Finanzgruppe
Deutscher Sparkassen- und Giroverband

INSIDE THE
SAVINGS BANKS
FINANCE GROUP

Highlighting our Regional Principle and Strong International Network

Constitutive Elements

The characteristics of the German Savings Banks Finance Group can also be seen as its major strengths:

- → a business model and a legal form which ensure the supply of **banking services to the wider public**
- → a **focus on the regional economy**, anchored in its business model and in the so-called ‘regional principle’
- → strong **cooperation within the Group**, sustained by a **mutual trademark** and the **Group’s Institutional Protection Scheme**
- → a **decentralised structure**, group-wide division of labour and the generation of economies of scope.

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»Savings Banks play a central role in the green and digital transformation. As a reliable local financial partner, they support SMEs, finance infrastructure projects and promote the development of innovative technologies.«

PROF. DR. ULRICH REUTER
President of the German Savings Banks Association

Ladies and Gentlemen,

In challenging times, the German Savings Banks stand by the economy and society as trustworthy partners. Our world is changing: geopolitical tensions, economic uncertainties and social changes characterise the present.

In the coming years, it will be crucial that we strengthen our economic independence and focus on resilient structures. Germany and Europe must face up to global challenges and at the same time expand their competitiveness and innovative strength.

German companies face important tasks in this regard: New trade partnerships must be established, investments made in education, research and sustainable technologies and global opportunities

utilised. At the same time, it is necessary to make our business location fit for the future by expanding infrastructure, modern digital networks and sustainable energy solutions.

Savings Banks play a central role in the green and digital transformation. As a reliable local financial partner, they support SMEs, finance infrastructure projects and promote the development of innovative technologies. With the institutions of the Savings Banks Finance Group, such as the Landesbanken, Deutsche Leasing and S-Internationals, they also help their customers to operate successfully internationally.

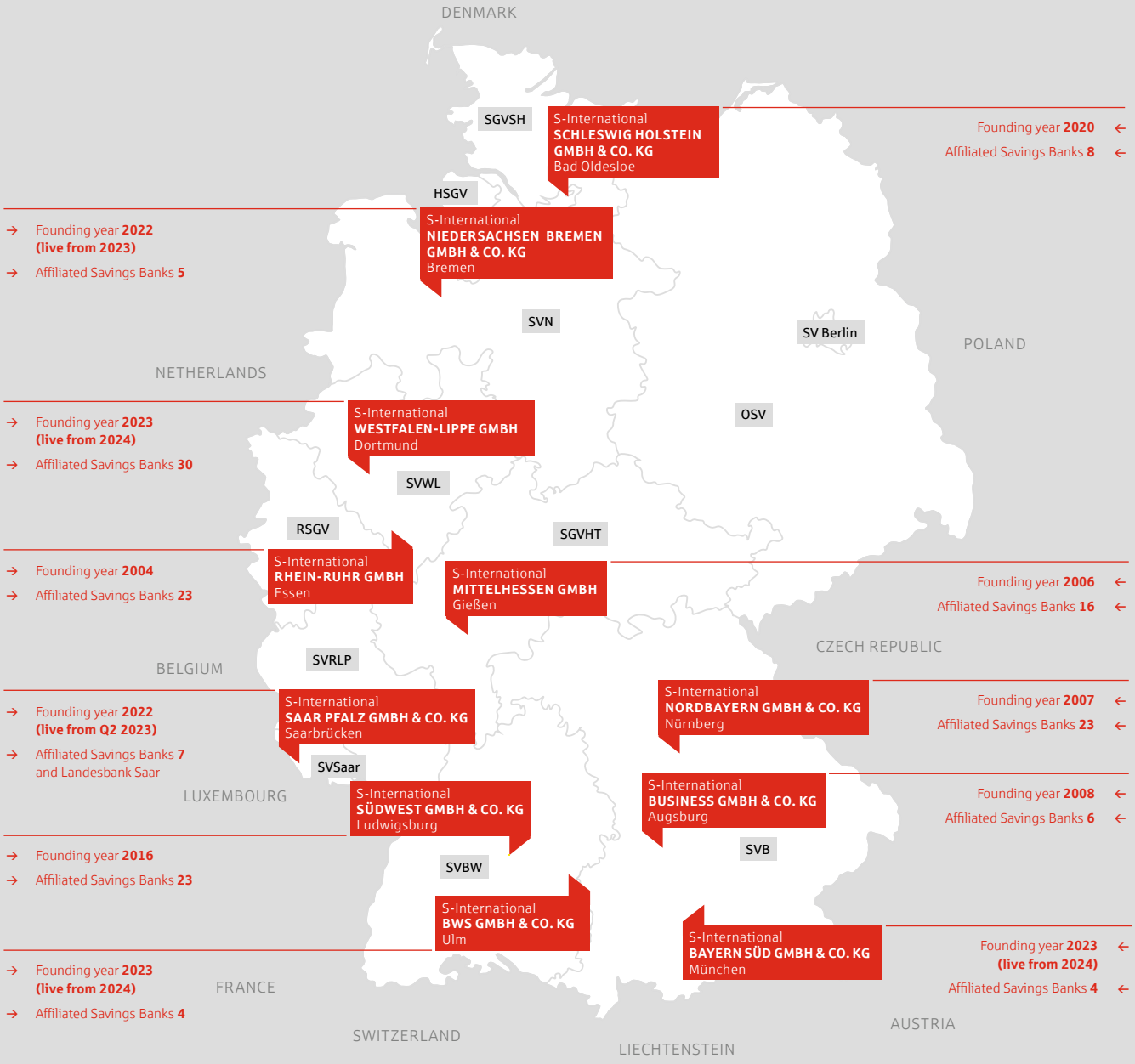
Furthermore, the Savings Banks are committed to improving financial education and economic participation worldwide. With the German Sparkassenstiftung for International Cooperation (Savings Banks Foundation for International Cooperation), they are committed to creating stable financial systems and giving local people prospects for a better life through targeted projects. Since its foundation in 1992, the German Sparkassenstiftung has implemented projects in over 100 countries, making an important contribution to social progress and stability.

»It is necessary to make our business location fit for the future by expanding infrastructure, modern digital networks and sustainable energy solutions.«

The trust that the Savings Banks have enjoyed for more than 200 years is not only their economic foundation, but also their mission. Together, we are ready to tackle the challenges ahead with determination and develop sustainable solutions.

Berlin, January 2025

Regional associations and S-Internationals at a glance



Savings Banks Associations

The German Savings Banks Association (DSGV) was founded in 1924.

The DSGV remains the umbrella organisation of the Savings Banks Finance Group and thus also of the 12 Regional Savings Banks Associations.

S-Internationals

Regional Associations

SGVSH	Savings Banks Association Schleswig-Holstein
HSGV	Hanseatic Savings Bank Association
OSV	East German Savings Banks Association
RSGV	Rhenish Savings Banks Association
SGVHT	Savings Banks Association Hesse-Thuringia
SVB	Savings Banks Association of Bavaria
SV Berlin	Savings Banks Association Berlin
SVBW	Savings Banks Association Baden-Wuerttemberg
SVN	Lower Saxony Savings Banks Association
SVRLP	Savings Banks Association Rhineland-Palatinate
SVSaar	Saar Savings Banks Association
SVWL	Savings Banks Association of Westphalia-Lippe

2 WELCOME TO THE SAVINGS BANKS FINANCE GROUP

The Savings Banks Finance Group comprises approximately 500 member institutions. It is not a consolidated group. Instead, it forms a close network of regional institutions and specialised service providers. The individual institutions are managed on a decentralised and autonomous basis, which fits well with Germany's economic structure and culture. The Savings Banks Finance Group is particularly strong in the provision of finance for small and medium-sized enterprises.

Who's who in the Group

Savings Banks

The 343 [1] Savings Banks form the heart of the Group. Savings Banks are regional retail banks with total assets of about EUR 1.5 trillion. There is a local Savings Bank in every administrative region of Germany. Their activities focus on deposit and lending business with private and business customers (including the self-employed and local governments). With a network of more than 10,690 branches, Savings Banks are also the Group's most important 'sensor' in the market. Typical business areas in which Savings Banks use the products and services of other Group members include payment transactions, securities business, international corporate banking and IT services.

Landesbanken

Landesbanken provide a broad range of services for businesses and enterprises of all sizes. As central clearing banks for Savings Banks, the Landesbanken ensure the integration of Savings Banks into supra-regional and international banking business. In addition, Landesbanken provide support and advice to the Savings Banks' small and medium-sized customers in their international activities. In this way, the Landesbanken play a major role in developing new business opportunities for small and medium-sized enterprises. By bundling services, e. g. in international payment transactions and in the securities trading business, Landesbanken contribute to the cost efficiency of Savings Banks.

S-Internationals as local regional partners

S-Internationals are the Savings Banks' competence centres in which products and services relating to foreign commercial business are bundled for customers of cooperating Savings Banks. The first competence centre was founded in 2004 with S-International Rhein-Ruhr in Essen. 11 S-Internationals are now active throughout Germany. In principle they are run as independent subsidiaries of the participating Savings Banks.

S-Internationals support companies in their international trade activities and foreign investments. The services offered by S-Internationals include foreign payment transactions, trade and export financing, documentary business as well as interest rate, foreign exchange and commodity management. Bundling the Savings Banks' foreign business in S-Internationals has created a combination of qualified expert knowledge and high level of competence in international business.

Deutsche Leasing

The Deutsche Leasing Group is the solution-oriented asset finance partner for German small and medium-sized enterprises. The company provides support for investment projects in Germany and other countries and offers a wide range of financing solutions (asset finance) and supplementary services (asset services) for current and non-current assets. It helps its customers to finance change and innovation when it comes to the key transformative issues of our time – in the areas of decarbonisation, digitalisation and forward-looking infrastructure. Within the Savings Banks Finance Group, Deutsche Leasing is the centre of excellence for leasing, factoring and other alternative forms of financing. In its international business segment, Deutsche Leasing supports its German customers' activities in more than 20 countries. For over 60 years, Deutsche Leasing has helped its small and medium-sized customers from industry, commerce, and both the service and public sectors to invest in innovation and transformation (See page 28 for more information).

[1] As at 01 January 2025

Deka Group

DekaBank is the Savings Banks' securities service provider and, together with its subsidiaries, it forms the Deka Group. With assets[1] under management totalling EUR 381 billion and around 5.5 million managed securities accounts[2], the Deka Group is one of Germany's largest securities service providers. It provides private and institutional investors with access to a wide range of investment products and services. DekaBank is firmly anchored in the Savings Banks Finance Group, and its portfolio of products and services is entirely tailored to the requirements of its owners and its sales partners in the securities trading business.

Landesbausparkassen (LBS)

The five Landesbausparkassen (Savings Banks' building societies) are the market leaders in Germany with a market share of 33.2% in terms of the number of new home loan and savings contracts and 35.7% in terms of the contract portfolio (number of contracts). They have 503 advisory centres and employ 6,285 office and field staff. At EUR 76.4 billion, the LBS Group's cumulative total assets reached a new high at the end of 2023.

Public insurers

The eight public primary insurer groups generated gross premium income of EUR 22.3 billion in 2023, thus confirming its position as the second-largest insurance group in Germany. The Regional Savings Banks Associations are the main sponsors or owners of almost all of the public insurers.

Market presence

Savings Banks Finance Group companies[6]

500[2]

Business volume[7] EUR 3,320 billion[8]
EUR 3,230 billion[9]
Branches[10] 14,640[2]/14,600[9]
Employees[11] 282,500[8, 12]/274,600[9, 12]

Deutsche Leasing Group[4]

2,919 employees

New business EUR 10.1 billion
Assets under management EUR 42.9 billion

Public direct insurer groups[2]

8

Gross premium income EUR 22.3 billion
Employees 30,200

343[5]
Savings Banks

Total assets EUR 1,513 billion[2]
Branches 10,695
Employees 191,044

5
Landesbank Groups[2]
(LBBW, BayernLB, Helaba, NORD/LB, SaarLB) + LB Berlin/Berliner Sparkasse

Total assets EUR 956 billion
Employees 31,582

S-Internationals Associated Savings Banks:

149[3]

This corresponds to a share of 43 % of the 343 Savings Banks, and the trend is rising.

Deka-Bank
Deutsche Girozentrale[2]

5,492
employees

Total assets EUR 85 billion

Landesbausparkassen[2] (LBS)

5

Total assets EUR 76.4 billion
Employees 6,285

[1] Total assets include mutual and special funds, ETFs and certificates
[2] As of 31 December 2023
[3] As of 31 December 2024
[4] As of 30 September 2023
[5] As of 01 January 2025
[6] Including associations and other institutions; figures have been rounded
[7] Business volume here = balance sheet total/portfolio volume/total assets/investment volume; figures have been rounded
[8] Including foreign branches as well as domestic and foreign subsidiaries of Landesbanken
[9] Excluding foreign branches, excluding domestic and foreign subsidiaries of Landesbanken
[10] Offices/information centres
[11] Office staff and field force, excluding part-time employees; figures have been rounded
[12] Including 3,503 employees of associations, their institutions and other institutions

Partners at home and abroad

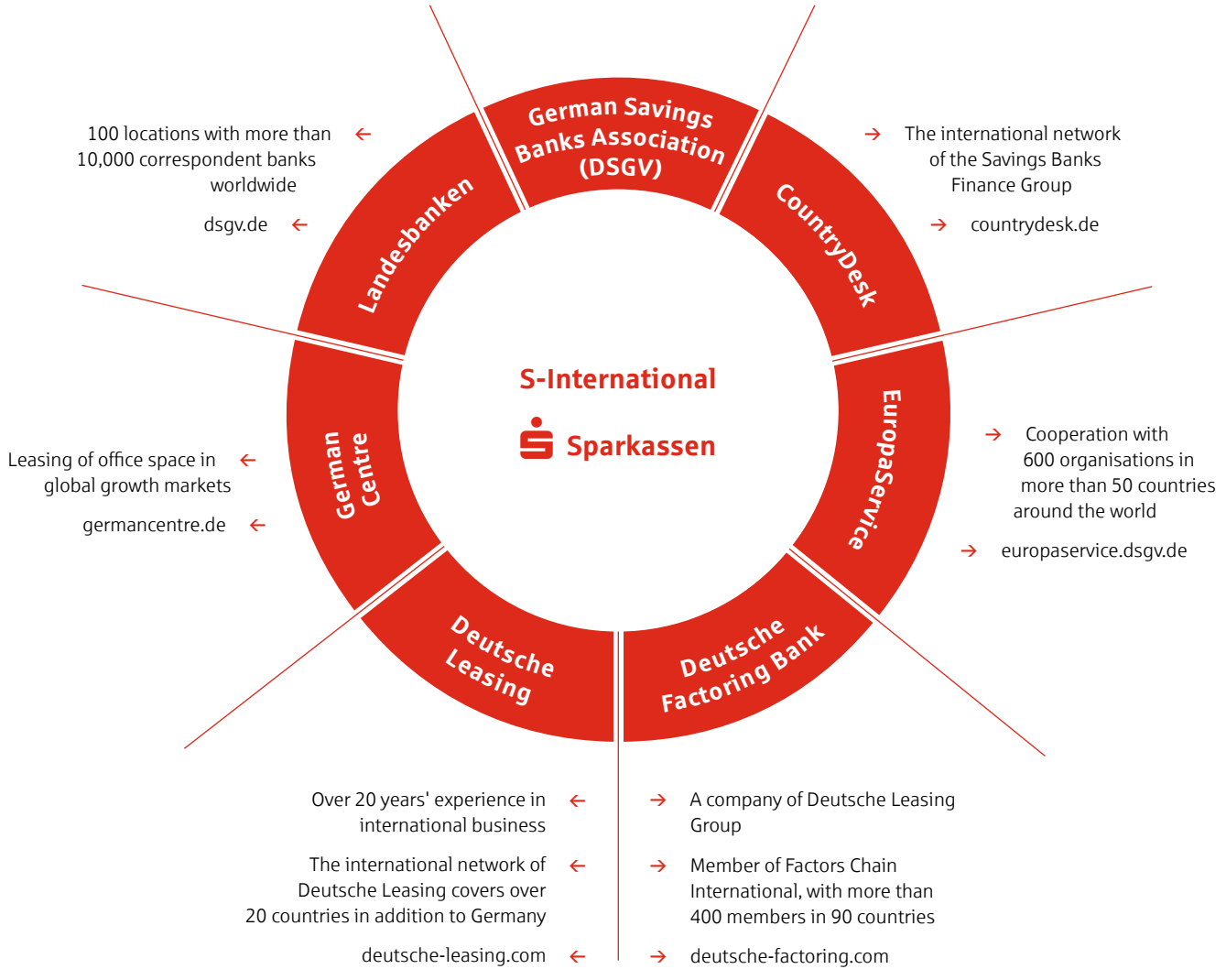
The Savings Banks Finance Group is a reliable partner for businesses and banks worldwide. International support for corporate customers is provided through the Group's international network.

Cooperation within the Group

While their focus on small-scale financing and services ensures moderate risks and stable earnings, Savings Banks also benefit from cooperating within the Group and with the Landesbanken. Division of labour increases operational efficiency in areas such as back office and IT services, or the joint use of risk assessment models.

Members of the Group share the mutual trademarks and 'Sparkasse'. And in the event of economic difficulties, Savings Banks assist each other at regional or supra-regional level to ensure the continued existence of an institution through the Group's Institutional Protection Scheme.

The Savings Banks Finance Groups international network



History of the German Savings Banks

For over 200 years, the Savings Banks' concept has combined banking business with a sense of **civic responsibility**. Since its inception, the Savings Banks' business model has focused on the region in which the Savings Bank is based, promoting the **common good** in its home region. The decentralised structure of the Savings Banks Finance Group ensures the **local provision** of carefully tailored risk assessment and customer solutions.

Savings Banks: a tradition that combines social and economic development

1778

First Savings Bank in Hamburg was founded.

18th century The Enlightenment

- → The first Savings Banks are founded by socially minded citizens and local associations to alleviate poverty
- → Offering financial services to all promotes social inclusion

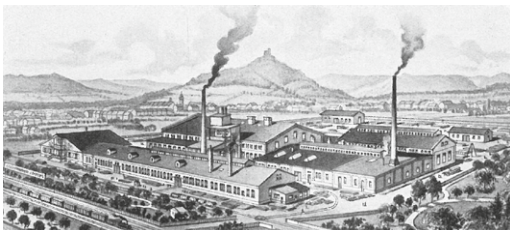
19th century Industrial Revolution

- → Founding years of Savings Banks; most are incorporated as municipal entities
- → Lending to small and medium-sized enterprises

The idea of Savings Banks has strong roots in Germany. Savings Banks can look back on two centuries of active involvement in regional development and of financial success in a highly competitive environment. The foundation of the Savings Banks' business model lies in the 18th century proposition that everyone should have a fair chance to improve their lives through savings and retirement provision.

Savings Banks spread across the country in the 19th century and played a decisive role in financing the industrialisation of Germany.

At a time when there were still no comprehensive social security systems, Savings Banks were key in providing financial services to low-income households in particular, even in small communities.



1909

Introduction of the giro system

→ Savings Banks begin to develop into universal credit institutions.

The introduction of giro transactions is an important historical milestone. It marks the beginning of the development of the Savings Banks into modern credit institutions. At the same time, it is the starting point for the emergence of the network between Savings Banks and Landesbanken.

1931

Savings Banks become legally and economically independent

1910–1930
New set-up, same mission

→ Growing cooperation of Savings Banks and Landesbanken
→ Continuously supporting the economic development of their local communities

Key drivers: financial inclusion and sustainable economic and social development

As it was in keeping with Germany's federal structure, the model of decentralised Savings Banks – supported by local authorities or municipalities – quickly set a precedent.

Originally, Savings Banks were primarily active in the savings business, but they have operated as full-service retail banks since the beginning of the 20th century. Their responsible approach to banking and their local focus remain unchanged.

The introduction of cashless payment transactions in 1909 marked the beginning of the Savings Banks' cooperation with the Landesbanken. Over the years, the Savings Banks Finance Group has been complemented by additional specialised service providers, for example in asset management, insurance etc.

The first Landesbanken were established in the mid-19th century in various parts of Germany.

They developed into central banks for the Savings Banks of a given region and soon became an important provider of local government finance. Today, Landesbanken operate both in Germany and abroad. They are predominantly active in wholesale banking. However, Landesbanken have retained their regional roots and operate as service providers for Savings Banks, for example, in more complex product areas.

1948

Savings Banks contribute to the reconstruction of Germany

Rebuilding the economy after 1945 and German reunification

→ Building up efficient banking structures
→ People save to build assets and provide for the future
→ Savings Banks contribute to the economic miracle: lending to SMEs and private customers

1990

Savings Banks support German reunification

What sets the Savings Banks apart?

The German regulatory regime applies equally to all banks, including Savings Banks. However, the legal framework and business model of the Savings Banks have a number of special features, many of them a legacy from their founding days and a tribute to Germany's diversified economic structure.

Savings Banks operate under a public mandate

Savings Banks were established to provide all citizens, including those on low incomes, with the opportunity to deposit their savings safely. This founding mission has evolved over time and was enshrined in law as a so-called public mandate, including the obligation among other things:

- to ensure non-discriminatory provision of financial services to all citizens and particularly to small and medium-sized enterprises in the region,
- to strengthen competition in banking business (even in rural areas),
- to promote savings,
- to focus on local and regional development as well as on social commitment.

Therefore Savings Banks are oriented toward the common good. Their business model is not aimed at generating maximum profits, but to fulfil their public mandate on a permanent basis. Moreover, the profits generated by the Savings Banks benefits – insofar as they are not required to strengthen equity – only the general public (see page 14/15).

The public mandate shapes the Savings Banks' business model and entrusts them with an economic and social responsibility that goes far beyond banking services.

Public legal form

Initially, Savings Banks were founded by citizens; their structure was reminiscent of private foundations. Later, they were founded predominantly by municipalities and integrated into the local government organisations. This legal structure was replaced in 1931, when Savings Banks became legally independent institutions. Since then, Savings Banks have operated under market conditions as legally and economically independent institutions under public law.

Municipal Trusteeship

As opposed to other countries, Savings Banks in Germany have neither owners nor members. Instead they operate under "municipal trusteeship". Their "responsible public bodies" are the municipalities.

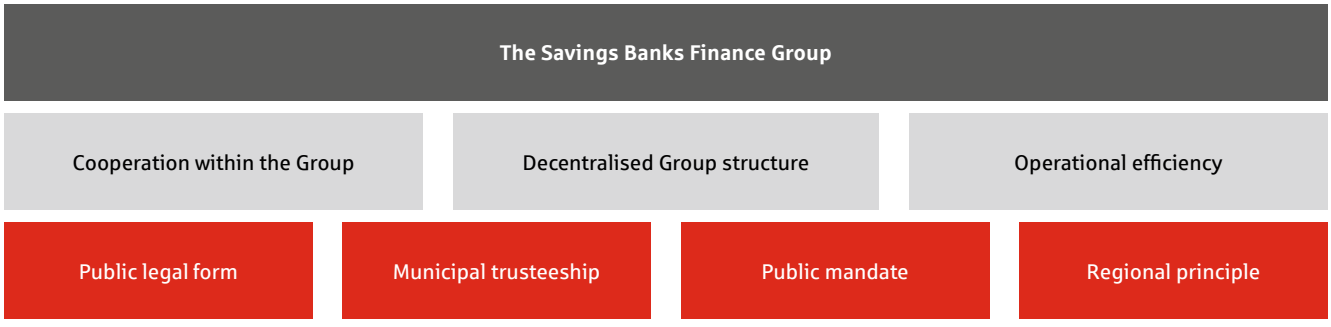
However, as the municipalities are not owners or shareholders of Savings Banks, they cannot be sold by the municipalities. In short, Savings Banks are not state-owned banks. They are fully independent in their day-to-day business and run by licensed bankers.

Unlike Savings Banks, Landesbanken are owned primarily by Germany's federal states and by the Savings Banks based in their respective federal state.

Savings Banks follow the 'regional principle'

Savings Banks only service a clearly defined business area, which is specified as the administrative region of the municipality or district in which it was founded. The regional principle is enshrined in law. By focusing on their territory, Savings Banks operate very close to the market, balance risks carefully and take a long-term approach with their clients and the community as a whole. Their clear local focus helps Savings Banks to fine-tune products and services to meet local needs. This depth of knowledge, rarely found in remote corporate headquarters, contributes to the Savings Banks' efficiency.

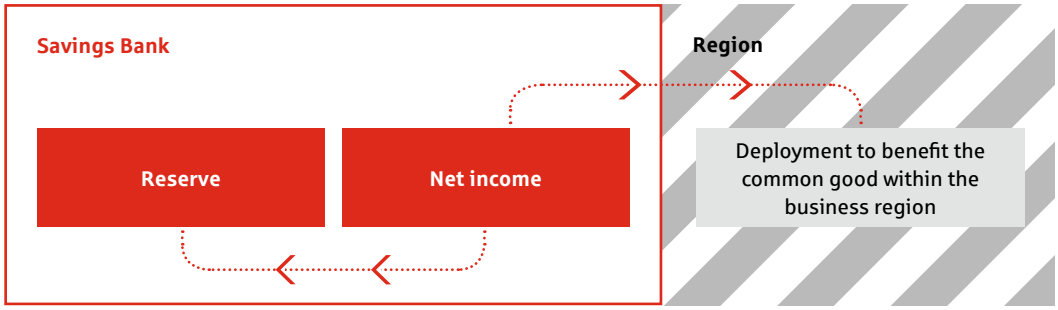
The common basic principle of the Group's structure ensures the success of its business model



3 REGIONAL DEVELOPMENT AND SOCIAL COMMITMENT

The Savings Banks Finance Group's concept combines banking business with a sense of civic responsibility. For example, Savings Banks are there for everyone. They do not exclude any specific customer group from their services or limit the range of financial products available to low-income households or small businesses.

Savings Banks apply their net income to promote sustainable development



A Savings Bank's profits are used exclusively to strengthen its financial base and to provide benefits for society.

Broad-based social commitment strengthens public welfare

Unlike most private banks, Savings Banks provide a comprehensive range of services even in remote and less favoured regions. In addition to this, the Savings Banks Finance Group is also a major contributor to the German economy as a taxpayer to local budgets and as an employer. With staff over 282.500*, the Savings Banks Finance Group is among the most significant employers in Germany, providing quality jobs and apprenticeships in all parts of the country.

Savings Banks, Savings Banks Foundations, Landesbanken and S-Group partners shape local social interaction in a variety of ways. In 2023, the Savings Banks Finance Group invested around EUR 508 million in public welfare projects.

Art and culture

The promotion of art and culture is an integral core element, firmly anchored in the social commitment of the Savings Banks Finance Group. In 2023, the Savings Banks Finance Group supported art and culture with a total of EUR 130.6 million.

Projects were supported nationwide and long-standing cooperations were continued, such as the commitment as the main sponsor of the Dresden State Art Collections.

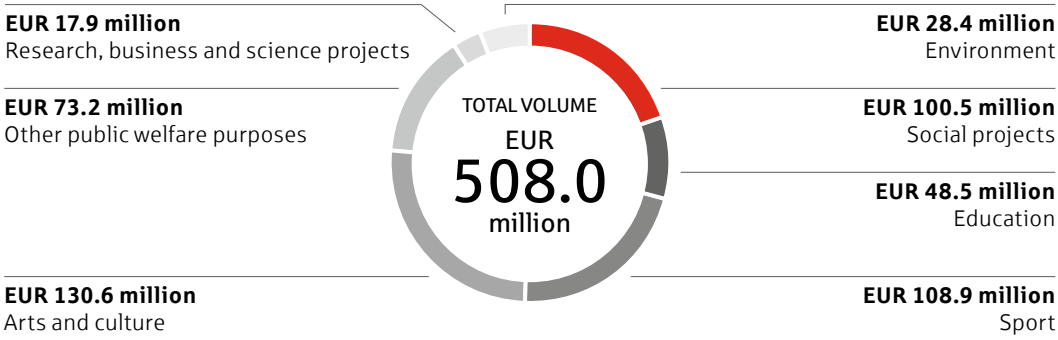
Social projects

The Savings Banks are involved in a large number of projects for children, young people and senior citizens. Their support services are provided to society at large and include social advice centres, neighbourhood homes and integration projects for immigrants. Social commitment is one of the largest area of support provided by the Savings Banks Finance Group, with contributions totalling EUR 100.5 million in 2023.

The Savings Banks Finance Group reports on its social commitment regularly at.

* As at 31 December 2023

Social commitment of the Savings Banks Finance Group
As at: 31.12.2023



With over **EUR 508 million spent on social commitment** per annum and **771 charitable foundations,** the Savings Banks Finance Group is:

- Germany's largest non-governmental sponsor of art and culture, and its largest non-governmental sports sponsor.
- one of the country's largest sponsors in the social sector.
- one of the country's largest scholarship sponsors.

Sport

The Savings Banks Finance Group promotes all areas of sport. The majority of the support benefits clubs in all regions of Germany. One example of this is the commitment to the German Sports Badge, which includes participation in the Sports Badge Tour as well as the annual Sports Badge Competition. In addition, top-level, junior and disabled sports are also supported, for example through the partnership with Olympic Team Germany and Team Germany Paralympics as well as through their sponsorship of elite sporting schools.

In 2023, sports and members of sports clubs received EUR 108.9 million in support. 30 foundations of the Savings Banks Finance Group exclusively or primarily promote sport.

Environment

Savings Banks also take responsibility in the area of the environment. They are committed to environmental and climate protection in their business areas in a variety of ways. A large number of local environmental organisations can count on the support of the Savings Banks. The programme of support also includes selected ecological projects at schools. The funds spent on these projects amounted to around EUR 28.4 million in 2023.

Education

Promoting education and integration is a central element of the Savings Banks Finance Group's commitment to sustainable social development. In 2023, EUR 48.5 million was invested in education. Throughout Germany, Savings Banks are committed to ensuring that all sections of the population participate in social life and develop personally in their environment. They invest in financial education from an early age and offer, for example, teaching materials on economic and financial topics through the "Sparkassen-SchulService" (Savings Banks School Service). In the non-school sector, the Savings Banks Finance Group's "Geld und Haushalt" (Money and Budgeting) advisory service supports all consumers with free products to strengthen financial literacy and prevent debt.

Our market position

Retail banking is the core business of the Savings Banks, and has been for more than 200 years. Today, around 50 million customers throughout Germany benefit from the fact that their Savings Bank is nearby. However, due to current uncertainties and geopolitical tensions (e.g. inflation, rising energy costs, Ukraine/Middle East war), changes in the banking industry (e.g. increasing regulation, digital and crypto currencies), macroeconomic drivers (e.g. interest rate policy), digitalisation and the resulting change in customer behaviour, the Savings Banks are facing immense challenges. Savings Banks are meeting these challenges by repositioning themselves. New options for the future include multichannel strategies. With the "Digital Agenda", the Savings Banks Finance Group has further developed its digital services, offering customers a wide range of innovative products (see pages 20/21).

A large proportion of savers entrust their money to Savings Banks in the form of deposits. Furthermore, Savings Banks are the most important and reliable financiers of small and medium-sized companies.

This means: Savings Banks complement local and regional development with products that are relevant for the real economy. And as a result, there is little scope for artificial growth.

Savings Banks fuel local economic cycles

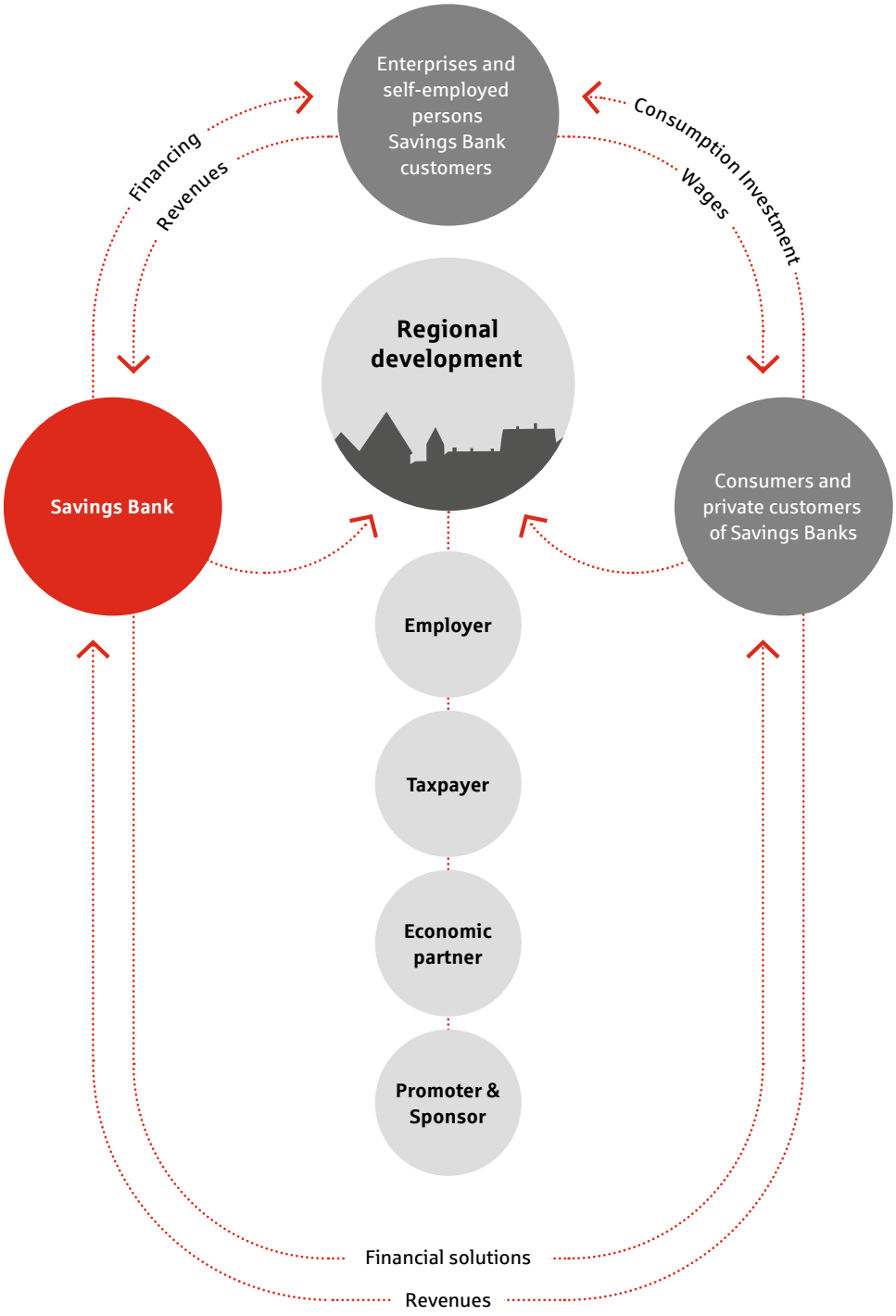
Access to financing for small and medium-sized enterprises in Germany would be inconceivable without Savings Banks and Landesbanken. Savings Banks have been the most important source of finance for SMEs for many years. This vital role in the German economy is particularly striking in the segment of loans extended to tradesmen. Decisions on business loans and risk assessments are taken locally, rather than at distant corporate headquarters. As their business area is limited to a clearly defined local territory, Savings Banks are encouraged to promote prosperity in that same region.

Capital and investment

Traditional retail banking is the primary source of earnings for the Savings Banks. Their capital base is generated from retained earnings. Thanks to their broad positioning in the private and business customer segments, the Savings Banks have a superbly diversified portfolio, a moderate risk profile and generate stable earnings.

A comfortable tier-1 ratio overall and a very high net borrowing position which is stable over the long term are characteristic of Savings Banks. With their sound capital base and liquidity surplus, Savings Banks potentially have considerable scope to extend additional loans to corporate customers without violating minimum regulatory requirements and thus to consolidate their market position. Furthermore, Savings Banks are in a good position to issue covered bonds (mortgages) and to obtain long-term refinancing funds on attractive terms.

Savings Banks are part of a regional economic cycle



Supporting the German economy

The German banking market plays an important role in the German economy, in particular in the financing of German small and medium-sized enterprises. Savings Banks and Landesbanken have traditionally been major players in this segment and are reliable business partners for German enterprises.

- → Savings Banks have a banking relationship with **half of all customers in Germany.**
- → Savings Banks hold roughly 86.2 million **savings, current and security accounts** and are strongest in deposits from private customers.
- → Savings Banks and Landesbanken are the **'principal bank' for 40 percent of all German businesses.**

They show a long-term commitment to the real economy; thereby preventing credit crunches. The volume of **corporate loans** issued by the Savings Banks Finance Group totalled EUR 740.5 billion at year-end 2023. This represents a **market share of 40 percent.**

Due to their local and digital proximity and their focus on deposits and loans, the institutions of the Savings Banks Finance Group play a continuous role in shaping the economic and social development of their business area.

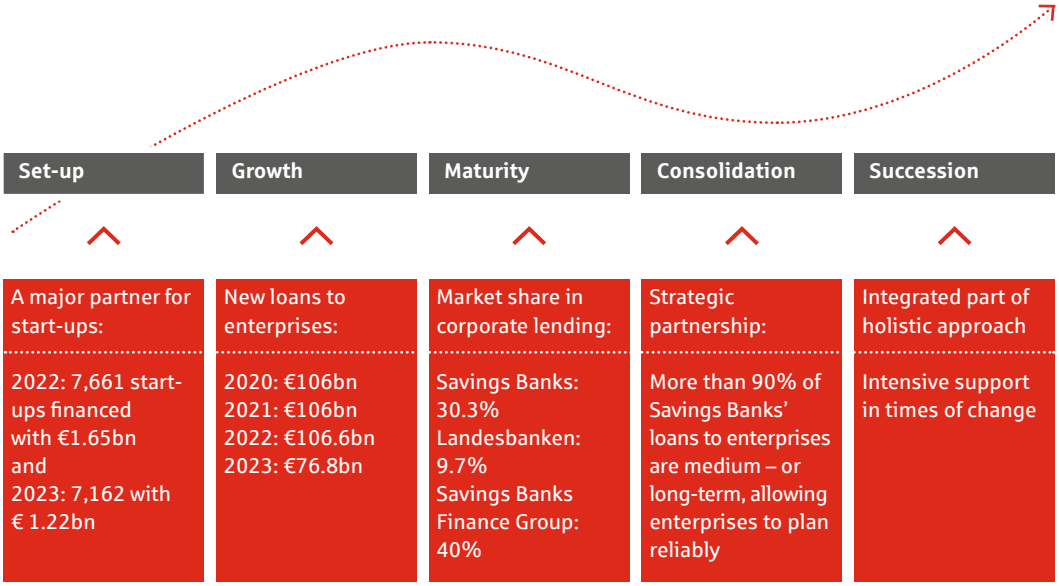
A MAJOR PLAYER IN GERMAN BANKING

Savings Banks focus on the **real economy.**

Savings Banks have the **widest customer coverage** in retail banking in Germany.

They have been the **most important provider of corporate finance** for **small and medium-sized enterprises** in Germany for many years.

Savings Banks accompany their corporate customers throughout the entire life cycle of their business. Examples of what we do:



Structure of the German banking market

All banks including Savings Banks are subject to the German Banking Act and to general banking supervision, which is carried out by the German Federal Financial Supervisory Authority (BaFin) and the German Central Bank (Bundesbank).

The German banking market comprises credit and private banks, co-operative banks and credit institutions organised under public law, e.g. Savings Banks and Landesbanken. All three types of banking service providers have their own guarantee system and their own business model and are in direct competition with each other.

Both Savings Banks and co-operative banks form decentralised networks, contributing to a diversified banking market.

This diversified structure strengthens the German banking market and has proven its worth in several crises.

The German banking market is built on three pillars:

		Co-operative banks	Commercial and privately owned banking groups
Business territory	Local/regional	Local/regional	Germany Europe/world
Responsibility	Board-level/in situ	Board-level/in situ	Board level from headquarters
Focus	Credit business	Credit business	Capital market and credit business
Refinancing	Primarily through customer deposits	Primarily through customer deposits	Primarily through capital market

The **decentralised structure** of the Savings Banks Finance Group is in **keeping with Germany's federal and decentralised economic structure.**

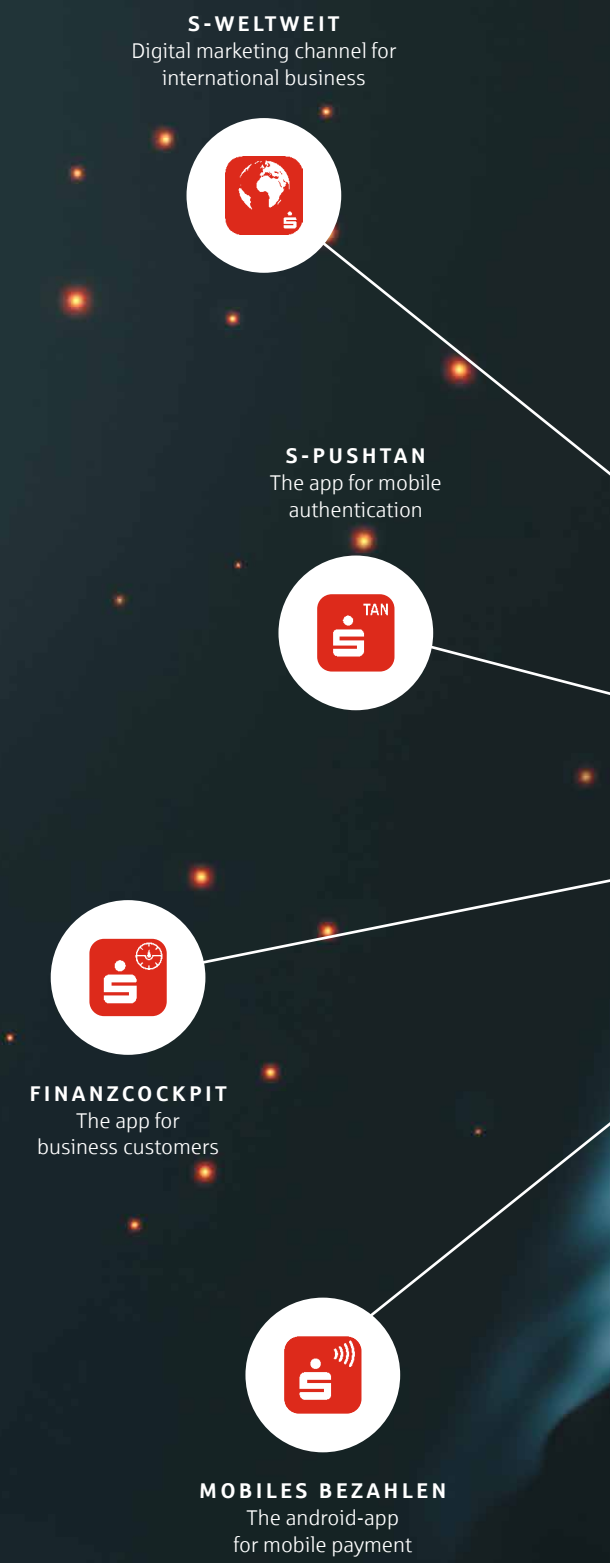
4 DIGITALISATION WITHIN THE GROUP

We have already reached where others are yet to go

The Savings Banks have already introduced a whole range of innovative solutions. Our guiding principle has always been demonstrable direct benefit and added value for customers.

In this spirit, the products and services provided by Savings Banks – developed in co-operation with their partners within the Savings Banks Finance Group – are designed to meet current and future challenges.

This has led to the introduction of a whole range of new, innovative products designed to complement rather than replace the current services. Our guiding principle has always been the proven direct benefit and added value for customers.



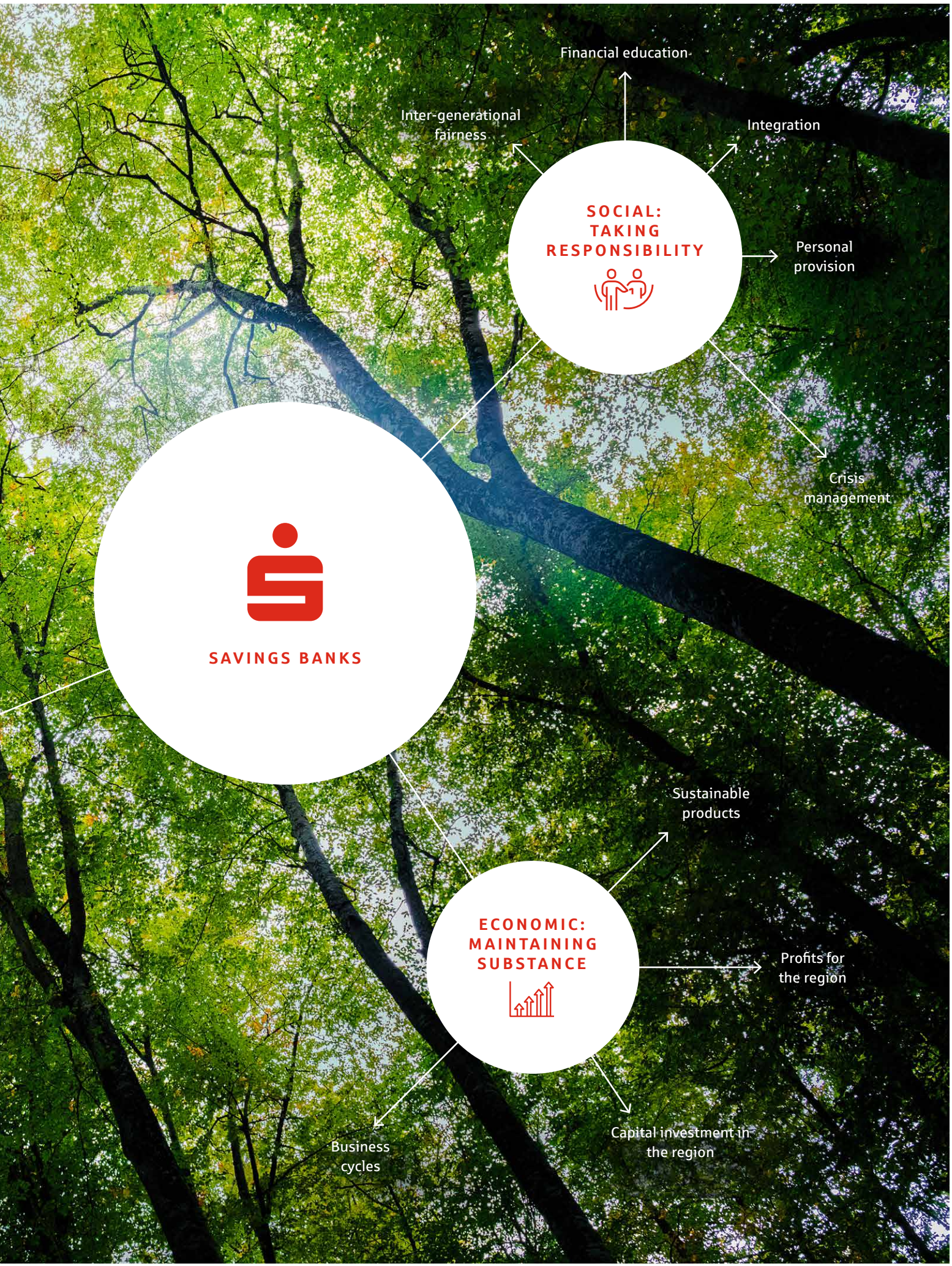
SPARKASSE BUSINESS
Banking app for small business customers
e.g. account management
S-TRUST
Cloud documents and
password management
LINDA+
Linda+ - the new
bot for customer
service
VIDEO IDENTITY
VERIFICATION
Performing online transactions
without switching media
VIDEO
CONSULTATION
Personal
and digital
Pay
APPLE PAY
Credit and debit cards and
digital co-badge
wero
WERO
„All-in-one“ payment
solution and scheme
girocard
GIROCARD
Card based POS and
online payments made
in Germany
SPARKASSE
Germany's most used and
most successful banking app
S-INVEST
The multibank-capable
brokerage app

5 SUSTAINABILITY HAS MANY FACETS FOR THE SAVINGS BANKS FINANCE GROUP

The Savings Banks' business model reflects their founding mission: to assume social responsibility and act sustainably. This applies even more in times of crisis and in the increasingly digital age.

To this end, both the Savings Banks and the institutions of the Savings Banks Finance Group have expanded their business model: In addition to social and economic responsibility, they are also steadily expanding their ecological activities and range of sustainable products. An increasing number of institutions of the Savings Banks Finance Group are signing up to the "voluntary commitment to climate-friendly and sustainable business". To date, 281 Savings Banks, four Landesbanken including DekaBank and ten affiliated companies have signed the voluntary commitment.*

* As at 18 December 2024


Financial education
Inter-generational fairness
Integration
SOCIAL: TAKING RESPONSIBILITY
Personal provision
Crisis management
SAVINGS BANKS
Sustainable products
ECONOMIC: MAINTAINING SUBSTANCE
Profits for the region
Business cycles
Capital investment in the region

6 RISK MANAGEMENT AND FINANCIAL RELIABILITY

Our risk profile

Germany's Savings Banks use comprehensive, state-of-the-art instruments and processes to measure and manage all major risks arising from banking business and market conditions. Additionally, risks are monitored group-wide within the framework of the Savings Banks Finance Group's Institutional Protection Scheme.

Business model mitigates risk

→ **Moderate** risk profile;
→ **Balancing** growth with common good orientation;
→ **Conservative** risk management;
→ **Institution protection**

Savings Banks are fully exposed to market forces. They operate according to commercial principles and their survival depends on their intrinsic capacity to generate adequate profits to fund their business operations. But in order to maintain consistent services for their clients, Savings Banks do not strive for short-term profit maximisation, as this may produce high risks in the long term.

Since Savings Banks operate locally, they also have extensive knowledge of their local customers. This provides a thorough awareness of the risks involved in extending a loan to a specific customer. It is a depth of knowledge that can rarely be found in remote corporate headquarters.

The Savings Banks legislation that applies in Germany's federal states limits the scope of Savings Banks' engagement in certain high-risk business transactions from the very start.

Measuring counterparty risk

Savings Banks have a very broad customer base, which includes larger SMEs as well as the businesses of craftsmen and the self-employed. Lending business with these customer groups is essential for Savings Banks. Their internal customer ratings provide validated information on loan loss probability.

The internal rating of business customers includes not only key financial ratios, but also more than 20 qualitative factors, such as sound succession planning and information on the quality of business controlling. Savings Banks possess a database of 15.7 million ratings of their business customers and this number is growing every year. On this basis, the Group's rating methods are fine-tuned on an ongoing basis.

A second pillar of the Savings Banks' internal risk management is their detailed knowledge of regional and national trends in specific sectors. The sector forecasts of the Savings Banks Finance Group, which are updated quarterly are based on around 300,000 annual corporate balance sheets. This data resource is unique in Germany in terms of its depth and history.

→ Customer assessment
→ Risk control
→ Management of institutions

Safeguarding the risk bearing capacity

Measuring ESG risk

Financial institutions will be required to address the sustainability risks of borrowers in their corporate customer business. In anticipation of this, the Savings Banks have already implemented the Savings Banks ESG score (S-ESG score) as a model for all institutions, which can be used to identify and analyse potential risks.

The quantitative ESG risk measure can be applied equally to all sectors of the economy and has two major advantages: On the one hand, it can be used to quickly gain an initial impression of the extent of sustainability risks in an industry and, on the other hand, it enables a simple direct comparison between different industries – for example as part of portfolio management.

The use of the sector-based S-ESG score is particularly useful and efficient in the retail business.

A list of suitable indicators were identified for the ESG score, which are specifically weighted and assigned to the three areas of environment, social affairs and good governance. The results from the areas are determined regularly and then summarised to form the S-ESG score, which thus describes the current extent of the sustainability risks of all the industries covered.

With the ESG score model, Savings Banks can also determine the individual sustainability score of their business clients. On this basis, realistic fututre strategies and viable investment plans can be developed.

Identifying and analysing sustainability risks

Environment

- Greenhouse gas emissions and CO_2 footprint
- Water consumption
- Hazardous waste
- Acute physical risks such as flood risk
- Chronic physical risks such as the loss of biodiversity (e.g. variety of animals and plants)
- Ability to transition to become greenhouse gas-neutral, and the company has a plan for doing so

Social

- Share of employees subject to social security contributions and part-timers
- Costs for temporary workers
- Gender-equal salaries and wages
- Social standards/human rights risks along the supply chain

Good governance

- Compliance with legal standards in your company and your supply chain, such as illegal employment, minimum wage, DSGVO, StVO etc.
- Payment behaviour
- Organisational integration of sustainability

Ratings of our Group

Creditworthiness acknowledged by capital market ratings

The Savings Banks Finance Group has received separate capital market ratings for Savings Banks, Landesbanken and regional building societies (Landesbausparkassen). These ratings confirm the good credit standing of the Savings Banks and underline the importance of the cooperation within the Savings Banks Finance Group.

Most Savings Banks have received individual ratings by Fitch and/or DBRS based on the Group ratings.

The positive ratings by all three agencies reflect the stable business model and very strong domestic retail and SME business resulting in a leading market share position in Germany, high asset quality and strong and stable capitalisation, funding and liquidity position, as well as the healthy profitability of the Savings Banks Finance Group.

Many Landesbanken are active in the capital market and have received their own issuer ratings in addition to the Group ratings shown in the table below.

Ratings of the Savings Banks Finance Group

	2024	2023	2022
Moody's Corporate Family Rating			
long-term	**Aa2**	Aa2	Aa2
Fitch Group Rating			
long-term	**A+**	A+	A+
DBRS Floor Rating			
long-term	**A (high)**	A (high)	A (high)

In October 2024, Deutsche Leasing was also rated by Fitch. Fitch was the first rating agency to assign an issuer rating to Deutsche Leasing. The long-term rating of A+ (stable outlook) is at the level of the Savings Banks Finance Group. The same applies to Deutsche Factoring Bank GmbH & Co. KG, which is part of the Deutsche Leasing Group.

Rating agency Moody's has also assigned Deutsche Leasing an issuer rating for the first time. In December 2024 it awarded the company an A2 (stable outlook) long-term issuer rating.

The Group's Institutional Protection Scheme

The Savings Banks Finance Group operates its own deposit guarantee scheme, the Institutional Protection Scheme. The Group's Institutional Protection Scheme has a number of particular strengths:

- ex ante payments of its members according to their total assets and risk profile, allowing the fund to act locally when needed
- proactive monitoring of risks by means of performance indicators and qualitative analysis
- intervention rights long before default

Most importantly, the Group's Institutional Protection Scheme is designed to safeguard not only customer deposits in full, but also the solvency and liquidity of its member institutions.

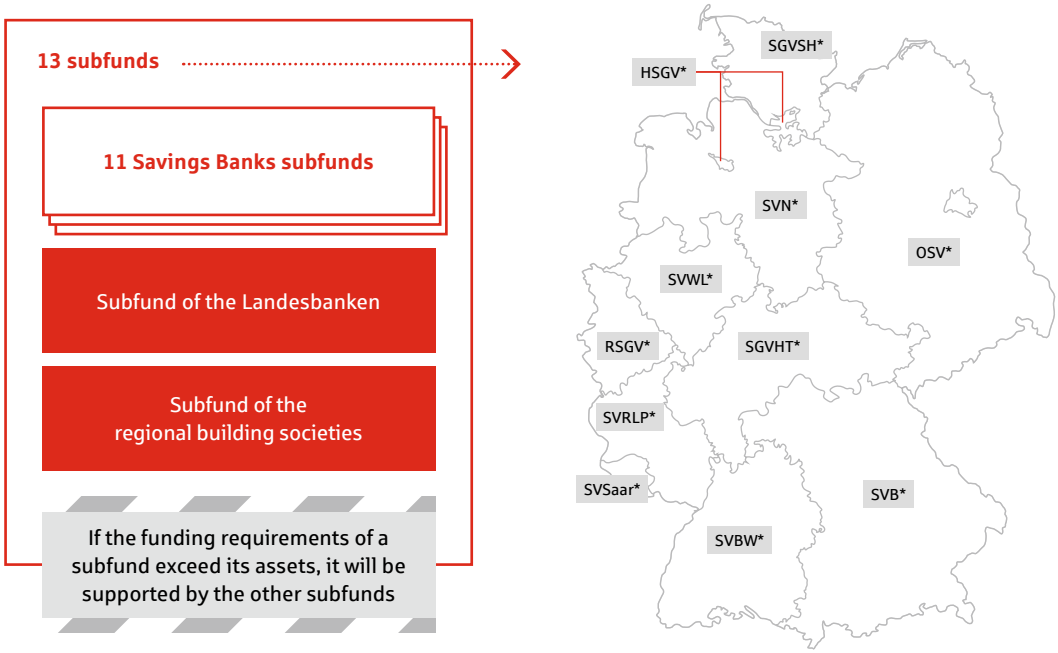
When a Savings Bank requires support, it has recourse firstly to the regional subfund, i.e. the neighbouring Savings Banks. If these resources are not sufficient, the Group's supraregional funds will be used. However, the primary task of the Institutional Protection Scheme is not to coordinate support cases, but to prevent them from arising in the first place.

This has proved its strength. Since the establishment of the Institutional Protection Scheme in the 1970s, no member institution has ever defaulted. In the Savings Banks Finance Group, no customers have lost any of their deposits or interest.

The Institutional Protection Scheme has a stabilising effect on the German banking market, ensuring that smaller institutions such as Savings Banks provide for their own protection and that their broad range of services will be maintained nationwide. From an economic perspective, this is a highly efficient form of protection.

Moreover, the Institutional Protection Scheme of the Savings Banks Finance Group is officially recognised as a deposit guarantee scheme under the German Deposit Guarantee Act (Einlagensicherungsgesetz, "EinSiG"). Under a statutory deposit guarantee scheme, customers are entitled to compensation of up to EUR 100,000, as stipulated in the German Deposit Guarantee Act.

Provision of funds to protect institutions



The protection schemes' decentralised structure and the interdependence of liability (assessment and monitoring) ensure a high level of mutual responsibility and corresponding risk mitigation.

* For definition of abbreviations see page 6

7 SUPPORTING INTERNATIONALISATION

Our international network

- → Savings Banks **assist** their corporate clients when **entering new markets.**
- → Savings Banks and Landesbanken share a **common international network.**
- → The Savings Banks Finance Group's international activities range from **payment transactions** to **development assistance.**
- → The Savings Banks Finance Group has the **third largest volume of SWIFT transactions in Germany** and is one of the largest users of the European EBA clearing platform.
- → Savings Banks are competent local partners for internationally operating business enterprises – **partners with regional roots and a global network.**

Savings Banks' international network

German Savings Banks do not operate branches abroad, but they do support their customers' international business.

- → For private customers, this mainly includes services related to payment transactions.
- → For business customers, this encompasses advisory, partner search and financing services, including investment support.

Needless to say, Savings Banks also cover international payment transactions, documentary business and foreign trade financing. Savings Banks often use the services of the Landesbanken to process international transactions or have their own correspondent banking connections.

International operations of the Landesbanken

All Landesbanken are internationally active in a variety of fields, and they are also present in other countries through branches and offices. They provide a wide range of specialised services, from supporting small and medium-sized enterprises to derivatives trading and project financing.

Through their correspondent banking, Landesbanken maintain direct contact with foreign banks worldwide. In addition, they operate in the international capital markets, are involved in international project financing and act as investors.

Today, most Landesbanken are also part of S-CountryDesk. Via this network, they make the services of their international bases available to all interested Savings Banks and their business customers.

Deutsche Leasing

The Deutsche Leasing Group is the solution-oriented asset finance partner for German SMEs. The company supports investment projects in Germany and abroad and offers a wide range of financing solutions (asset finance) and supplementary services (asset services) for fixed and current assets. The company supports its customers in financing change and innovation, particularly with regard to the major transformation issues of our time - whether decarbonisation, digitalisation or sustainable infrastructure.

Within the Savings Banks Finance Group, Deutsche Leasing is the central and internationally oriented alliance partner and competence centre for leasing, factoring and other alternative forms of financing. This enables the Savings Banks in Germany to offer their corporate and business customers fast, simple digital solutions or advice tailored specifically to the respective investment project, depending on their needs.

The Deutsche Leasing Group's entire range of services - including as the leading manufacturer-independent leasing company in Germany – extends from financing solutions for machinery and operating equipment, vehicles (including commercial vehicles and public transport as well as passenger cars), IT and communications equipment, to medical technology, real estate, and large items of property (e.g. energy generation plants such as solar and wind farms, rail vehicles) and intangible assets. The company also offers factoring and receivables management as well as other services such as insurance, fleet and construction management.

The financing and property experts at Deutsche Leasing support their customers and business partners with both small-volume investments and financing for individual, complex large-scale projects. Offices in Germany also guarantee a comprehensive local presence.

Deutsche Leasing

- → Over **20 years' experience** in international business
- → The **international network** of Deutsche Leasing **encompasses more than 20 countries in addition to Germany.**
- ↗ deutsche-leasing.com

Since 1993, Deutsche Leasing accompanied its customers from Germany to the most important export markets in Europe, as well as to China, the USA, Canada and Brazil. In total, Deutsche Leasing is present in over 20 countries. While most internationally active machine and plant manufacturers use leasing as an important instrument for promoting their own sales, Deutsche Leasing also supports German companies with direct investments abroad.

For over 60 years, Deutsche Leasing has facilitated the investments of its SME customers in industry, trade, services and the public sector.
↗ deutsche-leasing.com

S-CountryDesk international network

S-CountryDesk is an international network which was established as a joint project between the German Savings Banks and their European and overseas partners. S-CountryDesk provides German Savings Banks' customers with access to the infrastructure, product range, local expertise and capabilities of foreign banking and non-banking partners. It also provides a platform for all the institutions and service providers from within the German Savings Banks Finance Group that offer specialised products for international corporate banking business, including the Landesbanken.

The legal structure of S-CountryDesk is that of a limited liability company (GmbH). Its shareholders include not only a large number of German Savings Banks but also Landesbanken, Deutsche Leasing and Deutsche Factoring Bank. Associated service providers include institutions such as the EuropaService of the Savings Banks Finance Group and the German Centres in major target markets.

S-CountryDesk engages in intensive relationship management between foreign service and banking partners and the Savings Banks Finance Group. S-CountryDesk can therefore be used to organise and accompany corporate customers' specific business deals.

S-CountryDesk was also established to make Savings Banks more easily accessible for foreign banks' corporate clients on their way to Germany. Today, banks and service providers from almost 100 countries make their expertise and their services available to this personalised network of contacts.

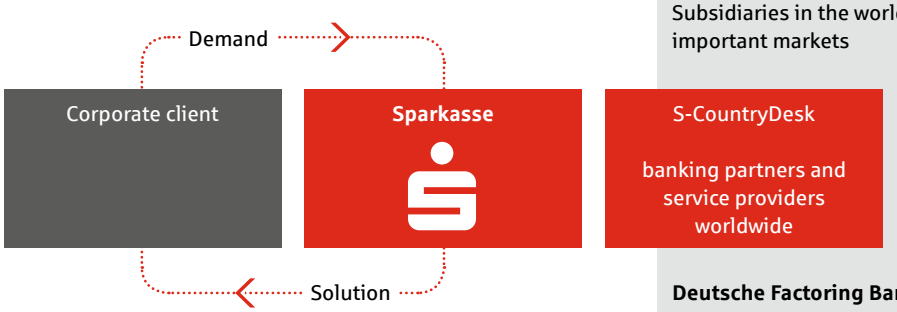
In 2016 S-CountryDesk launched the highly successful "S-weltweit App" for international business. Nearly 250 Savings Banks use this digital marketing channel for international business.

The app provides high-quality information on 150 countries and is designed to give new impetus to international corporate banking business.
↗ countrydesk.de
↗ s-weltweit.de

S-WELTWEIT APP provides:

- **daily news** and events update
- a **wide spectrum** of country information and intercultural tips
- **business partner search offers** and requests
- **S-solutions:** product information and check-lists
- **personalised** exchange rate information and currency converter
- **worldwide locations** of the S-Finance Group
- **sharing** of news, events and links

S-CountryDesk comprises Group specialists and partners from 100 countries



Landesbanken
Branches
Representative offices

German Centres
Beijing, Mexico City, Shanghai, Singapore, Taicang and Ho Chi Minh City (Business Incubator)

Deutsche Leasing
Subsidiaries in the world's most important markets

Deutsche Factoring Bank
Via the network 'Factors Chain International'

EuropaService
Enterprise Europe Network

EuropaService as a partner in the European Commission's network

The Savings Banks Finance Group's EuropaService has formed part of the Enterprise Europe Network (EEN) since its inception. This network was put into place by the European Commission to help businesses to innovate and grow internationally with the support of partners around the world. The network helps especially small and medium-sized enterprises to increase their resilience and supports their transition to a more sustainable and digital business model.
As the only institution of the German banking market belonging to the EEN, EuropaService provides German Savings Banks' customers with advice and information on cross-border investment and trade, on EU funding and financing, and on finding business partners abroad, covering all key economic sectors. The information and services provided by EuropaService are integrated into the broad range of services offered by the international network of the Savings Banks Finance Group and into the "S-weltweit App".
↗ europaservice.dsgv.de

Our international activities

German Sparkassenstiftung for International Cooperation

The German Sparkassenstiftung [1] (German Savings Banks Foundation) provides proactive support to financial institutions that sustainably foster economic and social development at local, regional or national level through needs-oriented banking services. The German Sparkassenstiftung's goal is to assist its partner institutions to become more professional and to enable them to give their customers permanent access to financial services. The main target groups are micro, small and medium-sized enterprises (MSME), as well as poor and socially marginalised groups. This focus on MSMEs and low-income earners actually benefits our partner institutions, as delivering services to these customer segments secures ongoing stable and satisfactory returns.

By strengthening local and regional financial structures, the German Sparkassenstiftung not only generates development opportunities for wide sections of the population and local companies, but ultimately also helps to create jobs and income.

This complies with the approach and objectives of Germany's Savings Banks. It also has a stabilising effect on the respective financial sector and, as a result, on the given country's economic development. With their 200-year history, Germany's Savings Banks show that sustainable microfinance is only feasible if it is organised efficiently and professionally. And it is these key success factors that the German Sparkassenstiftung communicates to its partners through its project work.

↗ sparkassenstiftung.de

325 [2]
employees worldwide

project volume in 2023
31.5 [2]
million

1 [2] **objective**
sustainable development through financial inclusion

110 [2]
additional employees from the Savings Banks Finance Group

55 [2]
project countries

40 [2]
employees at the head office in Bonn

[1] Deutsche Sparkassenstiftung für internationale Kooperation – DSIK
[2] As at 31 December 2023

See the video about ESG Risk Radar

New DSIK-tools to analyse ESG and climate risks in loan portfolios

The financial sector is severely affected by climate and structural change. Borrowers are facing new challenges that affect their ability to service a loan. Financial institutions (FIs) need to act now and position their organisation in the market in a sustainable and risk-mitigating way.

The **ESG Risk Radar** is a cost-effective, tried and tested method offered by the German Sparkassenstiftung in cooperation with the Kempten University of Applied Sciences. FIs can use it to analyse the environmental, social and governance risks in their loan portfolio and implement successful risk management strategies.

To support both the management of risk and chances associated with these ESG-related developments (Environmental, Social and Governance) within FIs, the German Sparkassenstiftung offers the **Sustainable Finance Compass**, also in cooperation with the Kempten University of Applied Sciences.

It is a systematic questionnaire to assess the status quo of sustainable finance implementation in financial institutions. The Compass supports the institutions in setting appropriate goals and pursuing them in a coherent manner.

See the video about the Sustainable Finance Compass

European Savings and Retail Banking Group (ESBG)/World Savings and Retail Banking Institute (WSBI)

Savings Banks or similar financial institutions are not a German phenomenon. Savings Banks also exist in other countries, albeit in a wide range of different forms. They share a strong focus on retail business and a business policy that is geared towards public welfare. The purpose of the European Savings and Retail Banking Group and the World Savings and Retail Banking Institute is to represent the political interests of local banks and to facilitate a professional exchange of views. The German Savings Banks Association is a voluntary member of both organisations.

↗ wsbi-esbg.org

European Savings and Retail Banking Group (ESBG)

Advocating for a diverse banking sector

Pluralism and diversity in the European banking sector safeguard the market against shocks that arise from time to time. Members are committed to defend the European social and economic model that combines growth with high living standards and good working conditions.

European Savings and Retail Banking Group (ESBG)[3]

157 million customers

620,000 employees

28 countries

represents

859 savings and retail banks

total assets of EUR **6.4** trillion

EUR **3,72** trillion in loans to non-banks[4]

38.800 branches

[3] As at 31 December 2023
[4] Loans granted by ESBG members to their customers (households, corporates) excluding banks.

World Savings and Retail Banking Institute (WSBI)

Favouring inclusive globalisation

Favouring an inclusive form of globalisation that is equitable and fair, the WSBI supports international efforts to advance financial access and usage for everyone. They also promote the vision of a pluralistic banking model and an environment conducive to financial inclusion. The WSBI supports the goal of achieving sustainable, inclusive and balanced growth and job creation around the world.

World Savings and Retail Banking Institute (WSBI) [5]

1.7 billion customers

total assets of **USD 13.25** trillion

5 continents

represents **6,400** savings and retail banks in 78 countries

2.1 million employees

Total deposits **USD 11.4** trillion

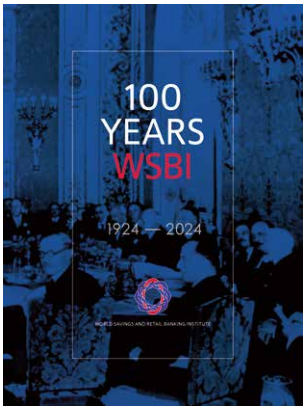
103 members

[5] As at 31 December 2023

100 Years of WSBI – A Century of Social Commitment

Founded on 31 October 1924 in Milan during the first International Savings Congress, WSBI has become the world's oldest global banking association, with 103 members in 78 countries. Throughout a century of history, WSBI's activities have shown a steadfast commitment to positively impacting people and communities worldwide.

↗ wsbi-esbg.org/publications-home-page/



CONTACT

The Deutscher Sparkassen- und Giroverband e.V. – DSGV e.V. (German Savings Banks Association) is the umbrella organisation of the Savings Banks Finance Group. It represents the Savings Banks, the Landesbank Groups, the regional building societies, public primary insurance groups, as well as DekaBank and other financial service providers. The DSGV represents the interests of these companies vis-à-vis the institutions of Germany's federal government and the European Union, as well as the public at large.

The Savings Banks Finance Group is not a consolidated group; it has no corporate centre. For questions regarding day-to-day operations, direct contact should be made with the specific Savings Bank or Landesbank concerned.

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The English and Spanish versions can be downloaded at:
↗ dsgv.de/en/facts/publications-reports.html
↗ www.imagebrochure.dsgv.de

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