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Press and Communication

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Helaba: Good start in 2014

- Quarterly results, as expected, slightly below previous year
- Further growth in customer business and in net interest income
- CET-1-Capital ratio at the end of March, 12.4 percent; total capital ratio 17.2 percent

Frankfurt am Main – *In the financial year 2014, Helaba for the first time presents its accounts in line with the new consolidation requirements of IFRS 10. In principle, the resulting changes are to be applied retrospectively and therefore slightly affect the comparative figures of 2013.*

In the first quarter of 2014, Helaba Landesbank Hessen-Thüringen maintained its positive earnings trend and further expanded its position in customer business, despite an intensely competitive environment. Group earnings of EUR150m, before tax, are below the level of the previous year (EUR170m) as expected. After tax, group earnings amounted to EUR102m, compared with EUR114m in the same period of the year before.

Net interest income rose by EUR34m to EUR317m due to considerably higher customer contributions. This results from a higher volume of lending to customers and the profitability of new business. Risk provisioning in lending operations, at EUR53m, is at the level of the year before. Net commission interest at EUR75m is stable at the high level of the previous year and is mainly influenced by cash management/payment transactions, asset management and the securities and custodian business. The trading income, at EUR54m, is above the planned target for the period, but only about half of the extraordinarily high quarter results of the previous year (EUR119m). In that year, the financial markets were affected by considerably positive credit-spread developments. The result from hedge-derivatives and financial investments rose from a previously negative position by EUR24m to EUR19m. The other operating result amounts to EUR42m (previous year: EUR52m). General administrative expenses at EUR304m remained almost constant. Slightly higher personnel expenses are largely offset by reduced material expenses.

The balance sheet total of the Helaba Group was down by about 1 percent on the year before, to just under EUR 177bn. Business volume (including off-balance-sheet lending) fell by EUR 2bn to EUR198bn. On the asset side, loans and advances to banks and trading assets declined in all by around EUR3.7bn.

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Loans and advances to customers rose by about EUR1.5bn to almost EUR93bn. Aggregate growth of the portfolio at EUR0.7bn was accounted for by the segments corporate and real estate customers, followed by private customers (EUR0.5bn) and public authorities (EUR0.3bn). Medium-term and long-term new business at EUR3.6bn was slightly above the corresponding quarter of the previous year.

The CET-1-Capital ratio of the Helaba Group at the end of March 2014 is 12.4 percent, and the total capital ratio amounts to 17.2 percent. Hans-Dieter Brenner, Helaba's CEO, says: "In regard to the ratios that are relevant for the ongoing balance sheet assessment by the ECB and the impending stress test, we feel well positioned on account of our conservative risk profile and the risk provisions we have built up."

Helaba's CEO expressed his satisfaction with the quarterly result: "We have made a strong start in the year 2014. I view it as a particular success that we remain on track with our earnings trend, thanks to customer business and despite the weakening – as expected – in the trading result. With EUR150m, we have already reached almost a third of the planned year's result in the first quarter of this year. However, to assume that such a result would continue in view of the numerous challenges that await us in the current year would not be appropriate. We stay with our cautious assessment. In view of the general circumstances for economic development – in spite of the persisting phase of low interest rates – we expect the operating result to remain at the last year's level. Implementation of the many regulatory measures will, however, continue to have a negative impact on the development of costs. Although the first quarter has turned out better than expected, our forecast result for 2014 remains unchanged."

Income statement of the Helaba Group under IFRS at 31.03.2014

	01.01.-31.03. 2014	01.01.-31.03. 2013		Change
	in €m	in €m	in €m	in %
Net interest income	317	283	34	12.0
Risk provisions in loans and advances	-53	-52	-1	1.9
Net interest income after risk provisions in loans and advances	264	231	33	14.3
Net commission income	75	75	0	0.0
Net trading income	54	119	-65	-54,6
Result from hedges/derivatives	14	3	11	>100.0
Result from financial investments (incl. result from companies using the equity accounting method)	5	-8	13	>-100.0
Other operating result	42	52	-10	-19.2
General administrative expenses	-304	-302	-2	0,7
Group earnings before taxes	150	170	-20	-11.8

Balance sheet (development) of the Helaba Group as of 31.03.2014 under IFRS

	31.03.2014	31.12.2013	Change	
	in €m	in €m	in €m	in %
Loans and advances to banks incl. cash reserve	20,981	23,108	-2,127	-9.2
Loans and advances to customers	92,561	91,032	1,529	1.7
Impairments on receivables	-1,128	-1,117	-11	-1.0
Assets held for trading	30,686	32,311	-1,625	-5.0
Positive market value of derivatives not held for trading	5,062	4,690	372	7.9
Financial investments (incl. result from companies using the equity accounting method)	24,433	24,196	237	1.0
Other assets	3,908	4,059	-151	-3.7
Total assets	176,503	178,279	-1,776	-1.0
Liabilities due to banks	32,994	34,162	-1,168	-3.4
Liabilities due to customers	44,915	43,939	976	2.2
Securitized liabilities	47,937	48,371	-434	-0.9
Trading liabilities	31,794	33,739	-1,945	-5.8
Negative market value of derivatives not held for trading	3,668	3,471	197	5.7
Provisions/other liabilities	2,741	2,291	450	19.6
Subordinated capital	5,227	5,073	154	3.0
Equity	7,227	7,233	-6	-0.1
Total liabilities	176,503	178,279	-1,776	-1.0

Financial ratios

	31.03.2014	31.12.2013
	in %	in %
Cost-Income Ratio	59.9	61.6
Return on equity (before tax)	8.3	7.4
Total capital ratio	17.2	17.4
Core capital ratio	13.2	13.3
CET-1-Capital	12.4	12.5

Helaba's ratings

	Moody's Investors Service	FitchRatings	Standard & Poor's Corp.
Long-term liabilities	A2	A+*	A*
Short-term liabilities	P-1	F1+*	A-1*
Public mortgage bonds (Public Pfandbriefe)	Aaa	AAA	-
Mortgage bonds	-	AAA	-
Financial strength/viability rating	D+	a+*	-

* Joint S-Group rating for the Sparkassen-Finanzgruppe Hessen-Thüringen