PRESS RELEASE

28 November 2012

Press und Communication
MAIN TOWER · Neue Mainzer Straße 52-58
60311 Frankfurt am Main · www.helaba.de
Tel.: +49 (0) 69 / 9132 – 2192

Wolfgang Kuß
E-Mail: wolfgang.kuss@helaba.de

Ursula-Brita Krück
E-Mail: ursula-brita.krueck@helaba.de

Helaba reports significant growth in earnings for first three quarters

- **Helaba CEO anticipates annual results will be slightly above previous year**
- **S-Group Bank NRW enjoys good start with balanced result**
- **Central bank function for savings banks in four federal states strengthens Helaba's position**

Frankfurt am Main/Erfurt – With group-wide earnings before taxes of EUR 407 million, Helaba sustained its positive revenue path of the first half-year in the third quarter of 2012. The increase in the result compared to the previous year amounts to EUR 36 million, or 9.7 per cent. The S-Group Bank NRW, which is included in the figures for the first time, made a balanced contribution to earnings. Hans-Dieter Brenner, CEO of Helaba, is pleased with the result: "Significant factors for the good interim results were our stable, operational business with customers and a noticeable increase in the net trading income. The growth in loan loss provisions is within a planned range and does not signal any deterioration in the creditworthiness of our customers.". Should the financial markets remain stable, Mr Brenner anticipates that earnings for the entire year of 2012 will be slightly higher than last year."

P&L: Net interest income grows – trading result influenced positively by stable financial markets

At EUR 810 million, net interest income was EUR 33 million higher than the year before. Higher margins in business with key accounts as well as a significantly higher net interest income at Frankfurter Sparkasse contributed to this. Due to base effects, loan loss provisions of EUR 163 million were higher than last year; however, they remained stable compared with the first half-year.

The net commission income of EUR 193 million came in at almost the same level as last year, despite targeted repayments in the US public finance business.

The net trading income rose by EUR 306 million to EUR 330 million, 90 per cent of which is attributable to interest rate-based transactions. Capital market business with institutional clients as well as corporate and S-Group clients made good contributions to earnings. In addition, narrower credit spreads and shortened residual maturities of securities in the trading book had a positive impact on earnings.

On the other hand, at minus EUR 62 million, the result of hedges/derivatives was EUR 100 million below the previous year's result. This fall – as previously described in the half-yearly report for 2012 – can be primarily attributed to taking the liquidity components of foreign currencies in the scope of valuing derivatives into account, a procedure dictated by IFRS rules. This overshadowed any other positive valuation effects.

Net income from non-current financial assets (including assets valued using the equity method) was minus EUR 14 million against minus EUR 11 million in the year before.

The other operating result, at EUR 158 million, fell by EUR 20 million due to a one-off effect in the previous year. This mainly includes the real-estate business activities of GWH and OFB.

In addition to consolidation-related effects, the rise in general administration costs, of EUR 122 million to EUR 845 million, can be ascribed to the takeover of the S-Group Bank as well as to increased contributions to the security reserve.

Substantial growth in balance sheet total as a result of integrating S-Group Bank NRW

The most important balance sheet positions are characterised by the incorporation of the S-Group Bank NRW as of 30 September 2012 for the first time and, accordingly, there is only limited scope for comparison with last year's values. The portfolios taken over from the former WestLB on 1 July 2012 amounted to approximately EUR 41 billion. The balance sheet total of the Helaba Group grew by EUR 41.8 billion to EUR 205.8 billion. For the same reason, the business volume of the Helaba Group increased by about EUR 45 billion to EUR 231 billion compared to the value at year-end 2011.

Loans and advances to customers amounted to EUR 95.5 billion, representing a growth of 14 per cent. EUR 10.4 billion worth of medium and long-term new business, an increase of 10 per cent, was concluded across the whole group. The new business volume was made up of EUR 5 billion in real-estate finance, EUR 2.7 billion in corporate finance, EUR 1.1 billion in public-sector business as well as EUR 0.7 billion in S-Group business and business by Frankfurter Sparkasse.

On the liabilities side, the expansion in liabilities due to banks (plus EUR 9.7 billion to EUR 41.2 billion) and customers (plus EUR 3.7 billion to EUR 45.6 billion) as well as in securitised liabilities (plus EUR 21.3 billion to EUR 58.5 billion) can be predominantly attributed to the "S-Group Bank effect".

In the first three quarters of 2012, medium and long-term refinancing was raised on the capital markets in a volume of EUR 10.4 billion. Of this, EUR 7.2 billion was in uncovered issues and EUR 3.2 billion in public and mortgage Pfandbriefe. Additionally, medium and long-term funds were able to be raised from institutional investors by issuing Pfandbriefe in USD and GBP. By taking over the certificate business from WestLB, Helaba significantly improved its market position.

After the capital increase of EUR 1 billion at the beginning of July 2012, in connection with the incorporation of new owners into the bank, the Helaba Group's core Tier-1 capital increased to EUR 6.8 billion according to section 10 (4) KWG (German Banking Act). The liable capital amounted to a total of EUR 9.7 billion. The core capital ratio was calculated at 10.7 per cent and the total capital ratio fell to 15.2 per cent as a consequence of expiring supplementary (Tier 2) capital.

Central bank function for the savings banks in four federal states strengthens position

Apart from the good development on the business side, Brenner considers the takeover of the S-Group Bank NRW to be the central issue in the current year. This transaction, contends the CEO of Helaba, has improved the importance and position of the bank in many respects:

Firstly: With the Rhenish Savings Banks and Giro Association, the Savings Banks Association Westphalia-Lippe as well as the two German Savings Banks and Giro Association (DSGV) trustee companies as the owners of the Deposit Protection and Investor Compensation Scheme of the Landesbanks, the bank has gained four new owners. The savings bank organisation now holds 88 % of Helaba. Brenner: "The significance of this is very big, also in view of possible structural changes in our sector."

Secondly: With a total of 167 institutions in Hesse, Thuringia, North-Rhine Westphalia and Brandenburg, Helaba now acts as the central bank for 40 percent of all savings banks in Germany. In this way, we have made an important step forward towards strategically positioning ourselves as the leading S-Group bank in the German savings bank sector. Brenner: "We will put all our energy into justifying the trust placed upon us by providing good products and services."

Thirdly: Helaba now has a branch in Dusseldorf with more than 400 employees from which institutional, S-Group and corporate clients in North-Rhine Westphalia will be served. Brenner: "We see great market potential for ourselves here and we are being met with a large degree of acceptance among the customers."

Fourthly: Numerous new market opportunities for Helaba have arisen with the expansion of the bank's core regions. Brenner: "Our S-Group partners will particularly benefit from this. On the basis of the agreed co-operation and framework contracts I am optimistic that we will be able to achieve major efficiency gains and economies of scale in the S-Group business which will be mutually advantageous."

Outlook: Projected earnings to be slightly higher

Brenner remains optimistic with a view to the full-year earnings for 2012: "After our operational business and earnings saw a satisfactory development in October and November, too, we remain optimistic for the 2012 financial year. From today's perspective we should be in a position to surpass our hitherto best result of last year (EUR 492 million) by a small margin. We will, however, continue to adhere to our conservative valuation standards. Having experienced how rapidly market conditions can deteriorate in the course of the euro debt crisis last year, this expectation is subject to the proviso that financial markets will remain stable until the end of the year."

Earnings Figures Helaba Group under IFRS as of 30 September 2012

	01.01.–30.09. 2012	01.01.–30.09. 2011	Changes	
	in EURm	in EURm	in EURm	in %
Net interest income	810	777	33	4.2
Provisions for losses on loans and advances	-163	-106	-57	53.8
Net interest income after provisions for losses on loans and advances	647	671	-24	-3.6
Net commission income	193	194	-1	-0.5
Net trading income	330	24	306	>100.0
Result of hedges/derivatives	-62	38	-100	-
Net income from non-current financial assets (incl. assets valued using the equity method)	-14	-11	-3	27.3
Other operating result	158	178	-20	-11.2
General administrative expenses	-845	-723	-122	16.9
Group earnings before taxes	**407**	**371**	**36**	**9.7**

Balance Sheet Development Helaba Group as of 30 September 2012 under IFRS

	30.09.2012	31.12.2011	Changes	
	In EURbn	In EURbn	In EURbn	in %
Loans and advances to banks incl. cash reserve	28.9	15.6	13.3	84.9
Loans and advances to customers	95.5	84.0	11.5	13.6
Impairments on loans and advances	-1.2	-1.2	0.0	0.0
Trading assets	39.7	38.0	1.7	4.5
Positive fair value of non-trading derivatives	5.6	4.3	1.3	30.9
Financial investments, incl. companies accounted for using the equity method	31.4	18.8	12.6	66.9
Investment property; property, plant and equipment; intangible assets	5.9	4,5	1.4	31.1
Total assets	**205.8**	**164.0**	**41.8**	**25.5**
Liabilities due to banks	41.2	31.5	9.7	30.7
Liabilities due to customers	45.6	41.9	3.7	8.9
Securitised liabilities	58.5	37.2	21.3	57.2
Trading liabilities	40.3	37.2	3.1	8.3
Negative fair value of non-trading derivatives	4.6	3.9	0.7	18.1
Provisions	4.4	2.3	2.1	91.3
Subordinate capital	4.4	4.5	-0.1	-1.3
Equity	6.8	5.5	1.3	24.0
Total liabilities	**205.8**	**164.0**	**41.8**	**25.5**

Financial Ratios

	1.1.-30.09.2012	1.1.-30.09.2011
	in %	in %
Cost-Income ratio	59.7	60.3
Return on equity (before taxes)	9.2	9.3

	30.09.2012	31.12.2011
		in %
Tier-1 capital ratio	10.7	10.1
Total capital ratio	15.2	15.3