

## Presseinformation

### **Consolidated financial statements 2016: Sparkassen-Finanzgruppe Hessen-Thüringen achieves significant rise in net earnings**

The Sparkassen-Finanzgruppe Hessen-Thüringen generated a good result in 2016. According to the consolidated financial statements, the Group managed to boost its net profit before tax by 7.8 % to around EUR 1.6 billion. “In view of the challenging conditions in the banking sector, we did not necessarily anticipate this jump in earnings. Although – as expected – the net interest income reflects the persistently low level of interest rates, on the other hand our Group was successful in raising both the net fee and commission income and the net income from financial investments while reducing provisions for losses on loans and advances. At the same time, general and administrative expenses declined, which underlines the fact that our Group is well positioned with its diversified earnings and has its costs under control”, said Gerhard Grandke, Managing President of the Savings Bank and Giro Association of Hesse-Thuringia (SGVHT), expressing his satisfaction with the 2016 financial year.

Every year, the Sparkassen-Finanzgruppe Hessen-Thüringen publishes consolidated financial statements in accordance with IFRS standards on a voluntary basis. With these consolidated financial statements, the Group acts as a single economic entity consisting of legally and economically independent companies with a common business and risk strategy as well as a joint risk management system and an additional reserve fund.

### **Stable S-Group rating for years**

The successful business model of the Sparkassen-Finanzgruppe Hessen-Thüringen has been rewarded by the rating agencies Fitch and Standard & Poor’s with positive credit ratings. Every company in the S-Group is

Regional S-Group is well positioned with its diversified earnings

Consolidated financial statements published on voluntary basis

Rating agencies reward the Group’s business model

## Presseinformation

able to take advantage of the rating in the scope of their capital market activities. Currently, the Sparkassen-Finanzgruppe Hessen-Thüringen is rated “A+” and “A” by Fitch and Standard & Poor’s, respectively. This S-Group rating, which has remained stable for years, reflects the sustainability of as well as the success in implementing the S-Group concept in Hesse and Thuringia.

### **Market leader in many business segments**

On the reporting date of 31 December 2016, the Group primarily consisted of the savings banks in the two federal states as well as the Group of Helaba Landesbank Hessen-Thüringen, which includes LBS Hessen-Thüringen among other subsidiaries. The Group of SV SparkassenVersicherung Holding AG is accounted for at equity in the consolidated financial statements. With around 25,700 employees (excluding SV SparkassenVersicherung) and a balance sheet total of EUR 256.6 billion, the companies in the Sparkasse-Finanzgruppe are market leaders in a range of business segments. In particular, the Group enjoys a prominent position in the retail customer and corporate midcap segments.

Regional S-Group has  
around 25,700 employees

### **Growth in customer business**

The Group’s balance sheet declined by EUR 3.7 billion, or 1.4 %, to EUR 256.6 billion in 2016. This slight fall was once again predominantly a result of a targeted reduction in assets held for trading. In contrast, customer business continued to grow. While on the asset side, loans and advances to customers rose by EUR 2.3 billion, or 1.5 %, to EUR 156.5 billion due to the low level of interest rates and continued economic growth, on the liabilities side, liabilities due to customers – including customer deposits at 1822direkt – increased by EUR 1.0 billion, or 0.8 %, to EUR 124.0 billion. At EUR 73.7 billion, the popularity of instant access accounts continued to rise (+ EUR 3.5 billion or +5.0 %).

Among liabilities due to  
customers, instant access  
accounts especially  
popular

## Presseinformation

### **Group raises balance sheet equity to just over EUR 21 billion**

The Group was able to significantly strengthen its reserves. Balance sheet equity rose by EUR 1,0 billion, or 5.0 %, in 2016 to a total of EUR 21.1 billion. “Our Group is well capitalised and has a strong risk bearing capacity, which is also thanks to our diversified balance sheet structure that combines the smaller-scale business of the savings banks with the wholesale activities of the Landesbank. This balance and stability of the Group’s balance sheet constitutes a significant asset”, Grandke stressed.

Stability of Group’s  
balance sheet a  
significant asset

### **Considerable increase in pre-tax profit**

Despite the challenging environment in the banking sector, the trend in earnings at Sparkassen-Finanzgruppe Hessen-Thüringen was surprisingly positive in 2016. The profit before tax improved by EUR 116 million, or 7.8 %, to almost EUR 1.6 billion, despite a fall in net interest income of EUR 97 million, or 3.0 %, to approximately EUR 3.2 billion and a net trading income of EUR 146 million that was lower than last year (2015: EUR 186 million). However, thanks to a number of factors, the Group was able to more than compensate for this decline. For instance, net fee and commission income and the net income from financial investments rose by EUR 25 million, or 2.7 %, to EUR 968 million and by EUR 112 million to EUR 66 million, respectively. At the same time, general and administrative expenses fell by EUR 14 million, or 0.5 %, to around EUR 3.1 billion. In addition to that, the reduced level of provision for losses on loans and advances had a positive impact on the result, declining from EUR 211 million to EUR 97 million.

Provisions for losses on  
loans and advances falls  
to EUR 97 million

Adjusted for income tax expenses, the annual net profit increased by EUR 87 million, or 8.2 %, compared to the previous year and reached a level of around EUR 1.2 billion. Return on equity before taxes improved from 7.5 % to 7.7 %; the cost/income ratio from 64.6 % to 64.4 %.

Cost/income ratio  
declines to 64.4 %

## Presseinformation

### **Forecast for 2017: Earnings expected to be below previous year's level**

Against the backdrop of the very good 2016 result, the Sparkassen-Finanzgruppe Hessen-Thüringen anticipates a lower profit before tax in 2017. "There is no end in sight to the on-going low interest rate environment. Therefore, the pressure on interest-bearing activities, which is the Group's most important source of earnings, will become even more intense. This also applies to the pressure on costs. However, in 2016 our Group once again proved that we are in a position to cope successfully with these challenges. For this reason, I am optimistic that we will be able to achieve a satisfactory result in the current year as well", Grandke concluded.

Group can also cope well  
with difficult business  
environment

Frankfurt am Main / Erfurt, 19. July 2017  
Information and Communication Department  
Matthias Haupt  
Tel.: +49 69 2175-150

[www.sparkassen-finanzgruppe-ht.de](http://www.sparkassen-finanzgruppe-ht.de)