

Press Release

21.11.2019

Helaba Group figures for 9M 2019: Satisfactory performance in operating business

- New business, net interest income and net fee and commission income above previous year
- Consolidated net profit before tax of EUR 349 million slightly below same period last year
- Decline in interest rate leads to negative valuation effects in net trading income
- Progress with initiatives resulting from strategic agenda on track
- CET1 ratio of 13.8 percent still significantly above regulatory requirements

Frankfurt am Main – Helaba Landesbank Hessen-Thüringen generated a consolidated net profit before tax of EUR 349 million in the first three quarters of 2019. This was slightly below the previous year's result in the same period of EUR 364 million. After tax, the consolidated net profit rose by EUR 17 million to EUR 272 million (9M 2018: EUR 255 million).

"Despite intense competition and a challenging environment, we successfully maintained our position in the market and are satisfied with the development of our operating business. This enabled us to raise the volume of new business as well as net interest income and net fee and commission income compared with the same period last year. These figures reflect the fact that we are well positioned in our core business lines and confirm our successful business model," said Herbert Hans Grüntker, Chairman of Helaba's Board of Managing Directors, in summing up the bank's activities in the first nine months of the year. On the implementation of the strategic agenda, he added: "We are making good and rapid progress with the initiatives we have launched. The aim of our growth through efficiency project - Scope - is to stem the rise in costs while, at the same time, exploiting the resulting room for manoeuvre to systematically implement our growth initiatives. We are working on the assumption that we will conclude a reconciliation of interests on the results of Project Scope before the end of this year, which will thus be reflected in our full-year results for 2019. Despite these charges, we expect to generate a profit before tax at the same level as last year."

The 9M figures at a glance

Net interest income grew by EUR 65 million to EUR 850 million (9M 2018: EUR 785 million). **Provisions for losses on loans and advances** increased to EUR -57 million (9M 2018: EUR 29 million). The quality of Helaba's portfolio remains high. The increase reflects the general deterioration in the economic environment and returns risk provisioning to a normal level. **Net fee and commission income** rose by EUR 28 million to EUR 287 million (9M 2018: EUR 259 million).

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, was adversely impacted by valuation effects, particularly in the third quarter, as a result of the sharp fall in interest rates. As a consequence, it fell by EUR 81 million to EUR 18 million (9M 2018: EUR 99 million).

Other net income improved by EUR 105 million to EUR 348 million (9M 2018: EUR 243 million), primarily due to special effects from the first-time consolidation of KOFIBA. **General and administrative expenses** rose to EUR 1,117 million (9M 2018: EUR 1,057 million), which primarily reflects significantly higher operating expenses in connection with the implementation of regulatory and business-drive requirements.

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In the first nine months of 2019, the Helaba Group's **balance sheet total** increased by EUR 58.6 billion to EUR 221.6 billion (31 December 2018: EUR 163.0 billion). This main reason for this was the consolidation of KOFIBA as well as an increase in customer deposits and loans. Since the beginning of the year, **business volume** had increased by EUR 59.9 billion to EUR 260.8 billion (31 December 2018: EUR 200.9 billion) and **loans and advances to customers** to EUR 121.1 billion (31 December 2018: EUR 101.9 billion). At EUR 14.6 billion, the volume of new medium and long-term business - excluding WIBank's competitively neutral promotional business - was significantly higher after the first three quarters than in the same period last year (EUR 12.6 billion).

The CET1 ratio amounted to 13.8 percent as of 30 September 2019. Return on equity (before tax) stood at 5.5 percent and the cost/income ratio at 73.3 percent.

Segment report

Since the 2018 financial year, Helaba's segment reporting has more closely reflected the client 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-scale commercial portfolio and project financing for real estate. Earnings before tax in this segment remained virtually unchanged at EUR 178 million (9M 2018: EUR 185 million). The volume of new medium and long-term business increased by 5 percent to EUR 6.3 billion (9M 2018: EUR 6.0 billion). A comfortable risk situation once again led to a reversal of loan loss provisions in an amount of EUR 16 million (9M 2018: EUR 3 million).

In addition to credit products, the **Corporates & Markets** segment also comprises trading and sales activities as well as payment transactions. Pre-tax earnings fell to EUR -109 million (9M 2018: EUR 146 million). This was due to a decline in the net income from fair value measurement driven by negative valuation effects and is related to the sharp fall in interest rates, particularly in the third quarter. The balance of risk provisioning in this segment amounted to EUR -75 million, reflecting an overall slowdown in the economy. At EUR 58.9 million (9M 2018: EUR 130.6 million), the Corporate Finance division made the largest contribution to earnings in this segment. New medium and long-term business increased by 25 percent to EUR 7.0 billion (9M 2018: EUR 5.6 billion). With about EUR 1 billion acquisition of the DVB Bank SE's land transport finance portfolio had a positive impact in this respect.

The **Retail & Asset Management** segment includes the Group's retail banking, private banking and asset management activities (via the subsidiaries of Frankfurter Sparkasse, Frankfurter Bankgesellschaft and Helaba Invest) as well as Landesbausparkasse Hessen-Thüringen and GWH. At EUR 142 million, this segment's earnings before tax were lower than the same period last year (EUR 168 million) and were largely attributable to GWH (EUR 75.5 million; 9M 2018: EUR 70.8 million) and Frankfurter Sparkasse (EUR 64.8 million; 9M 2018: EUR 72.1 million). The profit from the disposal of an investment had a positive effect compared to the first nine months of 2018. Risk provisioning in the Retail and Asset Management segment remained virtually unchanged at EUR -4 million (9M 2018: EUR -3 million).

At EUR 20 million, earnings before tax in the **WIBank** segment were EUR 6 million higher than the same period last year (EUR 14 million). Net interest income rose by EUR 7 million to EUR 45 million. At EUR 29 million, net fee and commission income was slightly above the pro-rata figure for the previous year (9M 2018: EUR 28 million).

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

	01.01.- 30.09.2019	01.01.- 30.09.2018	Change	
	In EUR (millions)	In EUR (millions)	In EUR (millions)	In %
Net interest income	850	785	65	8.3
Provisions for losses on loans and advances	-57	29	-86	>-100.0
Net interest income after provisions for losses on loans and advances	793	814	-21	-2.6
Net fee and commission income	287	259	28	10.8
Gains or losses on non-trading derivatives and financial instruments to which the fair value option is applied	18	99	-81	-81.8
Share of profit or loss of equity-accounted entities	20	6	14	>100.0
Other net operating income	348	243	105	43.2
General and administration expenses (incl. scheduled depreciation and amortisation)	-1,117	-1,057	-60	-5.7
Consolidated net profit before tax	349	364	-15	-4.1

	30.09.2019	31.12.2018	Change
	In EUR (billions)	In EUR (billions)	In EUR (billions)
Balance sheet total	221.6	163.0	58.6
Business volume	260.8	200.9	59.9

Key indicators

	01.01.- 30.09.2019	01.01.- 30.09.2018
	In %	In %
Cost/income ratio	73.3	75.9
Return on equity (before tax)	5.5	6.1

	30.09.2019	31.12.2018
	In %	In %
CET1 ratio "fully loaded"	13.8	14.9
Total capital ratio "phased in"	18.7	20.6
Leverage ratio "phased in"	4.2	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/investorrelations

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About Helaba:

One of the leading banks in the German financial capital of Frankfurt, the Helaba Group employs approximately 6,100 people and has total assets of 221 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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