



# IFRS-Result for HY1 2014

## Helaba-Group Result as of June 30, 2014

Frankfurt (Main), August 27, 2014

## Cornerstones for the first six months of 2014

### Helaba with stable business and earnings development

2

Helaba achieved group-wide **earnings before taxes** of € 322 million, a result that was only slightly below the exceptionally high level of the previous year (€ 336 million).

The bank succeeded in boosting **net interest income** to € 657 million, representing a rise of 10%. In spite of an environment characterised by historically low interest rates, good margins were achieved on a volume of new business that remained practically constant.

**Net commission income** rose by € 13 million to € 154 million. In this case, commission from transaction services, securities trading and custodial business, as well as from asset management, saw particularly strong growth.

As expected, **net trading income** of € 94 million returned to a normal level (HY1 2013: € 248 million). This result was generated to a large extent by customer-driven capital market activities. Net trading income was € 154 million below the same period last year, which was characterised by a significant tightening in credit spreads.

The volume of **medium and long-term new business** reached € 7.9 billion (HY1 2013: 7.8 billion). The lion share of this was attributed to real estate finance with € 4.4 billion.

The **CET-1 ratio** of 12.9% and a the total **capital ratio** of 17.8% are significantly higher than the regulatory capital requirements and rose within the first 6 months of 2014 by 0.4%. The **leverage ratio** of 3.9% is also considerably above the future regulatory minimum requirement of 3%. Thus, Helaba is well prepared for the ECB/EBA stress test.



# Helaba's Stable Strategic Business Model: Three Core Business Units

3

## Helaba

...a Universal Bank with strong Regional Focus

### Wholesale Business



**Business Division:**  
Real Estate  
Corporate Finance  
Financial Institutions  
and Public Finance  
Global Markets  
Asset Management  
Transaction Banking

### S-Group Business, Private Customers and SME Business



### Public Development and Infrastructure Business



Wirtschafts- und Infrastrukturbank Hessen

Frankfurt am Main . Erfurt . Düsseldorf . Kassel . London



Paris . New York . Zürich . Madrid . Moscow . Shanghai



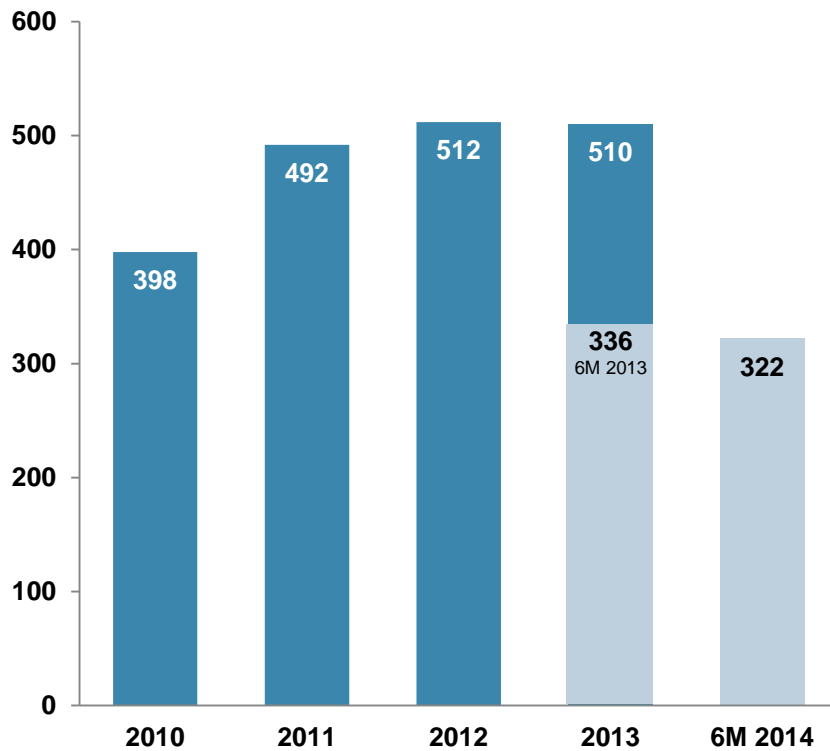
## IFRS-Result:

Stable development on a high level

4

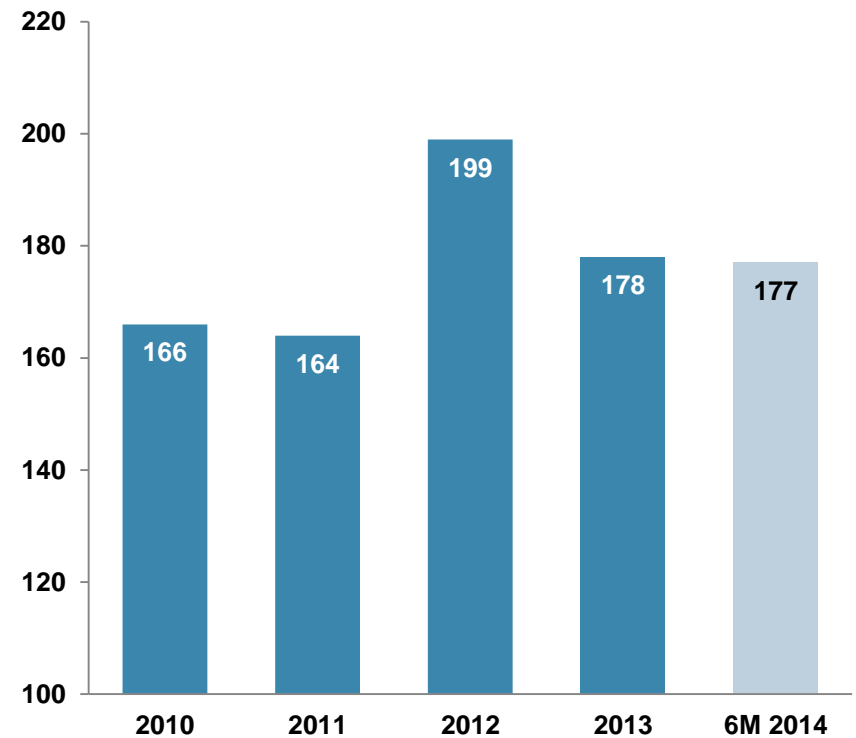
### Development of profit before taxes

in € million



### Development of total assets

In € billion



as of June 30, 2014

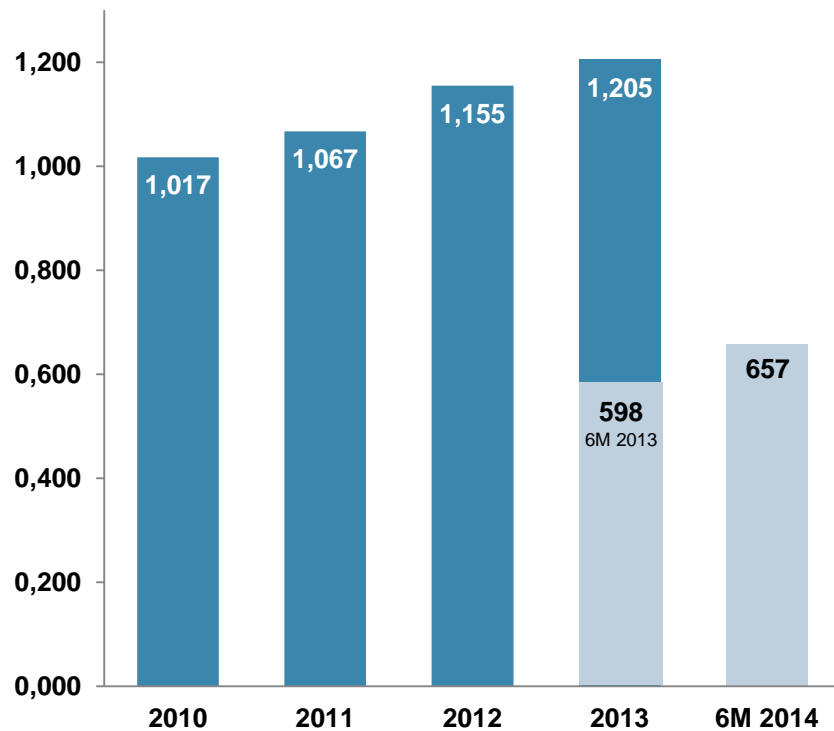


# Operating Income:

## Interest and commission income positive drivers

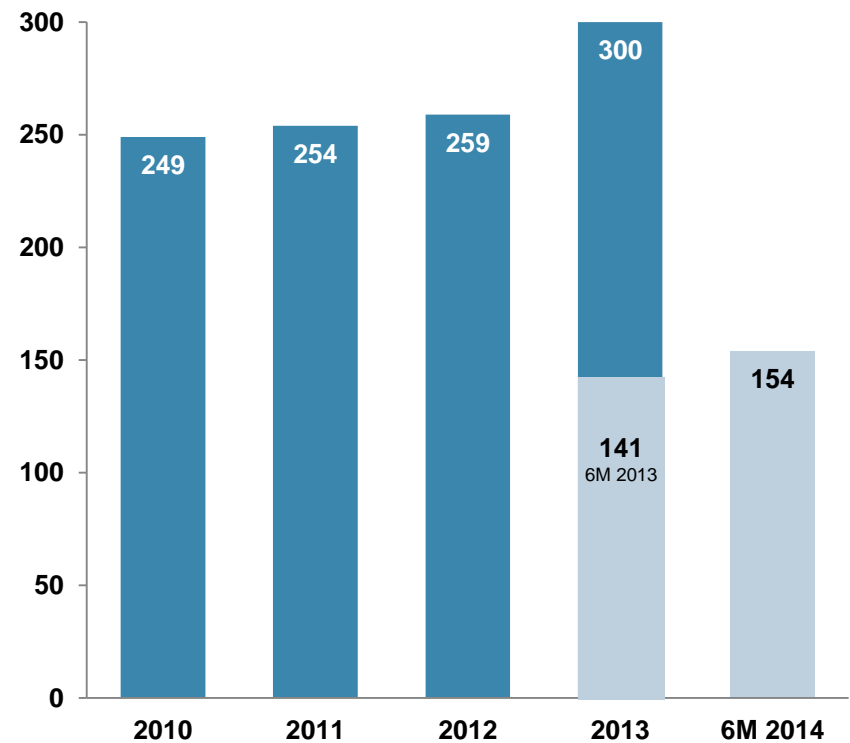
### Development of net interest income

in € million



### Development of net commission income

in € million

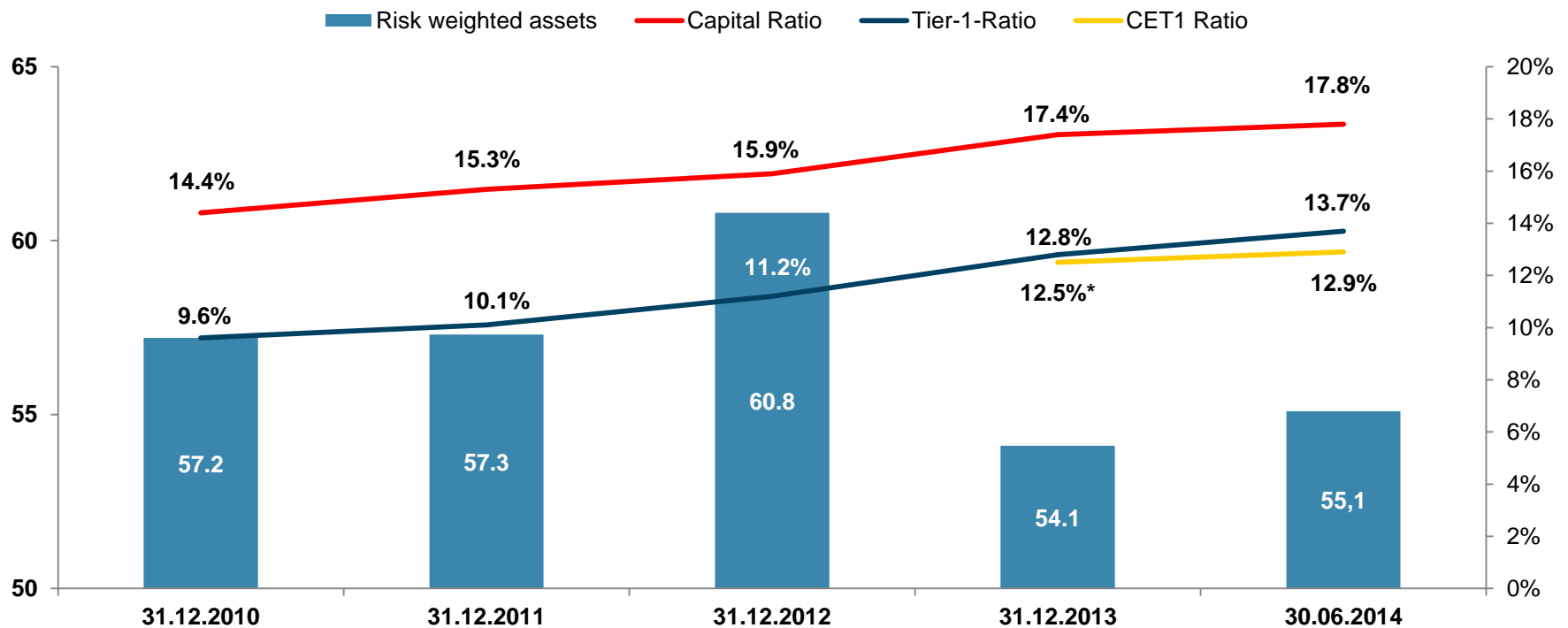


as of June 30, 2014



# Capital Ratios: Capital base strengthened

## Development of capital ratios (Helaba Group)



\* The CET-1 ratio is calculated since the implementation of CRR/CRD IV in 2014

→ CET 1-Ratio as of June 30, 2014 at 12.9%.



# Consolidated balance sheet of Helaba Group for HY1 2014 (IFRS): Share of loans to customers and savings banks at 57%

7

	30.06.2014	31.12.2013	Change	
	in € billion	in € billion	in € billion	%
Loans and advances to banks incl. cash reserves	20.9	23.1	-2.2	-9.7
Loans and advances to customers	91.1	91.0	0.1	0.1
Impairments on receivables	-1.0	-1.1	0.1	6.5
Assets held for trading	30.8	32.3	-1.5	-4.8
Positive market value of derivatives not held for trading	5.4	4.7	0.7	15.3
Financial investments, incl. companies accounted for using the equity method	25.4	24.2	1.2	4.9
Other assets	4.0	4.1	-0.1	-1.5
<b>Total assets</b>	<b>176.5</b>	<b>178.3</b>	<b>-1.8</b>	<b>-1.0</b>
Liabilities due to banks	32.0	34.2	-2.2	-6.4
Liabilities due to customers	44.5	43.9	0.6	1.4
Securitised liabilities	49.1	48.4	0.7	1.5
Liabilities held for trading	31.4	33.7	-2.3	-6.9
Negative market value of derivatives not held for trading	4.2	3.5	0.7	19.7
Provisions/ other liabilities	2.8	2.3	0.5	19.7
Subordinated capital	5.3	5.1	0.2	3.8
Shareholders' equity	7.3	7.2	0.1	1.0
<b>Total liabilities</b>	<b>176.5</b>	<b>178.3</b>	<b>-1.8</b>	<b>-1.0</b>
<b>Business Volume</b>	<b>198.8</b>	<b>200.1</b>	<b>-1.3</b>	<b>-0.6</b>



# P&L of Helaba Group for HY1 2014 (IFRS)

8

	01.01. – 30.06.2014	01.01. – 30.06.2013	Change	
	in € million	in € million	in € million	in %
Net interest income	657	598	59	9.9
Provisions for loans and advances	-45	-123	78	63.4
Net interest income after provisions for loans and advances	<b>612</b>	<b>475</b>	<b>137</b>	<b>28.8</b>
Net commission income	154	141	13	9.2
Net trading income	94	248	-154	-62.1
Result of hedges/derivatives	49	20	29	>100.0
Result from financial investments (incl. result from companies accounted for using the equity method)	12	-3	15	-
Other operating result	36	73	-37	-50.7
General administration expenses	-635	-618	-17	-2.8
Earnings before tax	<b>322</b>	<b>336</b>	<b>-14</b>	<b>-4.2</b>
Taxes on income	-106	-105	-1	-1.0
Consolidated net income	<b>216</b>	<b>231</b>	<b>-15</b>	<b>-6.5</b>





## Key financial ratios for HY1 2014

9

	01.01.-30.06.2014	01.01.-30.06.2013
Return on equity (before taxes)	8.9 %	9.5 %
Cost-income ratio	63.4 %	57.4 %
	30.06.2014	31.12.2013
Common Equity Tier-1 Ratio (CET1)*	12.9%	12.5%*
Tier-1 capital ratio	13.7%	12.8%
Total capital ratio	17.8%	17.4%
Risk-weighted assets in € billion	55.1	54.1
Own funds, total in € billion	9.8	9.4
	30.06.2014	31.12.2013
Leverage Ratio	3.9%	-

\* The CET-1 ratio is calculated since the implementation of CRR/CRD IV in 2014

→ Leverage ratio of 3.9 % as of 30 June 2014 is considerably above the future regulatory minimum requirement of 3%.

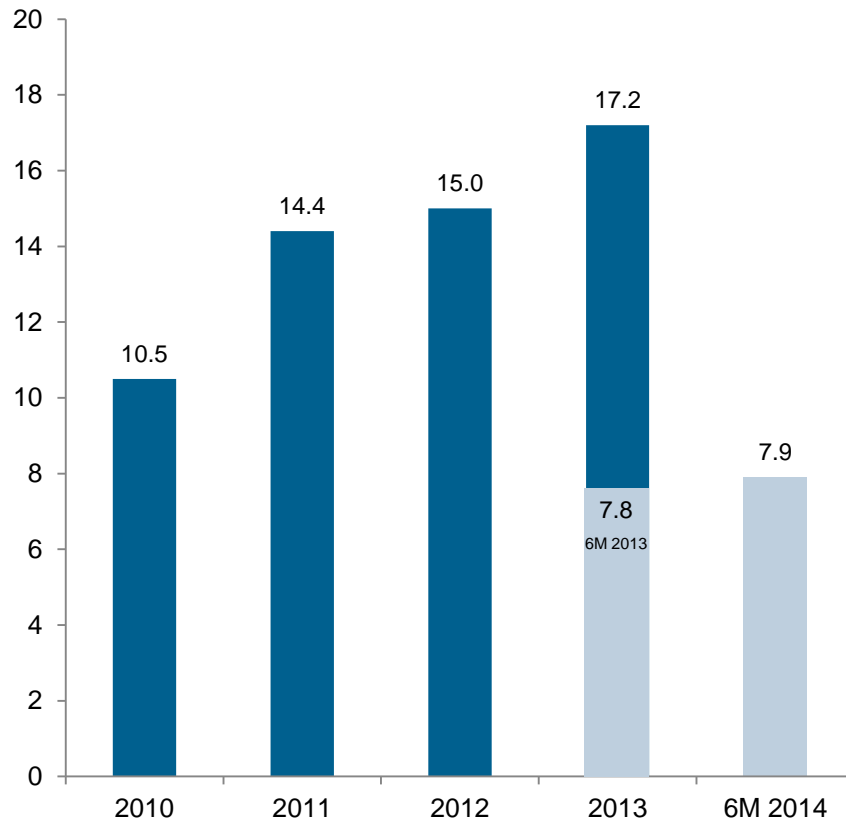


# Helaba Group: Volume of medium and long-term new business (>1 year)

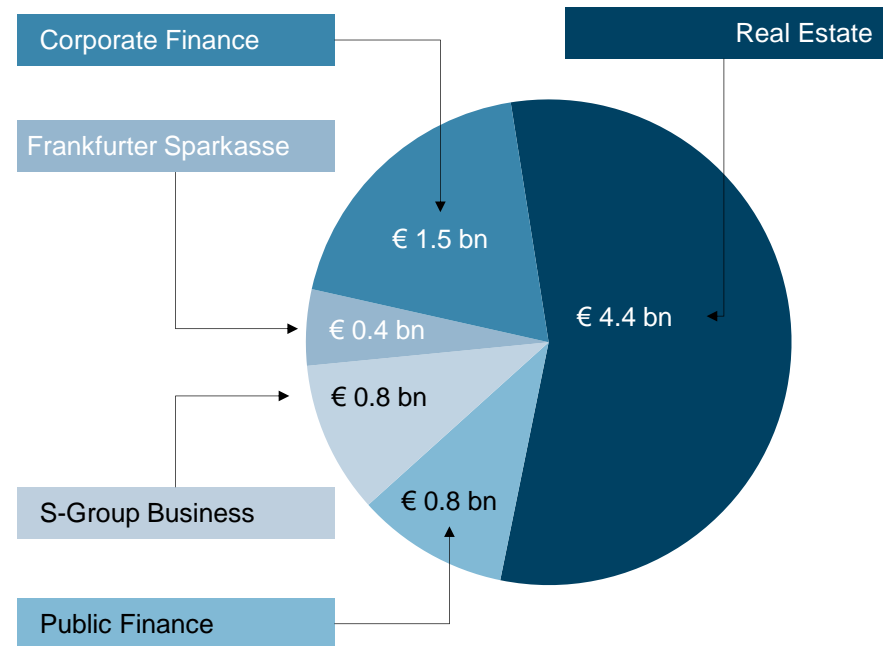
Good margins despite historically low interest rates

## Development of medium and long-term new business

in billion €



## Split of new business by segments: € 7.9 bn



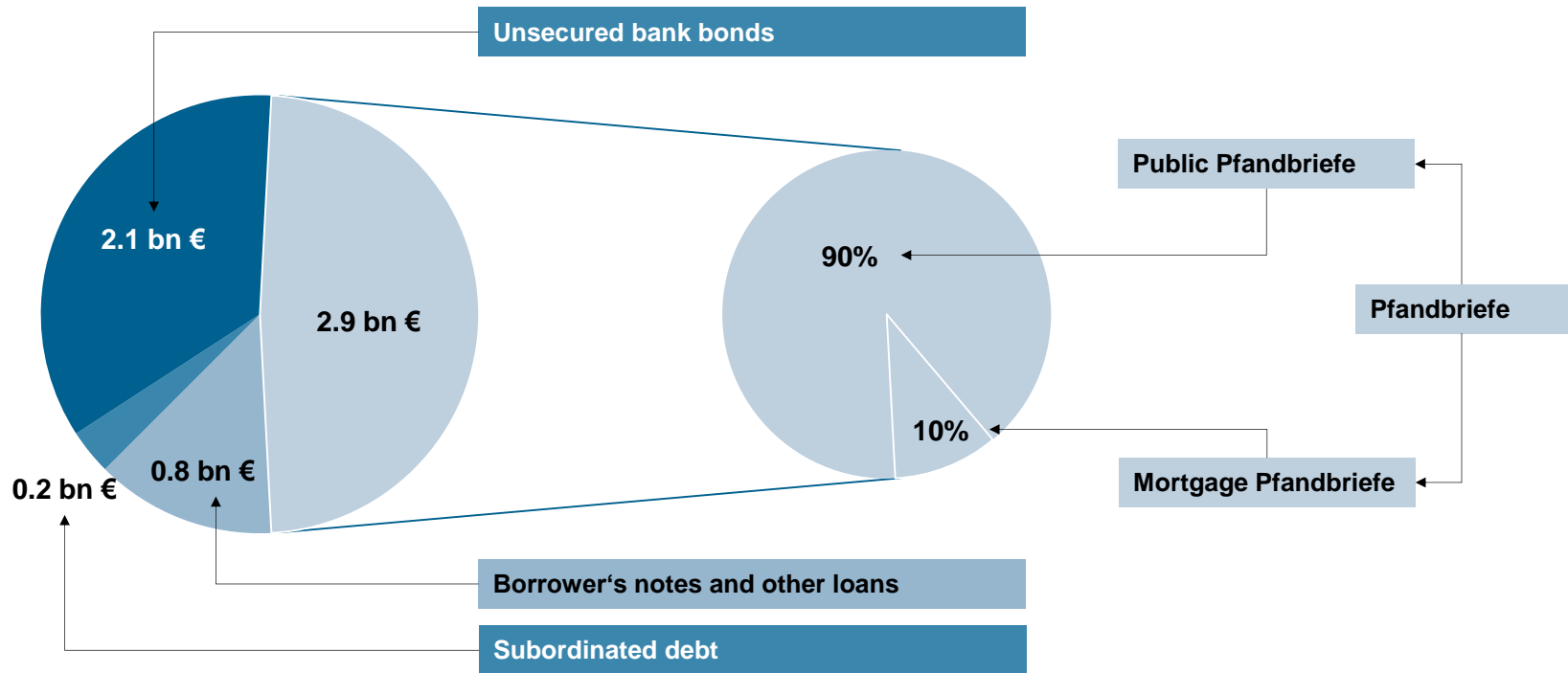
as of June 30, 2014



# Refinancing

## High proportion of unsecured funding instruments

Medium and long-term funding ( ≥ 1 Jahr): € 6.0 bn in HY1 2014



As of June 30, 2014

→ High stability provided by € 45 bn of customer liabilities.



# Development of Business Segments in Helaba Group (1/7): Real Estate

## Business development of the Real Estate segment



- Helaba is among the leading German banks active in this business field.
- Within the Real Estate segment, real estate lending is the largest contributor to earnings. The segment achieved a 12% increase in the volume of medium and long-term new business compared to the same period last year, reaching € 4.4 billion.
- The margin on the existing portfolio saw a slight improvement while margins on new business were satisfactory, which led to a rise in the net interest income in this segment.
- The amount of provisions for loans and advances was significantly lower than last year's level.
- The result of real estate subsidiaries, especially GWH (housing company), showed a positive development compared to the same period in 2013.

	30.06.2014	30.06.2013
<b>Pre-tax profit of Real Estate (in € mio)</b>	<b>167</b>	<b>121</b>



# Development of Business Segments in Helaba Group (2/7): Corporate Finance

13

## Business development of the Corporate Finance segment



- At € 1.5 billion, the level of medium and long-term new business in the Corporate Finance business field was slightly lower than the year before.
- Due to weak demand, especially for corporate loans, this new business was not able to compensate for maturities in the existing portfolio.
- Project-based financing activities, especially the financing of infrastructure projects, showed further positive growth.

	30.06.2014	30.06.2013
<b>Pre-tax profit of Corporate Finance (in € mio)</b>	<b>91</b>	<b>90</b>



# Development of Business Segments in Helaba Group (3/7): Financial Markets

14

## Business development of the Financial Markets segment

Global Markets

Asset and Liability Management

Public Sector Sales

Financial Institutions and  
Public Finance

- Net interest income in this segment mainly results from lending to domestic and foreign public sector municipalities as well as from earnings generated by capital market transactions for retail customers.
- Medium and long-term new business with domestic and foreign municipalities amounted to € 0.8 billion.
- The bank was successful in maintaining its position as market leader in the Schuldschein market for corporates and the public sector.
- In the capital market business, Helaba arranged 30 Schuldschein issues for companies with a total volume of € 3.5 billion. Furthermore, it supported 7 Schuldschein issues for local authorities with a total volume of € 320 million.
- In capital market activities, improved earnings from primary market transactions and from business in foreign notes and coins and precious metals led to a rise in the net commission income.

	30.06.2014	30.06.2013
<b>Pre-tax profit of Financial Markets (in € mio)</b>	<b>79</b>	<b>189</b>



# Development of Business Segments in Helaba Group (4/7): Asset Management

15

## Business development of the Asset Management segment

**Helaba** *Invest*

Frankfurter  
Bankgesellschaft  
PRIVATBANK | Zürich | Frankfurt

- Helaba Invest was able to expand its volume of assets under management by around 6 per cent, which contributed to higher net commission income.
- This segment's earnings before tax amounted to EUR 3 million and thus approached the level seen last year.

	30.06.2014	30.06.2013
Pre-tax profit of Asset Management (in € mio)	3	5



# Development of Business Segments in Helaba Group (5/7): S-Group Business

16

## Business development of the S-Group Business segment



- Migration of all portfolios of Verbundbank NRW (former WestLB) to Helaba's systems was completed as planned on June 30, 2014.
- As the leading German S-Group Bank, Helaba maintains business relationships to almost all savings banks in Germany. The bank is to open a further sales office in Münster.
- Helaba is ready to support the savings banks and their customers with all relevant foreign trade finance products. An agreement has been signed with the G25 group of the largest savings banks and BNY Mellon to form a joint venture in foreign trade finance for the region of Southeast Asia, India and China (APAC).
- As expected, the gross volume of new business of LBS Hessen-Thüringen showed a somewhat more subdued development in light of the introduction of a new tariff generation. As a result of historically low investment returns, the net interest income continued to decline.

	30.06.2014	30.06.2013
<b>Pre-tax profit of S-Group Business (in € mio)</b>	1	8





# Development of Business Segments in Helaba Group (6/7): Public Development and Infrastructure Business

17

## Business development of the Public Development and Infrastructure Business segment

**WI Bank**

Wirtschafts- und Infrastrukturbank Hessen

- The first half of the year was characterised by the continued growth in subsidised programmes for infrastructure, small businesses and housing development.
- In order to refinance the municipal protection shield, which was established to achieve permanently balanced fiscal budgets for local authorities in Hesse, WIBank placed another bond on the capital markets.
- By expanding its development activities, it was able to increase the net interest income.

	30.06.2014	30.06.2013
<b>Pre-tax profit of Public Development and Infrastructure Business (in € mio)</b>	9	11



# Development of Business Segments in Helaba Group (7/7): Frankfurter Sparkasse

18

## Business development of the Frankfurter Sparkasse segment

- As a consequence of low interest rates, the net interest income saw a slight fall.
- Net commission income was somewhat higher than the same period in 2013.



	30.06.2014	30.06.2013
<b>Pre-tax profit of Frankfurter Sparkasse (in € mio)</b>	<b>68</b>	<b>66</b>



# Helaba Ratings on a high level

## Unguaranteed ratings

Agency	Moody's	Fitch Ratings	Standard & Poor's
Long-term rating	A2	A+ <sup>1</sup>	A <sup>1</sup>
Short-term rating	P-1	F1+ <sup>1</sup>	A-1 <sup>1</sup>
Financial strength-/ viability rating	D+	a+ <sup>1</sup>	-
Public Pfandbriefe	Aaa	AAA	-
Mortgage Pfandbriefe	-	AAA	-

## Guaranteed ratings<sup>2</sup>

Agency	Moody's	Fitch Ratings	Standard & Poor's
Long-term rating	Aa1	AAA	AA-

Source: Moody's Investor Service, Fitch Ratings, Standard & Poor's – as of August 27, 2014

1) Joint group rating (Sparkassen-Finanzgruppe Hessen-Thüringen)

2) With statutory guarantees of owners ('mit Gewährträgerhaftung')



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