22 November 2018 Investors

Helaba finishes Q3 2018 with good result

- Strong third-quarter result of EUR 164 million
- Consolidated profit before tax of EUR 364 million achieved after nine months
- Good portfolio quality ensures risk situation remains comfortable
- Very stable capital resources: CET-1 ratio at 15.3 per cent

Frankfurt am Main – Helaba Landesbank Hessen-Thüringen generated a consolidated profit before tax of EUR 364 million in the first three quarters of 2018. It is slightly below the previous year's result of EUR 381 million. In the third quarter, the consolidated profit before tax reached EUR 164 million after EUR 143 million in the same period of the previous year. The consolidated profit after tax rose by EUR 6 million to EUR 255 million (previous year: EUR 249 million).

"After a slow start to the year and a good result in the third quarter, we are now almost on a par with the previous year. Despite intense competition and challenging conditions, we held our ground well in the market. The solid earnings performance is an expression of the stability of our diversified business model. Against this backdrop, we expect to achieve a profit before tax to match the previous year's level," said Herbert Hans Grüntker, Chairman of Helaba's Board of Managing Directors.

The strong partnership with the savings banks and the solid capital base of Sparkassen-Finanzgruppe Hessen-Thüringen result in a joint positive rating outlook from Standard & Poor's. Helaba thus remains one of the best-rated banks in Germany. In addition, Helaba once again proved its resilience in the EU-wide bank stress test of 2018 and demonstrated that it is a stable institution with a solid capital base. According to this, the bank meets the regulatory requirements of SREP for the Tier 1 capital ratio including all buffers.

The figures after nine months at a glance

Net interest income fell by EUR 14 million to EUR 785 million as a result of the on-going phase of zero or negative interest rates. Good portfolio quality continues to ensure a comfortable risk situation, which is reflected in loan loss provisions making a positive contribution to earnings of EUR 29 million (previous year: minus EUR 19 million). **Net fee and commission income** fell slightly by EUR 4 million to EUR 259 million (previous year: EUR 263 million).

The significant decline in **net trading income** of EUR 162 million to EUR 65 million (previous year: EUR 227 million) was largely due to the widening of credit spreads. In addition, net trading income in the prior-year period was strongly influenced by positive valuation effects. The net trading income

was offset by a EUR 131 million increase in **net income from hedge accounting and other non-trading financial instruments at fair value** to EUR 34 million (previous year: minus EUR 97 million), which represents a significant improvement thanks to valuation effects.

Other net income rose by EUR 56 million to EUR 243 million, in particular due to proceeds from the sale of LB (Swiss) Investment AG and the absence of negative one-off effects from the previous year. **General and administrative expenses** rose to EUR 1,057 million (up EUR 75 million) due to higher IT and consulting ex-penses in connection with the implementation of regulatory and business-driven requirements.

The **consolidated profit before tax** totalled EUR 364 million (previous year: EUR 381 million) and the **consolidated profit after tax** EUR 255 million (previous year: EUR 249 million).

In the first nine months of 2018, the Helaba Group's **balance sheet total** rose by EUR 13.5 billion to EUR 171.7 billion, mainly as a result of higher demand deposits at central banks. Since the beginning of the year, the **business volume** has increased by EUR 18.6 billion to EUR 209.5 billion. **Loans and advances to customers** increased to EUR 94.4 billion (31 December 2017: EUR 89.8 billion), primarily due to the launch of the Hessenkasse development programme. The volume of new medium and long-term business - excluding WIBank's competition-neutral pro-motional business - amounted to EUR 12.6 billion after three quarters (previous year: EUR 13.2 billion).

The core CET1 ratio stood at 15.3 percent as of September 30, 2018. Return on equity (before tax) reached 6.1 per cent.

Overview of business segments

Since the beginning of the 2018 financial year, Helaba has aligned its segment reporting more closely to the customer 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 commercial portfolio and project financing for real estate. Segment earnings before tax fell by EUR 21 million to EUR 185 million, among other things due to lower average portfolios. The volume of new medium and long-term business amounted to EUR 6.0 billion (previous year: EUR 6.5 billion). At EUR 3 million, the balance of loan loss provisions in the real estate segment was slightly positive, in line with the previous year (EUR 5 million).

In addition to credit products, the **Corporates & Markets** segment also includes trading and sales activities as well as payment transactions. Profit before tax fell to EUR 159 million (previous year: EUR 238 million), principally as a result of a noticeable decline in net trading income. Reversals of loan loss provisions made a slightly positive con-tribution to earnings in this segment of EUR 5 million (previous year: minus EUR 40 million). At EUR 130.6 million (previous year: EUR 90.4 million), the business unit of Corporate Finance made the largest contribution to earnings in this segment. New medium and long-term business in Corporate Finance reached EUR 4.3 billion, com-pared with EUR 3.8 billion in the same period of the previous year.

The **Retail and Asset Management** segment comprises Retail Banking, Private Banking and Landesbausparkasse Hessen-Thüringen, as well as asset management activities (GWH and Helaba Invest). At EUR 168 million, segment earnings before tax were slightly below the previous year's level (EUR 177 million). Of this, EUR 70.8 million is attributable to GWH and EUR 72.1 million to Frankfurter Sparkasse (previous year: GWH EUR 71.1 million, Frankfurter Sparkasse EUR 83.6 million). At minus EUR 3 million, loan loss provisions in the segment of Retail and Asset Management were slightly above the previous year's figure of minus EUR 1 million.

At EUR 14 million, the **WIBank** segment's pre-tax profit was EUR 3 million higher than in the previous year. Net interest income rose by EUR 2 million to EUR 38 million. At EUR 28 million, net fee and commission income was in line with the prorated figure for the previous year.

Further information on earnings and business figures can be found here:

Balance sheet development and P&L figures

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