Press Release

22.08.2019

Helaba achieves significant rise in half-year earnings

- **Consolidated net profit before tax of EUR 325 million significantly higher than in previous year**
- **Half-year results marked by special effect from acquisition of former DKD**
- **Growth in new business above previous year**
- **Risk position remains favourable**
- **Continued pressure from increase in general and administrative expenses**
- **Group earnings for year as a whole expected to exceed previous year due to non-recurring items**

Frankfurt, 22. August 2019 – In the first half of 2019, Helaba generated a consolidated net profit before tax under IFRS of EUR 325 million, which is considerably higher than the prior-year figure of EUR 200 million. This jump in earnings is largely due to the acquisition of the former DKD[1] (today known as KOFIBA Kommunalfinanzierungs-bank GmbH) and its associated first-time consolidation. The consolidated net profit after tax amounted to EUR 255 million (H1 2018: EUR 140 million).

"Our earnings in the first six months of 2019 reflect the positive economic impact of the consolidation of the former DKD. In addition, given the challenging environment we face, we can be satisfied with the performance of our operating activities in the first half of the year. We were able to expand our volume of new business and increase both net interest income and net fee and commission income. On the other hand, rising IT and consulting expenses incurred as a result of regulatory requirements and new business-driven requirements continue to weigh on the result," explained Herbert Hans Grüntker, Chairman of Helaba's Board of Managing Directors. "Overall, we anticipate that the integration of KOFIBA will result in a pre-tax profit for 2019 exceeding the previous year's level," said Grüntker.

Excluding the integration of KOFIBA, the half-year result would have been approximately equal to the same period last year.

The figures at a glance

Net interest income amounted to EUR 557 million and was thus above the previous year's level (H1 2018: EUR 521 million). **Provisions for losses on loans and advances** rose to EUR -34 million (H1 2018: EUR 13 million), but remained at a low level. **Net fee and commission income** climbed by EUR 14 million to EUR 186 million. This increase was primarily a conse-

[1] DKD=Dexia Kommunalbank Deutschland

quence of the positive trend in commission income from lending and guarantee activities, payment transactions and the Helaba Invest's own asset management business.

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, increased by EUR 48 million to EUR 78 million.

Other net income grew by EUR 128 million to EUR 307 million, mainly due to special effects from the first-time consolidation of KOFIBA.

General and administrative expenses rose to EUR 772 million (H1 2018: EUR 720 million). This was chiefly attributable to higher IT and consulting expenses in connection with the implementation of regulatory and business-driven requirements as well as to higher costs from allocations to institutional protection schemes and the bank levy.

The **Helaba Group's balance sheet total** saw a sharp rise in the first half of 2019 from EUR 163.0 billion to EUR 213.0 billion. This increase was primarily driven by the consolidation of KOFIBA. The **business volume** grew to EUR 252.1 billion (31 December 2018: EUR 200.9 billion). **Loans and advances to customers and affiliated savings banks** also increased by EUR 16.3 billion to EUR 118.2 billion (31 December 2018: EUR 101.9 billion) owing in part to the first-time inclusion of KOFIBA and the acquisition of DVB's Land Transport Finance portfolio, thereby reflecting the fact that the bank's business continues to be closely intertwined with the real economy. The **volume of new medium and long-term business** - excluding WIBank's competitively neutral promotional business - amounted to EUR 9.6 billion in the first half of the year (H1 2018: EUR 7.8 billion).

The **CET1 ratio** stood at 14.6 percent as of 30 June 2019 (31 December 2018: 14.9 percent). **Return on equity (before tax)** reached 7.7 per cent (H1 2018: 5.0 per cent) and the **cost/income ratio** 68.3 per cent (H1 2018: 79.4 per cent).

Segment report

The **Real Estate** segment focuses on larger-scale commercial portfolio and project financing for real estate. Pre-tax earnings in this segment rose by EUR 9 million to EUR 131 million. The volume of new medium and long-term business increased to EUR 4.0 billion (H1 2018: EUR 3.7 billion). There was once again a low level of additions to provisions for losses on loans and advances. Risk provisioning generated a net income of EUR 12 million (H1 2018: EUR 2 million).

In addition to credit products, the **Corporates & Markets** segment also comprises trading and sales activities as well as payment transactions. Pre-tax earnings in this segment fell to EUR -53 million (H1 2018: EUR 55 million). This was due to a decline in the result from fair value measurement, which was driven by lower interest rates. At EUR 31 million, Corporate Finance made the largest contribution to earnings in this segment. The volume of new medium and long-term business in this segment increased to EUR 4.8 billion (H1 2018: EUR 3.5 billion), with the acquisition of the Land Transport Finance portfolio from DVB Bank SE having a positive impact. At EUR -47 million, provisions for losses on loans and advances were significantly higher than the previous year's figure of EUR -6 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 115 million, pre-tax earnings in the segment were below the previous year's figure (H1 2018: EUR 133 million) and were mainly attributable to GWH (EUR 60 million; H1 2018: EUR 56 million) and Frankfurter Sparkasse (EUR 53 million; H1 2018: EUR 53 million). The absence of a special effect in the previous year had a negative impact. Risk provisioning in the Retail and Asset Management segment remained virtually unchanged from the previous year at EUR -1 million (H1 2018: EUR 0 million).

At EUR 13 million, pre-tax earnings in the **WIBank** segment were above those of the previous year (H1 2018: EUR 9 million). Net interest income rose by EUR 5 million to EUR 29 million on the back of a noticeable expansion in promotional lending activities. As in the previous year, net fee and commission income amounted to EUR 19 million.

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Income Statement of Helaba Group under IFRS as of 30 June 2019

	01.01.-30.06.2019	01.01.-30.06.2018	Change	
	In EUR (millions)	In EUR (millions)	In EUR (millions)	In %
Net interest income	557	521	36	6.9
Provisions for losses on loans and advances	-34	13	-47	>-100.0
Net interest income after provisions for losses on loans and advances	**523**	**534**	**-11**	**-2.1**
Net fee and commission income	186	172	14	8.1
Gains or losses on non-trading derivatives and financial instruments to which the fair value option is applied	78	30	48	>100
Share of profit or loss of equity-accounted entities	3	5	-2	-40.0
Other net operating income	307	179	128	71.5
General and administration expenses (incl. scheduled depreciation and amortisation)	-772	-720	-52	-7.2
Consolidated net profit before tax	**325**	**200**	**125**	**62.5**

	30.06.2019	31.12.2018	Change
	In EUR (billions)	In EUR (billions)	In EUR (billions)
Balance sheet total	213.0	163.0	50.0
Business volume	252.1	200.9	51.2

Key indicators

	01.01.-30.06.2019	01.01.-30.06.2018
	In %	In %
Cost/income ratio	68.3	79.4
Return on equity (before tax)	7.7	5.0

	30.06.2019	31.12.2018
	In %	In %
CET1 ratio “fully loaded”	14.6	14.9
Total capital ratio “phased in”	19.7	20.6
Leverage ratio “phased in”	4.3	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/int/hy-2019**

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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 213 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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