

Press Release - Update

09.08.2022

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

- 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 13.9¹ 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

Frankfurt am Main – 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."

¹ Slightly adjusted as part of the finalization of the half year accounts

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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 DSGVO 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 expenses** 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 13.9² 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.

² Slightly adjusted as part of the finalization of the half year accounts

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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 DSGVO protection scheme and a rise in the bank levy.

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Income Statement of Helaba Group under IFRS as of 30 June 2022

	01.01.- 30.06.2022	01.01.- 30.06.2021	Change	
	In EUR (millions)	In EUR (millions)	In EUR (millions)	In %
Net interest income	666	643	24	3.7
Provisions for losses on loans and advances	-85	-141	56	39.9
Net interest income after provisions for losses on loans and advances	582	502	80	15.9
Net fee and commission income	269	223	45	20.2
Result from investment property	119	118	1	1.1
Result from fair value measurement	137	185	-48	-25.9
Share of profit or loss of equity-accounted entities	0	5	-4	-96.4
Other net operating income	89	41	48	>100
General and administrative expenses (incl. scheduled depreciation and amortisation)	-869	-782	-88	-11.2
Consolidated net profit before tax	327	293	34	11.6

	30.06.2022	31.12.2021	Change
	In EUR (billions)	In EUR (billions)	In %
Balance sheet total	213.8	212.3	1.5
Business volume	256.7	252.8	3.9

Key indicators

	01.01. - 30.06.2022	01.01. - 30.06.2021
	In %	In %
Cost/income ratio*	61.7	60.1
Return on equity (before tax)*	8.7	7.8

* adjusted or linearised to reflect bank levy and contributions to protection scheme

	30.06.2022	30.06.2021
	In %	In %
CET1 ratio	13.9*	14.0
Total capital ratio	17.7	17.9
Leverage ratio	4.4*	4.9

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

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Helaba's ratings

	Moody's	Fitch
Issuer rating	Aa3	A+*
Short-term rating	P-1	F1+*
Public-sector Pfandbriefe	Aaa	AAA
Mortgage Pfandbriefe	Aaa	-

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

Further information on earnings and segment performance can be found at:

www.helaba.com/int/investorrelations

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About Helaba:

One of the leading banks in the German financial capital of Frankfurt, the Helaba Group employs approximately 6,300 people and has total assets of 214 bn Euro. It offers a complete range of financial services from a single source for companies, banks and institutional investors. A sustainable approach to business has long been firmly embedded in Helaba's business model and is also in keeping with our public service remit. The aim is to support its clients in their own transformation towards a sustainable world with a range of professional ESG advisory services and tailor-made financing solutions. 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-Thuringen, 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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