

Press Release

14.03.2024

Helaba reports strong growth in Group earnings and achieves its best result to date

- Net earnings before tax increase by 14 percent to € 722 million (previous year: € 633 million) – despite burdens from real estate activities
- Helaba's diversified business model once again demonstrates its resilience
- Net additions to loan loss provisions of € -448 million (previous year: € -162 million) largely reflect burdens from real estate business included in net profit
- Significant growth in operating income to € 2,881 million (+ 17.7 percent)
- Net interest income climbs by 29.8 percent to € 1,840 million; net fee and commission income up 0.5 percent to € 536 million
- Modest rise in general and administrative expenses to € 1,711 million (+ 3.6 percent)
- Significantly higher CET1 ratio of 14.7 percent (previous year: 13.5 percent)
- Group boosts return on equity to 7.2 percent (previous year: 6.7 percent), while cost/income ratio improves to 59.4 percent (previous year: 67.5 percent)
- Outlook: Helaba aiming for pre-tax profit in 2024 on a par with last year

Frankfurt am Main – Helaba Landesbank Hessen-Thüringen lifted its consolidated net profit before tax under IFRS by 14.0 percent to € 722 million in the 2023 financial year (previous year: € 633 million), marking the strongest-ever result in the Group's history. In particular, these figures were driven by significant growth in operating income, which more than compensated for any burdens from the real estate business.

"In 2023, we achieved the best result to date - despite the challenging situation in the real estate markets. Helaba's diversified and well-balanced business model is underpinned by several key pillars and has yet again proven its resilience. Our strategic direction is right. Helaba is and will remain on track," stresses Thomas Groß, Helaba's CEO.

In the Group's operating activities, the normalisation of the interest rate environment led to a rise in **net interest income** to € 1,840 million (previous year: € 1,417 million). Both net fee and commission income and the result from investment property made consistently high contributions to net earnings. **Net fee and commission income** rose slightly to € 536 million (previous year: € 533 million), while the **result from investment property** was unchanged at € 207 million. In addition to the strong growth in the Group's operating activities, the **result from fair value measurement** also rose sharply to € 207 million (previous year: € 111 million) and thereby contributed to an altogether encouraging result. At € 1,711 million, **general and administrative expenses** were only marginally above the previous year's level of € 1,652 million. This rise was chiefly due to an inflation-driven increase in external costs as well as to capital expenditure on modernising the Group's IT infrastructure. In contrast, personnel expenses remained on approximately the same level as 2022.

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The Group recorded net additions to **loan loss provisions** of € -448 million (previous year: € -162 million). A burden of around € -556 million in the Real Estate segment resulted from changes in conditions on property markets. These contrasted with reversals of loan loss provisions in other segments. Helaba's total risk provisioning additionally includes comfortable **post-model adjustments** (incl. exceptional circumstances) in an amount of € 388 million (31 December 2022: € 483 million).

Thomas Groß looks to the future with a sense of optimism: "Economic conditions in Germany and the rest of the world are better than current sentiment would suggest. Alongside encouraging signs of an improvement in early indicators, declining levels of inflation, in particular, are having a lasting positive impact on the economy. Nevertheless, it goes without saying that heightened geopolitical tensions and the fallout of the recent turnaround in monetary policy, as well as the prevailing situation on property markets, remain a challenge. In this respect, we will continue to support our customers in overcoming these challenges and in benefitting from the overall positive trend. Beyond the economic cycle, we regard it as our mission to act as a partner for companies and individuals in embracing digitalisation and the transformation of the economy towards sustainability. We are confident of achieving a pre-tax result in 2024 on the same level as last year. In the medium term, Helaba still anticipates generating a sustained pre-tax profit level of more than € 750 million."

Summary of key figures for FY 2023

As a result of a slight increase in the Group's capital base and a decline in its risk-weighted assets, there was a marked rise in the **CET1 ratio** to 14.7 percent (previous year: 13.5 percent).

Return on equity grew to 7.2 per cent (previous year: 6.7 per cent).

The **cost/income ratio** improved to 59.4 percent (previous year: 67.5 percent).

Other income fell to € 103 million from € 183 million in the previous year, which was mainly attributable to extraordinary depreciation on real estate held as inventory.

After tax, the consolidated net profit rose to € 466 million (previous year: € 431 million).

Total Group assets declined to € 202.1 billion (31 December 2022: € 211.5 billion). This reduction was largely the result of a lower level of cash in hand and sight deposits at central banks and credit institutions.

Segment report

The **Real Estate** segment posted a net loss before tax of € -241 million (previous year: net profit of € 286 million), reflecting developments on property markets. Compared to the previous year, net interest income was virtually unchanged at € 442 million (previous year: € 429 million). At € -556 million, additions to loan loss provisions were substantially higher (previous year: € -33 million).

Net earnings before tax in the **Corporates & Markets** segment decreased to € 409 million (previous year: € 447 million). Net interest income in this segment, at € 527 million, was higher than the previous year's figure of € 500 million. Rising interest rates in the division of

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Savings Banks & SME were the principal driver of this sharp growth. The result from fair value measurement, in contrast, fell to € 188 million (previous year: € 219 million) due to negative valuation effects. Reversals of loan loss provisions amounted to € 13 million (previous year: € 3 million).

The segment of **Retail & Asset Management** benefited enormously from a considerable rise in net interest income to € 410 million (previous year: € 242 million) as well as from fair value gains of Frankfurter Sparkasse's special funds. The result from investment property remains at the previous year's level (€ 207 million) and is mainly due to GWH. Overall, this segment's net earnings before tax came in at € 368 million, representing a considerable improvement on the previous year's result of € 194 million.

WIBank achieved net earnings before tax of € 57 million. WIBank performs essential development funding activities for the German state of Hesse. In addition to the promotional loan business, which generates a corresponding net interest income, as a service provider WIBank is also responsible for fulfilling additional tasks mandated by the State of Hesse and other public sector authorities.

Net earnings before tax in the **Other** segment (incl. consolidation) were significantly higher than in 2022, reaching € 129 million (previous year: € -336 million). Among other things, this segment benefited from greater net interest income, partial reversals of post-model adjustments as well as a lower bank levy.

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Income Statement of Helaba Group under IFRS as of 31 December 2023

	01.01.- 31.12.2023	01.01.- 31.12.2022	Change	
	In EUR (millions)	In EUR (millions)	In EUR (millions)	In %
Net interest income	1,840	1,417	423	29.8
Provisions for losses on loans and advances	(448)	(162)	(286)	> (100.0)
Net interest income after provisions for losses on loans and advances	1,392	1,255	137	10.9
Net fee and commission income	536	533	2	0.5
Result from investment property	207	207	1	0.4
Result from fair value measurement	207	111	96	86.7
Share of profit or loss of equity-accounted entities	(13)	(4)	(8)	> (100.0)
Other net operating income	103	183	(80)	(43.5)
General and administration expenses (incl. scheduled depreciation and amortisation)	(1,711)	(1,652)	(59)	(3.6)
Consolidated net profit before tax	722	633	89	14.0

Net earnings by segment

	31.12.2023	31.12.2022	Change
	In EUR (millions)	In EUR (millions)	In %
Real Estate	(241)	286	n/a
Corporates & Markets	409	447	(8.5)
Retail & Asset Management	368	194	89.7
WIBank	57	42	35.9
Other (incl. consolidation)	129	(336)	n/a
Consolidated net profit before tax	722	633	14.0

	31.12.2023	31.12.2022	Change
	In EUR (billions)	In EUR (billions)	In EUR (billions)
Balance sheet total	202.1	211.5	(9.4)
Business volume	242.1	251.8	(9.7)

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Key indicators

	2023	2022
	In %	In %
Cost/income ratio	59.4	67.5
Return on equity (before tax)	7.2	6.7

	2023	2022
	In %	In %
CET1 ratio	14.7	13.5
Total capital ratio	18.7	17.3
Leverage ratio	4.9	4.4

Helaba's ratings

	Moody's	Fitch
Issuer default rating	Aa3	A+*
Short-term rating	P-1	F1+*
Public-sector Pfandbriefe	Aaa	-
Mortgage Pfandbriefe	Aaa	-

*based on joint group rating for the S-Group Hesse-Thuringia

Detailed information on the Group's overall and segment performance can be found at:
www.helaba.com/int/investor-relations

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About Helaba:

One of the leading banks in the German financial centre of Frankfurt, the Helaba Group employs approximately 6,500 people and has total assets of EUR 202 billion. It offers a complete range of financial services from a single source for corporates, banks and institutional investors. A sustainable approach to business has long been firmly embedded in Helaba's business model and is also in keeping with our public service remit. The aim is to support its clients in their own transformation towards a sustainable world with a range of professional ESG advisory services and tailor-made financing solutions. 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-Thuringen, 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, sporting and social projects.

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