PRESS RELEASE

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Helaba achieves stable first-quarter profit in 2018

- Profit before tax of EUR 79 million slightly above previous year
- Further improvement in capital ratio to 15.7 percent
- Risk situation continues to ease
- Outlook for 2018 financial year confirmed

Frankfurt am Main – Helaba Landesbank Hessen-Thüringen generated a consolidated profit before tax of EUR 79 million in the first quarter of 2018. This represents a rise of EUR 4 million compared to the profit for the comparable period in 2017 of EUR 75 million. After allowing for tax, the consolidated net profit for the quarter amounted to EUR 52 million (previous year: EUR 47 million). This means that, overall, Helaba enjoyed a satisfactory first quarter.

“Conditions remained difficult in the first quarter of the year, which was reflected in modest growth in new business volume as well as declining net interest income. However, there are already indications that business will pick up in the second quarter. Against this backdrop, we are most definitely satisfied with our first-quarter results. The figures back up our forecast for 2018, whereby we anticipate a stable performance for the year as a whole”, commented Herbert Hans Grüntker, the Chairman of Helaba’s Board of Managing Directors.

Q1 figures at a glance

Net interest income was impacted by the on-going phase of zero and negative rates, declining by EUR 19 million to EUR 256 million. There was a minor increase in **provisions for losses on loans and advances** of EUR 8 million. Net fee and commission income fell slightly to EUR 86 million (previous year: EUR 91 million). Net trading income declined by EUR 31 million to EUR 41 million. The reason for this was that net trading income in the first quarter of last year was strongly influenced by positive valuation effects. Lower net trading income was offset by a considerably improved net income from hedge accounting and other **non-trading financial instruments** measured at fair value of EUR 11 million (previous year: minus EUR 68 million).

The **other net income** grew by EUR 6 million to EUR 74 million. **General and administrative expenses** increased to EUR 387 million (plus EUR 18 million), which particularly reflects IT and consultancy costs in connection with the implementation of regulatory and business-driven requirements. As in the previous year, this item already takes into account the full-year cost of the bank levy and contributions to guarantee schemes that amount to a total of EUR 72 million.

Overall, the **consolidated profit before tax** reached EUR 79 million (previous year: EUR 75 million) and **consolidated profit after tax** amounted to EUR 52 million (previous year: EUR 47 million).

Compared to the end of 2017, the Helaba Group's **balance sheet total** had grown by EUR 8.1 billion to EUR 166.3 billion. **Business volume** increased by EUR 8.2 billion to EUR 199.5 billion. **Loans and advances to customers** (financial assets measured at amortised cost) of EUR 87.9 billion were almost on the same level as the previous year period (previous year: EUR 88.7 billion). The volume of new medium and long-term business, excluding WIBank's competitively neutral promotional loan business – reached EUR 2.9 billion and was therefore significantly lower than the EUR 4.6 billion generated in the first quarter of the previous year. In addition to seasonal factors, this can be attributed to a tougher competitive environment. For the second quarter of 2018, Helaba expects to achieve growth in the volume of new business.

The core CET 1 ratio (fully-loaded) amounted to 15.7 percent on 31 March. Return on equity (before tax) reached 4.0 percent.

The 2018 financial year marks the first time that Helaba has applied IFRS 9 rules to its financial reporting. The consequences of the changeover are manageable and, overall, have even had a positive effect of 0.7 percent on the CET 1 ratio.

Overview of business segments

As from the 2018 financial year, Helaba has also adapted its segment reporting to better reflect the customer and risk structure of its business. The bank now divides its operations into the segments of "Real Estate", "Corporates & Markets", "Retail & Asset Management" as well as "WIBank".

The segment of **Real Estate** focuses on financing major commercial projects and the existing portfolio of commercial real estate. Net income before tax in this segment declined slightly by EUR 7 million to EUR 65 million. The amount of new medium and long-term business reached EUR 1.1 billion (previous year: EUR 2.2 billion). Provisions for losses on loans and advances in real estate lending activities, at EUR 3 million, were on the same level as the previous year.

Products for all customer groups are provided from within the segment of **Corporates & Markets.** In addition to credit products, this segment also comprises trading and sales activities as well as transaction banking services. Net income before tax in this segment declined to EUR 45 million (previous year: EUR 99 million), primarily as a result of a significant reduction in the net trading income. At around EUR 36 million, the business unit of Corporate Finance makes the largest contribution to profit in this segment. The volume of new medium and long-term business in the Corporate Finance unit was practically stable at EUR 1.1 billion (previous year: EUR 1.4 billion).

The segment of **Retail & Asset Management** comprises retail banking, private banking, the Landesbausparkasse Hessen-Thüringen (LBS) as well as asset management activities. Net income before tax in this segment, at EUR 54 million, was on almost the same level as the year before (previous year: EUR 56 million), of which EUR 32.9 million was related to GWH and EUR 16.3 million to Frankfurter Sparkasse.

The business segment of **WIBank** mainly reflects the business unit of the public development bank Wirtschafts- und Infrastrukturbank Hessen. Net income before tax in this segment was EUR 4 million and thus below that generated in the previous year (EUR 6 million). This decline can largely be attributed to greater investment in IT systems as well as higher personnel costs. Both the net interest income (EUR 12 million) and the net fee and commission income (EUR 9 million) were on the same level as the first quarter of 2017.

Income Statement of Helaba Group (IFRS) as of 31 March 2018

	01.01.-31.03. 2018	01.01.-31.03. 2017	Change	
	in m €	in m €	in m €	in %
Net interest income	256	275	-19	-6.9
Provisions for losses on loans and advances	-3	5	-8	-
Net interest income after provisions for losses on loans and advances	**253**	**280**	**-27**	**-9.6**
Net fee and commission income	86	91	-5	-5.5
Net trading income	41	72	-31	-43.1
Net income from hedge accounting and other financial instruments at fair value (non-trading)	11	-68	79	-
Share of the profit or loss of equity-accounted entities	1	1	0	0.0
Other net income	74	68	6	8.8
General and administrative expenses	-387	-369	-18	-4.9
Profit before tax	**79**	**75**	**4**	**5.3**

Statement of Financial Position of Helaba Group (IFRS) as of 31 March 2018

	31.03.2018	31.12.2017		Change
	in bn €	in bn €	in bn €	in %
Cash, cash balances at central banks and other demand deposits	19.8	10.5	9.3	88.6
Financial assets at amortised cost	98.7	99.4	-0.7	-0.7
Debt securities	0.0	0.0	0.0	0.0
Loans and advances to credit institutions	10.8	10.7	0.1	0.9
Loans and advances to customers	87.9	88.7	-0.8	-0.9
Financial assets held for trading	15.6	16.1	-0.5	-3.1
Financial assets at fair value (non-trading)	28.2	28.0	0.2	0.7
Investment property, deferred tax assets, other assets	4.0	4.2	-0.2	-4.8
Total assets	**166.3**	**158.2**	**8.1**	**5.1**
Financial liabilities measured at amortised cost	130.2	122.5	7.7	6.3
Deposits and loans from credit institutions	32.2	31.2	1.0	3.2
Deposits and loans from customers	49.7	47.6	2.1	4.4
Securitised liabilities	48.0	43.5	4.5	10.3
Other financial liabilities	0.3	0.2	0.1	50.0
Financial liabilities held for trading	12.6	12.3	0.3	2.4
Financial liabilities at fair value (non-trading)	12.8	12.6	0.2	1.6
Provisions, deferred tax liabilities, other liabilities	2.8	2.8	0.0	0.0
Total equity	7.9	8.0	-0.1	-1.3
Total equity and liabilities	**166.3**	**158.2**	**8.1**	**5.1**

Segment Performance of Helaba Group (IFRS) as of 31 March 2018 (profit before tax)

	01.01.-31.03.2018 in € m	01.01.-31.03.2017 in € m
Real Estate	65	72
Corporates & Markets	45	99
Retail & Asset Management	54	56
WIBank	4	6
Other	-71	-134
Consolidation/transition	-18	-24
Group	**79**	**75**

Financial ratios

	01.01. - 31.03.2018	01.01. - 31.03.2017
	in %	in %
Cost/income ratio	82.5	83.8
Return on equity (before tax)	4.0	3.9
	31.03.2018	31.12.2017
CET 1 ratio “phased in”	15.7	15.4
CET 1 ratio “fully loaded”	15.7	15.2
Total capital ratio	21.9	21.8
Leverage ratio	4.8	4.9

Helaba's ratings

	Moody's Investors Service	FitchRatings	Standard & Poor's Corp.
Issuer rating	A1	A+*	A*
Short-term rating	P-1	F1+*	A-1*
Public-sector Pfandbriefe	Aaa	AAA	-
Mortgage Pfandbriefe	-	AAA	-

* Joint group rating for the S-Group Hesse-Thuringia

About Helaba:

One of the leading banks in the German financial capital of Frankfurt, the Helaba Group employs approximately 6,000 people and has total assets of € 166 bn. 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 Rine-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-Thueringen, 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 groundbreaking cultural, educational, environmental, sports and social projects.

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