

# Press Release

28.05.2019

## Helaba on track in first quarter of new financial year

- **Consolidated net profit before tax reaches EUR 64 million**
- **New business volume exceeds previous year**
- **Risk situation remains favourable**
- **General and administrative expenses weigh on Q1 result**
- **Bank adheres to forecast of consolidated net profit before tax for 2019 on previous year's level**

**Frankfurt, 28 May 2019** – In the first quarter of 2019, Helaba achieved a consolidated net profit before tax under IFRS of EUR 64 million. The consolidated net profit after tax amounted to EUR 42 million. As a result, both consolidated earnings before and after tax were below the previous year's figures (EUR 79 million and EUR 52 million, respectively).

"In terms of the performance of our business, we made a good start to the year. We were able to expand the volume of new business and slightly raise net interest income. However, increasing IT and consulting expenses incurred as a result of regulatory issues and new business-driven requirements, as well as the full inclusion of the bank levy and contributions to institutional protection schemes, are having an adverse effect on earnings in 2019," explained Herbert Hans Grüntker, Chairman of Helaba's Board of Managing Directors. "With our strategic agenda of growth initiatives, digitalisation, corporate culture and increased efficiency, we have laid the groundwork for securing the long-term future viability of our bank. Overall, we continue to expect to achieve a pre-tax profit in 2019 on the same level as in the previous year," Grüntker added.

### The figures at a glance

**Net interest income** amounted to EUR 269 million and was thus above the previous year's level (Q1 2018: EUR 256 million). **Provisions for losses on loans and advances** rose to EUR -12 million (Q1 2018: EUR -3 million), but remained at a low level. **Net fee and commission income** grew slightly by EUR 3 million to EUR 89 million.

**Net income from fair value measurement**, which comprises hedge accounting and other financial instruments at fair value, decreased by EUR 7 million to EUR 45 million.

**Other net income** improved by EUR 8 million to EUR 82 million. This growth was mainly due to the higher net income from GWH's real estate portfolios.

**General and administrative expenses** rose to EUR 411 million (Q1 2018: EUR 387 million) due to higher IT and consulting expenses in connection with the implementation of regulatory requirements and business-driven demands. As in the previous year, this item already in-

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cludes the full provision for the bank levy and the security reserve with a charge of EUR 71 million (2018: EUR 72 million).

The **Helaba Group's balance sheet total** was EUR 17.6 billion higher in the first quarter of 2019 at EUR 180.6 billion (31 December 2018: EUR 163 billion). This increase is primarily a result of a higher inflow of time deposits and a buoyant level of new debt issuance in the first quarter of 2019. The **business volume** climbed to EUR 217.4 billion (December 31, 2018: EUR 200.9 billion). **Loans and advances to customers and affiliated savings banks** increased by EUR 2.1 billion to EUR 104.0 billion, reflecting the bank's continued strong integration with the real economy. The **volume of new medium and long-term business** - excluding WIBank's competitively neutral promotional business - amounted to EUR 3.7 billion in the first quarter (Q1 2018: EUR 2.9 billion).

The **CET1 ratio** amounted to 14.6 percent as of 31 March 2019 (31 December 2018: 14.9 percent). **Return on equity (before tax)** reached 3.0 percent (Q1 2018: 4.0 percent) and the **cost/income ratio** 84.4 percent (Q1 2018: 82.5 percent).

### Segment report

The **Real Estate** segment focuses on larger-scale commercial portfolio and project financing for real estate. Earnings before tax in this segment grew by EUR 5 million to EUR 70 million. The volume of new medium and long-term business increased to EUR 1.6 billion (Q1 2018: EUR 1.1 billion). It was possible to reverse an impairment loss of EUR 11 million (Q1 2018: EUR 3 million).

In addition to credit products, the **Corporates & Markets** segment also comprises trading and sales activities as well as payment transactions. Earnings before taxes fell to EUR -48 million, in particular due to the negative result from fair value measurement. At EUR 14.2 million, the business division of Corporate Finance made the largest contribution to earnings in this segment. At EUR -22 million, loan loss provisions were noticeably higher than the previous year's figure of EUR -5 million.

The **Retail & Asset Management** segment includes Retail Banking, Private Banking and Asset Management (via the subsidiaries of Frankfurter Sparkasse, Frankfurter Bankgesellschaft and Helaba Invest), Landesbausparkasse Hessen-Thüringen and GWH. At EUR 57 million, this segment's earnings before tax were slightly above the previous year's level (Q1 2018: EUR 54 million) and were mainly generated by GWH (EUR 35 million) and Frankfurter Sparkasse (EUR 17 million). At EUR -3 million, loan loss provisions in the Retail and Asset Management segment remained virtually unchanged from the previous year (Q1 2018: EUR -2 million).

At EUR 7 million, earnings before tax in the **WIBank** segment were higher than in the previous year (Q1 2018: EUR 4 million). Net interest income rose by EUR 3 million to EUR 15 million owing to a noticeable expansion in the promotional lending business. At EUR 9 million, net fee and commission income was on a par with the previous year.

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## Income Statement of Helaba Group under IFRS as of 31 March 2019

	01.01.- 31.03.2019	01.01.- 31.03.2018	Change	
	In EUR (millions)	In EUR (millions)	In EUR (millions)	In %
Net interest income	269	256	13	5.1
Provisions for losses on loans and advances	-12	-3	-9	>-100.0
<b>Net interest income after provisions for losses on loans and advances</b>	<b>257</b>	<b>253</b>	<b>4</b>	<b>1.6</b>
Net fee and commission income	89	86	3	3.5
Gains or losses on non-trading derivatives and financial instruments to which the fair value option is applied	45	52	-7	-13.5
Share of profit or loss of equity-accounted entities	2	1	1	100.0
Other net operating income	82	74	8	10.8
General and administration expenses (incl. scheduled depreciation and amortisation)	-411	-387	-24	-6.2
<b>Consolidated net profit before tax</b>	<b>64</b>	<b>79</b>	<b>-15</b>	<b>-19.0</b>

	31.03.2019	31.12.2018	Change
	In EUR (billions)	In EUR (billions)	In EUR (billions)
Balance sheet total	180.6	163.0	17.6
Business volume	217.4	200.9	16.5

## Key indicators

	01.01.- 31.03.2019	01.01.- 31.03.2018
	In %	In %
Cost/income ratio	84.4	82.5
Return on equity (before tax)	3.0	4.0

	31.03.2019	31.12.2018
	In %	In %
CET1 ratio "fully loaded"	14.6	14.9
Total capital ratio "phased in"	20.1	20.6
Leverage ratio "phased in"	4.6	5.1

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## 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](http://www.helaba.com)

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### 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 181 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.

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