

Press Release

21.03.2019

Helaba pleased with performance and results

- Consolidated net profit before tax of EUR 443 million at previous year's level
- Sharp growth in new business in second half of the year
- Risk situation remains positive thanks to good portfolio quality
- Very stable CET1 ratio of 14.9 percent
- Renewed increase in general and administrative expenses, particularly due to regulatory costs
- Consolidated net profit before tax in 2019 expected to remain at same level as 2018

Frankfurt, 21 March 2019 – In the 2018 financial year, Helaba achieved an IFRS consolidated profit before tax of EUR 443 million. The consolidated profit after tax amounted to EUR 278 million. Pre-tax earnings were thus on the same level of the previous year of EUR 447 million and slightly higher than the 2017 result of EUR 256 million after tax. Helaba therefore achieved a satisfactory result in the context of a challenging market environment.

“Thanks to a strong second half in 2018, we were once again able to demonstrate our excellent market position. In 2018, we systematically reinforced our business model with various initiatives, including the acquisition of Deutsche Verkehrsbank's land transport portfolio and Dexia Kommunalbank Deutschland. In addition, we are making good progress with our digitalisation initiatives - customer portals for our corporate and real estate customers have met with a positive response and komuno, our digital platform for municipal loans, has got off to a successful start,” emphasises Herbert Hans Grüntker, Chairman of Helaba's Board of Managing Directors. With a view to the consolidated net profit for the 2018 financial year, he added: “Against the backdrop of a competitive environment that remains challenging and the numerous initiatives we have launched to strengthen our business model, we are pleased with the overall result we have achieved.”

The figures at a glance

Net interest income amounted to EUR 1,072 million and was thus at the level of the previous year (2017: EUR 1,069 million). Due to the good shape of the German economy as well as the high quality of the business portfolio, the bank once again realised a gain of EUR 45 million (2017: EUR 56 million) from reversals to **provisions for losses on loans and advances**. **Net fee and commission income** fell slightly by EUR 5 million to EUR 349 million.

The significant decline in **net trading income** to EUR 32 million (previous year: EUR 268 million) was due to volatility on the capital markets and, in particular, to the widening of credit spreads. **Net income from hedge accounting and other financial instruments at fair value (non-trading)** rose to EUR 13 million in 2018 (previous year: EUR -136 million). This item was adversely affected in the previous year by temporary remeasurement effects, which have been recognised directly in equity with no impact on profit or loss since 2018.

Press Release

Other net income grew by EUR 194 million to EUR 359 million, in particular due to the absence of negative non-recurring effects from the previous year and proceeds from the sale of LB(Swiss) Investment AG.

General and administrative expenses increased by EUR 92 million to EUR 1,440 million as a result of higher IT and consulting expenses in connection with the implementation of regulatory and business-driven requirements as well as higher personnel costs.

At EUR 443 million, the **consolidated net profit before tax** remained at the previous year's level (previous year: EUR 447 million). The **consolidated net profit after tax** rose by EUR 22 million to EUR 278 million.

The Helaba Group's **balance sheet total** rose by EUR 4.8 billion to EUR 163.0 billion in the 2018 financial year. The increase in the balance sheet total is mainly attributable to a growth in loans and advances to customers. The **business volume** rose to EUR 200.9 billion (previous year: EUR 191.5 billion). **Loans and advances to customers and affiliated savings banks** increased by EUR 6.8 billion to EUR 102.1 billion. The launch by WIBank of the State of Hesse's debt relief programme for municipal budgets (Hessenkasse) contributed EUR 4.3 billion to this increase. The **volume of new medium and long-term business** - excluding WIBank's competitively neutral promotional business - amounted to EUR 19.0 billion in the year under review (previous year: EUR 18.5 billion).

The **CET1 ratio** amounted to 14.9 percent as of 31 December 2018. **Return on equity (before tax)** reached 5.4 per cent and the cost/income ratio 78.3 per cent.

Segment report

Starting in the 2018 financial year, Helaba aligned its segment reporting more closely to the customer and risk structure of its business. The bank divides its activities 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 fell by EUR 12 million to EUR 242 million. The volume of new medium and long-term business recorded a noticeable increase to EUR 9.8 billion (previous year: EUR 8.7 billion). At minus EUR 14 million, provisions for losses on loans and advances were above the level of the previous year (EUR 2 million).

In addition to credit products, the **Corporates & Markets** segment also includes trading and sales activities as well as payment transactions. This segment's profit before tax fell to EUR 119 million (previous year: EUR 261 million), primarily as a result of a noticeable decline in net trading income. The Corporate Finance division made the largest contribution to earnings in this segment. Loan loss provisions amounted to EUR 0 million and saw a significant improvement on the previous year's figure (2017: minus EUR 68 million).

Press Release

The **Retail & Asset Management** segment comprises Retail Banking, Private Banking and Asset Management (via the subsidiaries of Frankfurter Sparkasse, Frankfurter Bankgesellschaft and Helaba Invest), Landesbausparkasse Hessen-Thüringen and Real Estate Management (GWH and Helicon). At EUR 205 million, earnings before tax in this segment were slightly below the previous year's level (EUR 220 million). Of this amount, EUR 92.7 million is attributable to GWH and EUR 92.2 million to Frankfurter Sparkasse. Provisions for losses on loans and advances in the Retail and Asset Management segment remained unchanged from the previous year at minus EUR 4 million.

Earnings before tax of EUR 19 million in the **WIBank** business segment were unchanged from the previous year. Net interest income rose by EUR 3 million to EUR 51 million. At EUR 39 million, net fee and commission income was almost at the previous year's level (EUR 40 million).

Outlook for 2019

With a view to 2019, Grüntker concludes by stating: "Helaba will stay on the move in the current financial year, too. We have a strong market position in our core business areas and, just as in 2018, we plan to continue exploiting growth opportunities. At the same time, we aim to boost the bank's efficiency in order to cushion the impact of the interest rate environment and regulatory requirements. Overall, we expect earnings to remain at the previous year's level".

Press Release

Income Statement of Helaba Group under IFRS as of 31 December 2018

	01.01.- 31.12.2018	01.01.- 31.12.2017	Change	
	In EUR (millions)	In EUR (millions)	In EUR (millions)	In %
Net interest income	1,072	1,069	3	0.3
Provisions for losses on loans and advances	45	56	-11	-19.6
Net interest income after provisions for losses on loans and advances	1,117	1,125	-8	-0.7
Net fee and commission income	349	354	-5	-1.4
Net trading income	32	268	-236	-88.1
Net income from hedge accounting and other financial instruments at fair value (non-trading)	13	-136	149	n.a.
Share of profit or loss of equity-accounted entities	13	19	-6	-31.6
Other net income	359	165	194	>100.0
General and administration expenses (incl. scheduled depreciation and amortisation)	-1,440	-1,348	-92	-6.8
Consolidated net profit before tax	443	447	-4	-0.9

	31.12.2018	01.01.2018	Change
	In EUR (billions)	In EUR (billions)	In EUR (billions)
Balance sheet total	163.0	158.2	4.8
Business volume	200.9	191.5	9.5

Key indicators

	31.12.2018	31.12.2017
	In %	In %
Cost/income ratio	78.3	77.5
Return on equity (before tax)	5.4	5.7

	31.12.2018	31.12.2017
	In %	In %
CET1 ratio "fully loaded"	14.9	15.2
Total capital ratio "phased in"	20.6	21.8
Leverage ratio "phased in"	5.1	4.9

Press Release

Helaba's ratings

	Moody's Investors Service	FitchRatings	Standard & Poor's Corp.
Issuer rating	Aa3	A+*	A*
Short-term rating	P-1	F1+*	A-1*
Public-sector Pfandbriefe	Aaa	AAA	-
Mortgage Pfandbriefe	-	AAA	-

* based on joint group rating for the S-Group Hesse-Thuringia

Further information on earnings and business figures as well as segment performance can be found at www.helaba.com

Press and Communication

Neue Mainzer Strasse 52-58
60311 Frankfurt am Main
www.helaba.de
Tel.: +49 (0) 69 / 9132 – 2192

Mike Peter Schweizer

E-Mail: mikepeter.schweitzer@helaba.de

Ursula-Brita Krück

E-Mail: ursula-brita.krueck@helaba.de

About Helaba:

One of the leading banks in the German financial capital of Frankfurt, the Helaba Group employs approximately 6,100 people and has total assets of 163 bn euros. It offers a complete range of financial services from a single source for companies, banks and institutional investors. Helaba provides innovative, high-quality financial products and services for the Sparkassen. It serves as the Sparkasse central bank for Hesse, Thuringia, North Rhine-Westphalia and Brandenburg, making Helaba a strong partner for some 40 percent of Germany's Sparkassen. Helaba is also the regional market leader in retail banking through its subsidiary Frankfurter Sparkasse and has a presence in direct banking through 1822direkt. Landesbausparkasse Hessen-Thüringen, Helaba's independent home loans and savings division, uses the Sparkassen as sales partners and is the market leader in both Hesse and Thuringia. WIBank, which comes under Helaba's Public Development and Infrastructure Business unit, supports development programmes for the State of Hesse. Helaba also engages in many areas of public life by sponsoring ground-breaking cultural, educational, environmental, sports and social projects.

Data Protection:

If you no longer wish to use our press service in the future, please let us know by sending an email to presse@helaba.de
You will find information on data protection and on cancellation notices in our data protection declaration at <http://dsgvo.helaba.de>