
HELMUT SCHLEWEIS
President of the German Savings Banks Association



“With their overall business performance, Savings Banks impressively demonstrate their market strength through their decentralised business model.”

Berlin, June 2018

Ladies and Gentlemen,

In 2017, the business model of the Savings Banks Finance Group once again proved to be stable, flexible and highly competitive.

The extremely low interest rates continue to place a heavy burden on us, and smaller banks in particular can barely manage the organisational effort required to cope with the excessive amount and complexity of regulatory reporting obligations. Savings Banks have responded to this challenge by generating more business with their customers. This is demonstrated by growing volumes of deposits and loans. In loans to enterprises, Savings Banks again achieved new record levels – both in their new business and in their portfolios.

In addition, Savings Banks are investing in modernising Germany as a location for business enterprises. As the market leader, they are setting standards for innovative payment methods and combine this with a continued nation-wide presence to provide face-to-face advice at local level.

Savings Banks have responded to the low market interest rates by once again substantially increasing their net commission income. As a result, the expected losses in net interest income were offset to some extent, and the result from operations was kept stable. Despite higher IT investments in the wake of technological innovations and regulatory adjustments, administrative expenses were even slightly lower in 2017. The Savings Banks' net income after taxes increased slightly to EUR 2.1 billion.

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In terms of their overall business performance, Savings Banks have impressively demonstrated their strength in the market owing to their decentralised business model. The general public also benefits from this. With tax payments of nearly EUR 3 billion, Savings Banks are strengthening the scope for action of local governments throughout Germany.

“2018 will be the year of innovation for Savings Banks.”

Landesbanken continued to reduce their risk exposure and further increased their capital ratio in 2017. In the past few years, they have consistently improved their economic resilience. With a slight decline in their new business, Landesbausparkassen are in line with the industry trend. In 2017, all members of the Savings Banks Finance Group – under their own entrepreneurial responsibility – once again made positive contributions to a strong group.

For 2018, we expect that the interest-rate environment will continue to place an onerous burden. In the medium term, growing challenges will also be posed by demographic change, as a result of which the economic momentum may also weaken in parts of Germany. For this reason, we welcome political and social initiatives designed to strengthen structurally weak regions, and we will play our part in contributing to the success of these initiatives.

Kind regards,

A handwritten signature in black ink, appearing to be 'Hendrik...' followed by a stylized flourish.