega-tive valuation effects and is related to the sharp fall in interest rates, particularly in the third quarter. The balance of risk provisioning in this segment amounted to EUR -75 million, reflecting an overall slowdown in the economy. At EUR 58.9 million (9M 2018: EUR 130.6 million), the Corporate Finance division made the largest contribution to earnings in this segment. New medium and long-term busi-ness increased by 25 percent to EUR 7.0 billion (9M 2018: EUR 5.6 billion). With about EUR

1 billion acquisition of the DVB Bank SE's land transport finance portfolio had a positive impact in this re-spect.

The Retail & Asset Management segment includes the Group’s retail banking, private banking and asset management activities (via the subsidiaries of Frankfurter Sparkasse, Frankfurter Bankgesellschaft and Helaba Invest) as well as Landesbausparkasse Hessen-Thüringen and GWH. At EUR 142 million, this segment's earnings before tax were lower than the same period last year (EUR 168 million) and were largely attributable to GWH (EUR 75.5 million; 9M 2018: EUR 70.8 million) and Frankfur-ter Sparkasse (EUR 64.8 million; 9M 2018: EUR 72.1 million). The profit from the disposal of an in-vestment had a positive effect compared to the first nine months of 2018. Risk provisioning in the Retail and Asset Management segment remained virtually unchanged at EUR -4 million (9M 2018: EUR -3 million).

At EUR 20 million, earnings before tax in the WIBank segment were EUR 6 million higher than the same period last year (EUR 14 million). Net interest income rose by EUR 7 million to EUR 45 million. At EUR 29 million, net fee and commission income was slightly above the pro-rata figure for the previous year (9M 2018: EUR 28 million).

Balance sheet development and P&L figures

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