

FINANCIAL REPORT 2022

of the Savings Banks Finance Group



Key financials of the Savings Banks Finance Group *

Selected balance sheet items

	Portfolio at the end of 2022 in EUR billion	Portfolio at the end of 2021 in EUR billion	Change in %
Loans and advances to banks (MFIs ¹)	454.5	226.6	+ 100.6
Loans and advances to non-banks (non-MFIs)	1,466.1	1,395.3	+ 5.1
Liabilities to banks (MFIs)	429.7	457.3	– 6.0
Liabilities to non-banks (non-MFIs)	1,508.8	1,452.1	+ 3.9
Equity	183.7	178.3	+ 3.1
Total assets	2,539.2	2,431.9	+ 4.4
Core capital ratio according to CRR ² (in %; change in % points)	15.7	15.7	+ 0.0

Selected income statement items ³

	2022 ⁴ in EUR billion	2021 in EUR billion	Change in %
Net interest income	29.97	26.43	+ 13.4
Net commission income	11.17	10.56	+ 5.8
Net result from financial transactions	1.72	0.90	+ 91.3
Administrative expenses	27.62	27.05	+ 2.1
Operating result before valuation	16.56	11.05	+ 49.9
Operating result after valuation	10.34	10.79	– 4.2
Net income before taxes	5.89	5.86	+ 0.5
Income taxes	3.48	3.46	+ 0.7
Net income after taxes	2.40	2.40	+ 0.1
of which net income of Savings Banks after taxes	1.39	1.78	– 21.8
of which net income of Landesbanken after taxes	0.93	0.59	+ 57.9
of which net income of Landesbausparkassen after taxes	0.08	0.03	> + 100

* Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken without foreign branches, without domestic and foreign Group subsidiaries, without LBS, 3. Landesbausparkassen (legally independent LBS and legally dependent divisions of Landesbanken).

¹ Monetary Financial Institutions.

² Capital Requirements Regulation.

³ Allocations to the fund for general banking risks in accordance with Section 340g of the German Commercial Code are taken into account here – as in the "original" income statement in accordance with the German Commercial Code – as expenses reducing the annual result; in the DSGV financial reports up to 2010, these "Section 340g allocations" were treated analogously to the income statement statistics of the Deutsche Bundesbank as an appropriation of profit increasing the annual result.

⁴ Preliminary figures from partly not yet audited annual financial statements according to German Commercial Code, rounding differences possible.

The Savings Banks Finance Group

The Savings Banks Finance Group is Germany’s largest banking group. Its great strength results from the Savings Banks’ locally anchored business model and the close cooperation of its 510 member institutions in a strong group.

Together with its institutions and partner companies, the Savings Banks Finance Group comprehensively meets the financial needs of private customers and companies in Germany.

Closeness and responsibility

Savings Banks are usually municipally funded institutions under public law. In line with the regional principle, they concentrate their presence and their business activities on the territory of their municipal sponsor. They are independent, managed on a decentralised basis, and focus on growth from their own resources. In order to maintain all this, Savings Banks must operate sustainably and ensure long-term economic balance. Therefore, the profits generated by the Savings Banks flow exclusively into strengthening their equity capital and into the development of their home regions.

Branches

15,250⁵

15,210⁷



Employees

280,600^{5,6}

272,600^{6,7}



Apprentices

14,800



Strong within the Group

The local anchoring of the Savings Banks is complemented within the financial group by cooperation within the association. It enables the institutions to specialise in a division of labour and thus strengthens the performance of all of them. The Savings Bank network thus makes a significant contribution to the Group's responsible and risk-conscious business policy. The Savings Banks' business model reflects their founding mission: to act locally, close to the customer and responsibly.

Market presence

Savings Banks Finance Group Companies ¹		Branches ² 15,250⁵ 15,210 ⁷	Employees ³ 280,600^{5,6} 272,600 ^{6,7}	Business volume ⁴ EUR 3,330 billion⁵ EUR 3,270 billion ⁷
Savings Banks* 361 Total assets EUR 1,523 billion Branches EUR 11,195 Employees EUR 191,000		5 Landesbank Groups (LBBW, BayernLB, Helaba, NORD/LB, SaarLB) + LB Berlin/Berliner Sparkasse Total assets EUR 942 billion Employees 31,927		DekaBank Deutsche Girozentrale Total Assets EUR 372 billion Employees 5,084
Landesbausparkassen (LBS) 8 Total assets EUR 76 billion Employees 6,398	Deutsche Leasing Group ⁸ Total assets EUR 23.3 billion New business volume EUR 10.4 billion Assets under management EUR 41.6 billion Employees 2,845		Public direct insurer groups 8 Gross premium income EUR 22.6 billion Employees 29,100	
Capital investment companies 50 Total assets EUR 1.5 billion Employees 201	S-Kreditpartner Customer loan portfolio EUR 10.5 billion Employees 623	S-Internationals 6 Participating Savings Banks ... 84 Total assets Participating SBs ... EUR 394.4 billion Turnover EUR 63.8 million Employees 270	Factoring companies 3 Annual turnover EUR 41.0 billion Employees 386	
LBS real estate companies 7 Intermediated property volume EUR 9.2 billion Employees 598	Other leasing companies New business volume EUR 2.2 billion Employees 762		DSV Group Deutscher Sparkassenverlag Turnover EUR 0.7 billion Employees 2,400	
Finanz Informatik Employees 4,848	SIZ Employees 327	Sparkassen Rating und Risikosysteme Employees 305	¹ Including associations and other institutions; figures have been rounded. ² Offices/information centres. ³ Office staff/field staff excluding part-time employees; figures have been rounded. ⁴ Business volume here = balance sheet total/portfolio volume/total assets/ investment volume; figures have been rounded. ⁵ Including foreign branches and domestic and foreign subsidiaries of the Landesbanken. ⁶ Including 3,381 employees of the associations, their institutions and other institutions. ⁷ Excluding foreign branches and domestic and foreign subsidiaries of the Landesbanken. ⁸ Deadline 30.09.2022. * As at 31.12.2022; as at 01.07.2023: 355 Savings Banks.	

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HELMUT SCHLEWEIS
President of the German Savings Banks Association



“There have been Savings Banks for almost 250 years. In that time, we have seen major changes – political, social, economic. Who can claim to have helped shape Germany as much as the Savings Banks? So it all depends on us.”

Berlin, July 2023

Ladies and Gentlemen,

The Savings Banks performed well in an extraordinary year. Although at the beginning of 2022 it looked as if the economy and society would be able to recover after two years of Corona, the Russian war of aggression against Ukraine led to new challenges: Energy and raw materials became scarce and expensive, and inflation rose to record levels.

In these difficult times, the Savings Banks were there for their customers – in personal contact and with uncomplicated financing, with information and recommendations on saving energy. They also offered advice on sensible investments in times of inflation, such as securities savings.

The importance of such services for our customers can be seen in the stable lending business, the growth in securities sales and the increase in the number of current accounts by a net total of 690,000. Customers under 30 years of age in particular have expressed their trust in our Group.

The services of the Savings Banks Finance Group were also in demand throughout the rest of the year. Since the European Central Bank initiated its long overdue interest rate shift in July 2022, long-term financing has cushioned the consequences of the abrupt interest rate increases for our customers.

The turnaround in interest rates is also challenging from a business perspective for the institutions of our Group, but ultimately the return of interest rates will allow us to revert to our business model that has proven its worth over decades.

MORE ON THE COMMITMENT
OF THE SAVINGS BANKS
FINANCE GROUP
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In a world of more normal interest rates, it will be easier for the Savings Banks to support their customers in both private and corporate business, including in the upcoming fundamental transformations: in the energy transition, in digitalisation, in sustainable living, building and production.

“It is a very good sign that our decentralised business model met with broad approval at German Savings Banks Day in Hanover. Politicians across all party lines see the Savings Banks as the driving force behind the digital awakening and sustainable and climate-friendly transformation.”

It is a very good sign that our decentralised business model met with broad approval at German Savings Banks Day in Hanover on 31 May and 1 June 2023. Politicians across all party lines see the Savings Banks as the driving force behind the digital awakening and sustainable and climate-friendly transformation. Working together with the municipalities, the institutions thus promote Germany’s competitiveness and contribute to the stability and cohesion of society.





399
million euros

spent on social
commitments



54 million

customer cards

50 million*

current accounts



over **200** years
close to our customers

22,000

ATMs



29.8
million
savings accounts



3.5

billion euros

in taxes on income and earnings paid
by the Savings Banks, Landesbanken
and Landesbausparkassen



510
member
institutions

* Total current accounts including other funds payable on demand.

2. OVERVIEW OF THE SAVINGS BANKS FINANCE GROUP

The Savings Banks Finance Group is the most important banking group in Germany. Its particular strength lies in the locally anchored business model of the Savings Banks and the close cooperation of its 510 member institutions in a strong group of companies.

The institutions of the Savings Banks Finance Group operate independently and decentrally in the market. They offer modern financial services in all municipalities and districts with a nationwide network of branches and a wide range of digital services.

With this strategy of local and digital proximity, the institutions of the Savings Banks Finance Group fulfil their public mandate in a competitive environment: they ensure the provision of financial services to the population in their areas of business and promote general wealth creation.

Through their social commitment, the institutions of the Savings Banks Finance Group assume responsibility for the communities throughout Germany.

Division of labour and specialisation among the institutions make our Group flexible, efficient and effective.

The Savings Banks Finance Group comprises:

- Savings Banks,
- Landesbanken and DekaBank,
- Landesbausparkassen,
- BerlinHyp,
- public sector insurance companies,
- leasing, factoring, capital investment and consulting companies, as well as
- service companies, for example in the areas of IT, securities settlement, payment transactions and publishing.

The 361* independent Savings Banks form the core of the Group.

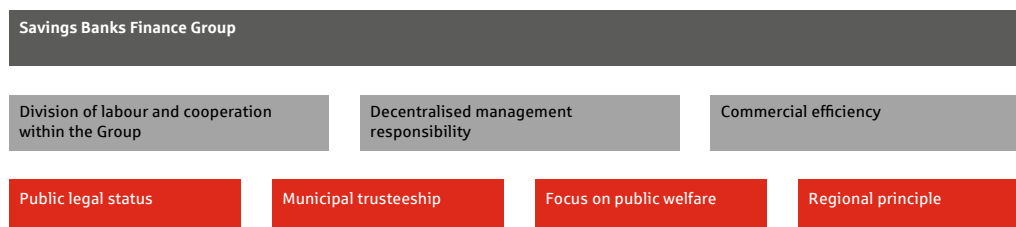
* As at 31 December 2022; 355 Savings Banks as at 1 July 2023.

As universal credit institutions, Savings Banks carry out all standard banking business and provide financial services and personalised advice for approximately 50 million customers nationwide.

Since their foundation over 200 years ago, the Savings Banks have been linked with a specific, geographically defined business area (regional principle). As they are banks under public law and their responsible public bodies are the local authorities, Savings Banks are represented throughout Germany.

This decentralised structure characterises not only the Savings Banks' core business, focused on deposits and loans, but also their willingness and ability to play a continuously role in shaping the economic and social development of their business areas. The two are often linked and have demonstrated the value of the Savings Banks' proximity to their customers, especially in times of crisis. In new business, the Savings Banks committed EUR 106.6 billion in loans to companies and self-employed persons; this is again EUR 0.3 billion more than in 2021. However, new business in home loans declined by EUR 8.8 billion to EUR 64.6 billion in 2022 due to the development in private home loans. Customer deposit business recorded a moderate increase of EUR 30.7 billion to EUR 1,153.7 billion last year, but continues to reflect the great trust our customers place in the Savings Banks.

Together, the institutions of the Savings Banks Finance Group are one of the country's largest commercial employers as well as one of the biggest taxpayers, the leaders in training in the financial sector and the largest non-governmental sponsor of sport and culture in Germany. All these services directly benefit the local communities. This is our contribution to a regionally balanced and sustainable development of the economy and society as a whole.



The mission

What sets us apart



FOR OVER 200 YEARS, THE SAVINGS BANKS AND WITH THEM THE SAVINGS BANKS FINANCE GROUP HAVE ACCOMPANIED ECONOMIC AND SOCIAL CHANGE IN GERMANY, PROVIDING MODERN FINANCIAL PRODUCTS AND ADVISORY SERVICES FOR ALL CUSTOMER GROUPS.

For more than 200 years, the Savings Banks and with them the Savings Banks Finance Group have accompanied economic and social change in Germany, providing modern financial products and advisory services for all customer groups. Their business model has survived major upheavals – the period of industrialisation in cities and rural areas, the new beginnings after 1918 and 1945, and Germany's unification after the fall of the Berlin Wall. The Savings Banks Finance Group is currently dealing with the necessary changes in the EU and the accompanying economic and social transformation, which require it to support municipalities and small and medium-sized enterprises as well as private households with financing during the transformation. The task of the Savings Banks Finance Group will be to promote and provide financial support for the expansion of renewable energies, ecological housing construction and energy-efficient building renovation. It will also continue to invest in the development of digital products and the expansion of the digital infrastructure.

However, the essence of the Savings Bank idea remains unchanged. For decades, it has also been legally anchored in German Savings Bank legislation as a “public mandate”. This includes:

- a commitment to savings and retirement planning and access to financial services for all customer groups. Financial inclusion is the foundation of our business model.
- a second core element is the special focus on local and regional development and on its key players, i.e. mainly private households, craftsmen, small and medium-sized enterprises and local governments.
- Savings Banks stimulate competition in the German banking market. They do this by means of their broad positioning as retail institutions and their nationwide presence in both economically strong and weak regions of Germany.

Based on their “public mandate”, the Savings Banks therefore have a key role to play – not only in the banking sector, but also in society as a whole. And in accordance with its mission, the success of a Savings Bank is measured by its local creative impact – which goes far beyond the basic requirement of sound business management.

The Savings Banks Finance Group invests in the community; it actively addresses social developments and helps to shape them. Its many years of strong charitable commitment benefits customers and non-customers alike. It promotes art and culture, supports sports clubs and helps in the areas of environment and education. For decades, for instance, it has developed teaching materials and provided information to improve financial literacy among children, young people and private households. It also maintains a comprehensive internal training and further education system and employs 11,965 trainees. In addition, Savings Banks and Landesbanken are reliably the most important financier of Germany's small and medium-sized enterprises – even through the difficult global economic situation and in the current crisis.

Our “Report to Society” contains many examples of how Savings Banks promote sustainable prosperity and quality of life in their home regions:

➤ [s.de/society](https://www.s.de/society)

Business model

Strengthening regions

The Savings Banks' business model has been an integral part of the German economic structure and culture for over 200 years. It has proven to be stable because it responds sensitively to changes. As a result, the Savings Banks provide security for the people and businesses in their business regions and throughout Germany. In essence, Savings Banks do this by ensuring access to high-quality financial services for private customers, businesses and the public sector.

The vast majority of Savings Banks are corporations under public law with local governments as their responsible public bodies. In accordance with the regional principle, they concentrate their presence and their business activities on a traditional home region. They are independent, are managed on a decentralised basis and rely on growth from their own resources. The five independent institutions, for which the responsible public bodies are not the local government, are nonetheless committed to the same principles.

To preserve this position, Savings Banks have to manage their business operations sustainably and ensure long-term economic equilibrium. For this reason, the profits generated by Savings Banks are used exclusively to strengthen their equity base and promote the development of their business area.

The essential complement to the Savings Banks' local roots is their cooperation within the Savings Banks Finance Group. This cooperation enables the affiliated institutions to specialise and divide responsibilities among themselves, which strengthens the efficiency of the institutions as a whole. The Savings Banks' network of institutions thus makes a significant contribution to the responsible and risk-conscious business policy of the Savings Banks Finance Group.

Acting sustainably

The Savings Banks' business model reflects their founding mission: to assume social responsibility and act sustainably. This applies all the 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 constantly expanding their ecological activities and the range of sustainable products. An increasing number of institutions of the Savings Banks Finance Group are signing up to the "voluntary commitment for climate-friendly and sustainable business". To date, 269 Savings Banks, four Landesbanken including DekaBank and ten affiliated companies have signed the voluntary commitment.*



THE SAVINGS BANKS' BUSINESS MODEL HAS BEEN AN INTEGRAL PART OF THE GERMAN ECONOMIC STRUCTURE AND CULTURE FOR OVER 200 YEARS.

*As of 01.06.2023.



THE INSTITUTIONS OF THE
SAVINGS BANKS FINANCE
GROUP WORK TOGETHER IN
A STRONG ALLIANCE.

Identifying market requirements with our partners in the Savings Banks Finance Group

The institutions of the Savings Banks Finance Group work together in a strong alliance. While they operate as independent institutions, they also network their services. The resulting synergy effects make the Group efficient and effective – and at the same time help to identify future trends and find suitable solutions.

Landesbausparkassen – the number one in home savings and loans

The eight Landesbausparkassen (LBS) are the market leaders in Germany with a market share of 35.0 percent in terms of the number of new home loan and savings contracts and 35.6 percent in terms of the contract portfolio (number of contracts). They have 510 advisory centres and 6,400 office and field staff. At EUR 75.1 billion, the accumulated total assets of the LBS Group reached a new record level at the end of 2022.

Landesbanken

The Landesbanken are the regional lead institutions within the Savings Banks organisation. They act as the principal bank for the respective federal states: they carry out banking transactions and are entrusted with promotion of regional economic development.

For instance, the Landesbanken cooperate with the Savings Banks as their partners within the Savings Banks Finance Group in attracting industrial enterprises, implementing infrastructure measures and funding housing construction. They also offer a wide range of services for businesses and commercial enterprises. They grant loans, support small and medium-sized enterprises in developing new business opportunities and assist them in their activities abroad.

Furthermore, as the central institutions of the Savings Banks, the Landesbank groups also act as the central clearing house for cashless payment transactions. They are Savings Banks' partners in retail business, providing them with efficient payment transaction systems and specific expertise in complex products and joint projects.

Deutsche Leasing Group

Deutsche Leasing Group is the solution-oriented asset finance partner for German SMEs. As a central and internationally oriented partner within the Savings Banks Finance Group, Deutsche Leasing is the competence centre for leasing, factoring and other alternative forms of financing.

In the 2021 / 2022 financial year, Deutsche Leasing's new business increased by 4.8 percent year-on-year to EUR 10.4 billion. It was thus able to maintain its leading market position as an asset finance partner. The economic result increased slightly compared with the previous year to EUR 177 million. With an increased net asset value of around EUR 2.3 billion, the economic foundation of the Deutsche Leasing Group was once again significantly strengthened.¹ In joint leasing business with trade, corporate, industrial and commercial customers, the Savings Banks and Deutsche Leasing were able to increase new business by 12 percent to EUR 4.7 billion (reporting date 31 December 2022).²

¹ Reporting date 30.09.2022 (Deutsche Leasing financial year 01.10.2021 to 30.09.2022).

² Reference date 31.12.2022 (financial year of the Group's partners 01.01.2022 to 31.12.2022).

The Deutsche Factoring Bank, which is part of the Deutsche Leasing Group, again exceeded the EUR 20 billion mark in 2022 and achieved a factoring turnover of EUR 23 billion. This represents an increase of 12.4 percent compared with the previous year. The nationwide cooperation with the Savings Banks is the mainstay of the factoring business: the share of business brokered by Savings Banks for new customers was around 93 percent.

Deka Group

DekaBank is the Savings Banks' securities house and, together with its subsidiaries, it forms the Deka Group. With total assets of around EUR 371.8 billion (as at 31 December 2022) and more than 5.3 million securities accounts under management, it is one of the largest securities service providers and real estate asset managers in Germany. It offers private and institutional investors access to a wide range of investment products and services. As a wholly owned subsidiary of the German Savings Banks, DekaBank is firmly anchored in the Savings Banks Finance Group.

Public insurers – strong in their regions

The eight public primary insurance groups generated gross premium income of EUR 22.6 billion in 2022, 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.

Other financial service providers

The range of financial service providers of the Savings Banks Finance Group is complemented by a large number of associated companies and institutions. These include: four Landesbank investment companies, three factoring companies, seven real estate companies of the Landesbausparkassen, 50 capital investment companies and other financial services companies.

With all its institutions and Group partners, the Savings Banks Finance Group comprehensively covers the financial requirements of private customers and companies in Germany.



WITH ALL ITS INSTITUTIONS
AND GROUP PARTNERS, THE
SAVINGS BANKS FINANCE
GROUP COMPREHENSIVELY
COVERS THE FINANCIAL
REQUIREMENTS OF PRIVATE
CUSTOMERS AND COMPANIES
IN GERMANY.



THE INSTITUTIONS OF THE SAVINGS BANKS FINANCE GROUP ARE SAFEGUARDED BY THEIR OWN INSTITUTION PROTECTION SCHEME.

The institution protection scheme of the Savings Banks Finance Group

The institutions of the Savings Banks Finance Group are safeguarded by their own protection scheme. Established over 40 years ago, it provides maximum reliability for the customers of the Savings Banks Finance Group.

The institution protection scheme of the Savings Banks Finance Group protects deposits made with a Savings Bank, Landesbank or Landesbausparkasse. The purpose of the protection scheme is to prevent economic difficulties at affiliated institutions. The scheme achieves this by affording voluntary institutional protection in line with the legal requirements. In this way, business relations with customers are continued as contractually agreed.

The institution protection scheme thus provides the highest level of security for the customers of the Savings Banks Finance Group. Since the protection scheme was established in the 1970s, no customer of a member institution has ever suffered a loss of their deposits, no depositor has ever had to be indemnified, and no member institution has ever become insolvent.

In addition, the institution protection scheme meets all the requirements of a statutory deposit guarantee scheme. Under the statutory deposit guarantee scheme, customers have the right to claim for reimbursement of up to EUR 100,000 of their deposits. This is stipulated in Germany's Deposit Guarantee Act (Einlagensicherungsgesetz, EinSiG).

The institution protection scheme of the Savings Banks Finance Group consists of 13 functionally linked sub-funds:

- the eleven sub-funds of the Regional Savings Banks Associations,
- the sub-fund of the Landesbanken and giro centres, and
- the sub-fund of the Landesbausparkassen.

The institution protection scheme with its 13 sub-funds is officially recognised as a deposit protection scheme in accordance with Section 43 of Germany's Deposit Guarantee Act (EinSiG).

Further information on the institution protection system of the Savings Banks Finance Group can be found in the risk report on pages 81–83.

Ratings suitable for the capital markets

The Savings Banks Finance Group receives external ratings from the agencies Moody's Investors Service, Fitch Ratings and DBRS Morningstar. The Savings Banks Finance Group's credit rating remained unchanged by all three rating agencies in 2022.

The scope of the ratings varies: Moody's assigns a corporate family rating, which refers to the creditworthiness of the Savings Banks Finance Group as a whole. Fitch Ratings assigns a group rating for the creditworthiness of the Savings Banks, while rating agency DBRS issues a Group-wide floor rating. This floor rating reflects the minimum creditworthiness of the members of the institution protection scheme (Savings Banks, Landesbanken and Landesbausparkassen).

A major added value of the Fitch and DBRS ratings is the possibility of individual allocations, which means that these ratings can be used by the institutions in the same way as individual ratings.

The positive rating assessments of all three agencies are particularly strong and reflect:

- the Savings Banks' solid business model and good credit standing,
- the cooperation and solidarity within the Savings Banks Finance Group,
- the profitability,
- the risk management of the Savings Banks,
- the high quality of the risk assets,
- the diversification of their risk exposure,
- the solid capital and liquidity position as well as
- the Group's institution protection scheme.

The ratings confirm the strong performance of its members and the high credit standing of the Savings Banks Finance Group on an international level, while recognising its decentralised, locally anchored business model.

The assessments continue with a confirmation of the ratings.

Ratings of the Savings Banks Finance Group

	2023	2022	2021
Moody's Corporate Family Rating			
Long-term	Aa2	Aa2	Aa2
Outlook	stable	stable	stable
Fitch Group Rating			
Long-term	A+	A+	A+
Short-term	F1+	F1+	F1+
Outlook	stable	stable	stable
DBRS Floor Rating			
Long-term	A (high)	A (high)	A (high)
Short-term	R-1 (middle)	R-1 (middle)	R-1 (middle)
Outlook	stable	stable	stable

Highlights 2022

The Savings Banks Finance Group – sponsors of art and music

Magic of the Real. Bernardo Bellotto at the Saxon Court.

Bernardo Bellotto, known as Canaletto, famous for his realistic depictions of European cities, including Dresden, Vienna and Warsaw, is one of the most important Venetian artists of the 18th century. On the occasion of the 300th anniversary of his birth, the Dresden State Art Collections, in cooperation with the Museum of the Royal Palace in Warsaw, created an exhibition in the Semper Building at the Zwinger in 2022, which, in addition to his famous “Canaletto View”, also shows works created outside Dresden. With around 150 exhibits, the exhibition at the Old Masters Picture Gallery was one of the highlights of 2022 and was made possible by funding from the Savings Banks’ alliance: East Saxon Savings Bank Dresden, East German Savings Bank Association with all Saxon Savings Banks, LBS East German Landesbausparkasse AG, Landesbank Baden-Württemberg, Savings Bank Insurance Saxony, DekaBank and the Savings Banks cultural fund of the German Savings Banks Association.



Bernardo Bellotto, Dresden from the right bank of the Elbe below the Augustus Bridge, 1748. Old Masters Gallery, Dresden State Art Collection

Renoir. Rococo Revival

With the show “Renoir. Rococo Revival”, the Städel Museum in Frankfurt am Main celebrated one of the most important Impressionist painters in 2022. In a special exhibition, references of Renoir’s art to Rococo painting were illuminated in detail. Together with works of art from the Städel Collection, around 120 outstanding paintings, works on paper, sculptures and craft objects from major international museums were presented. Frankfurt Savings Bank, Deutsche Leasing and the Savings Banks cultural fund of the German Savings Banks Association were joint main sponsors of the exhibition.



Entry of Team Germany at the Olympic Winter Games in Beijing 2022

The Savings Banks Finance Group stood alongside Team Germany and Team Germany Paralympics at the top international sporting events.

The Olympic and Paralympic Winter Games in Beijing in February 2022 were marked by two challenges: On the one hand, the Games took place without spectators due to Corona, and on the other hand, they were overshadowed by human rights discussions and the start of the Ukraine war. As a long-standing partner of Team Germany and Team Germany Paralympics, the Savings Banks Finance Group nevertheless supported the athletes. By means of successful social media formats such as the “living room moments”, athletes were able to experience and share the special moments of their careers with their families and all those interested in sport, despite the great distance.

In the outstanding performances achieved by the athletes of Team Germany, it was not least the elite students of sport who ensured numerous medal successes. Since 1997, the Savings Banks Finance Group has supported them as a business partner. Since 2008 it has been a “Top Partner for Team Germany” and since 2013 Team Germany Paralympics has also been supported.

European Championships Munich 2022

With European Championships in nine sports, Munich celebrated the largest cross-sport event since the 1972 Olympic Games in August 2022. Together, Stadtparkasse München, the Bavarian Savings Banks Association and the German Savings Banks Association sponsored this outstanding sports festival, which was accompanied by a comprehensive programme of cultural events and experiences. Thanks to the extensive coverage by public broadcasters, the competitions and the Savings Banks Finance Group as a premium partner not only had local presence for twelve days, but also had a significant media presence throughout Germany and Europe.

The DAVID is awarded annually to particularly exemplary and creative projects by the Sparkassenstiftung (Savings Banks Foundation).

“We’re filling up the roofs” – award-winning project by Sparkassenstiftung Future Kreis Ahrweiler.

With its project, the foundation promotes the expansion of alternative energy generation from photovoltaics. This competition helps the district of Ahrweiler to achieve its goal of becoming a 100% renewable energy region by 2030. Projects in two categories will be awarded EUR 10,000 each. The funds are to be used exclusively in the area of climate protection. By holding the competition in the district of Ahrweiler, the entire population is reached and made aware of the topic of renewable energies.



Christmas music in Dresden's Frauenkirche conveys the message of peace and reconciliation.

“Pillars of Peace” – award-winning project of the Future Foundation of Nuremberg Savings Bank.

In a political education project sponsored by the Future Foundation, the Nuremberg Paper Theatre teaches children to take responsibility and express their opinions through art. “Sculptures of Peace” were created from collected plastic weapons on the former Nazi party rally grounds in Nuremberg, among other places. Ideas, thoughts and models for a “Children’s World Court of Justice” were shown as part of the project. Children from all over the world sent toy weapons to the toy museum in Nuremberg. This “disarmament from below” sends an important signal for peaceful coexistence.



“Sculptures of Peace” were created from collected plastic weapons.

Savings Banks receive “Effie” award for efficient communication for influencer marketing in e-sports

The Savings Banks brand was awarded an “Effie” for its particularly efficient communication on 9 November 2022 in Leipzig. This renowned agency award has honoured outstanding achievements in the conception and implementation of advertising campaigns for over 40 years. The Savings Banks brand won over the jurors in the category “Influencer Marketing” with an e-sports campaign.

Advent festive music from Dresden

On the eve of the first Advent 2022, ZDF’s traditional Advent concert took place in the Frauenkirche in Dresden with renowned soloists and the Saxon State Orchestra Dresden. Christmas music conveyed the message of peace and reconciliation in a truly special way throughout the country.

Since the concert event was broadcast live on Dresden’s Neumarkt and also aired on television, many people both locally and far away were able to participate.

The concert was sponsored by the Savings Bank cultural fund of the German Savings Banks Association.



AN ANCHOR OF SUSTAINABILITY IN STORMY TIMES

How the Savings Banks network, businesses and municipalities are moving forward together

A great deal has happened in the recent past: Corona, the Ukraine war, inflation – to name just a few. In times like these, it is all the more important to have constants that help us to stay focused on the bigger goal: the sustainable transformation of our entire society.

Such transformations do not happen all at once, but locally and in a series of individual steps. The Savings Banks and their partners are well aware of the growing importance of sustainability in the everyday life. Together with businesses and municipalities, they have already taken many such steps. More must follow. The Savings Banks Finance Group is ready for this. By doing what it has done for more than 200 years: Providing support.



“WE WILL HAVE TO STRAY FROM FAMILIAR PATHS MORE OFTEN IN THE FUTURE”

**An interview with Helmut Dedy, Chief Executive
of the German Association of Cities and Towns
and Member of the DSGV Executive Board.**

The success of the sustainable transformation of the economy and society is decided locally, in towns and cities. At the same time, municipalities are under enormous pressure from all sides – be it from the aftermath of Corona, the energy crisis or online retailing. We need a new understanding of urban life and new concepts – also with regard to a regenerative local energy supply. Helmut Dedy explains in an interview how this can be implemented as a collaborative effort, also with the help of the Savings Banks.

Mr Dedy, energy crisis, Ukraine war, inflation, transportation transformation as well as the sustainable transformation of the economy and society: how are towns and cities facing the future in the light of all these challenges?

→ With realism, but above all with confidence. Because that's what people here expect from us – that we tackle the many challenges that lie ahead and find solutions. Pragmatically, but also with vision. In local politics, we are driven by the desire to shape things, to change things, to make things better. We need to have confidence to achieve this. Without confidence, we won't be able to tackle the task of shaping the future. And in order to do this, we will have to stray from the beaten track more often in the future. The motto of the Annual General Meeting of the German Association of Cities a few weeks ago was “Taking New Paths Together”. We discussed new approaches to housing construction, to climate protection and sustainability, to digitalisation and to combating the shortage of skilled workers. This exchange between municipalities has shown me time and again that we have the will and the know-how at a local

level to successfully master the many transformation processes. Municipal politics has every reason to be confident.

Towns and cities are important local players in sustainable transformation. What do they need in order to tackle the many challenges?

→ I could say: money. And yes: with the mammoth task of achieving sustainability and climate neutrality, we also need to significantly improve the financial strength of the towns and cities. But that's not enough, we need more legroom. Do we need a legal framework from the federal and state governments? Of course. But we can only achieve transformation locally together with our citizens. We are the experts for that. I am convinced that we will only be successful in sustainable transformation in Germany if we revive the idea of subsidiarity, i.e. the greatest possible self-determination.

Today it is often the case that the federal and state governments define tasks, and the cities carry them out. This is not a model for the future. While we need a legal framework in certain areas, we also need local leeway to shape the transformation in a way that meets our needs. For this, the federal and state governments must be honest: Who can shape transportation policy and thus the transportation transition locally? It is the towns and cities. And who is going to develop and convert the local energy supply in a climate-neutral way? That is also us – together with our municipal utilities. The federal and state governments should sit down with the municipalities much more often, draw on our experiences, our ideas, our plans for the future and then pass practical legislation. That would make the transformation on the ground faster and better.

Stores in the city centers are being hit hard by the still noticeable effects of the Corona pandemic, online retailing and also declining purchasing power.

There are increasing numbers of vacancies. How are the cities tackling this problem?

→ The problems during the Corona pandemic and also the recent store closures of Galeria Karstadt Kaufhof have accelerated a process that was taking place anyway: the conversion of city centres. Many cities have long since set out on this path, we are not starting from scratch. Where there are vacancies, new ideas are needed. There are many of them: a university location or a school in the city centre, spaces for start-ups, co-working labs, artists' studios or even the city's citizens' service in the middle of the city, multi-generation houses or residential buildings. When we see that under-30s rarely go into city centres to shop, we need new perspectives. The city centre of the future is one that will not only be characterised by shopping, but also by a better quality of experience. That's why the most important thing is an idea. An idea for what cities and societies actually want to do with these incredibly attractive areas. The key question should be: Where do we feel comfortable? And as a rule, we feel comfortable where there are other people, where there is life. So we have to create a space where people will say: I want to be here. Clean and inviting public spaces, more greenery and water in the city are central to this. People want places to exchange ideas and to linger.

What role do the Savings Banks play in revitalising the city centres?

→ Cities, retailers, the real estate industry and civil society can work together to launch new sustainable concepts for the inner cities. This requires ideas, planning, perseverance, but also the necessary financial resources. The people in the cities and their needs should be the focus. But it is also clear that innovative inner-city concepts also involve economic transformation processes – and not least construction and infrastructure measures. This often requires close cooperation between the city, business

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Support programmes to achieve climate neutrality are good, but permanent and reliable financing is better.

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and financial service providers. This is where the local Savings Banks can play an important role. And last but not least, the Savings Banks themselves are part of the city centres. Attractive branches with good services and advice can still be an important contact point for many people – despite online banking. Savings Bank branches as “local marketplaces” for financial planning and financing can also be an important anchor point in many district centres.

Moving on to the topic of energy security: Despite the gas crisis, we survived the last winter better than feared – partly because of the relatively mild temperatures. How would you assess the situation for the coming winter?

→ The mild temperatures were one thing. But we would still have been in a very different situation if the cities, together with the citizens, had not been so active. On the website of the German Association of Cities there is a collection of more than 50 very concrete, innovative energy saving approaches and projects from our member cities – and even this list is not complete. We got up to speed quickly on this topic. We looked at what we could do and what we needed to do locally to secure the energy supply. And we then implemented it – often together with our municipal energy suppliers. We will continue to benefit from this know-how in the future. Moreover, energy security in the coming winter depends on so many factors – I wouldn't want to venture a look into a crystal ball. But what is clear is that the conversion to

a fossil-free energy supply is not only central to climate protection, but also makes us more crisis-proof in the event of a shortage like the one we experienced last winter.

The local expansion of renewable energies is essential for climate protection. What do cities need to promote climate-neutral electricity and heat generation? How can this be financed?

→ How this can be financed – the answer to this is simple and at the same time complicated: differently than today. According to EU calculations, it takes EUR 10,000 per inhabitant in investments to make a city climate neutral. Cities would have to pay 20 percent of this themselves. For large cities, this amounts to billions over the next ten years. Even financially sound German cities will not be able to achieve this on their own. In the 1970s, cities still had about 30 percent of their budgets available for investment. In the meantime, the share of investments in the overall municipal budget has averaged about 10 percent for decades. This will not be enough to achieve climate neutrality and other sustainability goals.

How can we change this? There is no magic formula. But let me perhaps mention one aspect: Funding programmes are good, but permanent and reliable funding is better. Currently, there are many funding programmes for municipalities, especially in the area of climate protection, but they often expire at the end of a legislative period. And the application process is usually a huge undertaking. Therefore, our appeal to the federal and state governments would be for them to give us the funds for the transformation of our cities – unbureaucratically and flexibly, ideally through the cities' and municipalities' share of sales tax. The cities' share of tax revenue must be increased. We need more reliable tax revenue in order to be able to invest in the long term. And if we are going to have



» We have the will and the know-how on a local level to successfully master the many transformation processes.

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Helmut Dedy
Chief Executive of the
German Association of Cities and
Member of the DSGV Executive Board

funding programmes, they should be structured in such a way that they can actually be implemented. Without mountains of application documents that can only be filled out by experts.

Where do you see the role of the Savings Banks and their Group partners in overcoming the current challenges and the far-reaching transformation processes?

→ The founding mission, the tradition of the Savings Banks has always been socio-political. This mission also has a special significance today and will continue in the future when it comes to the transformation of the workplace, the economy and society. The transformation processes that lie ahead of us are unavoidable. However, they also cause uncertainty among many people. It is the task of cities and local politics to take our citizens with us, to ensure acceptance and readiness for change. In short: we have to offer people security. And that includes financial security. This is where the Savings Banks and their Group partners come in – for example, when promoting energy-efficient construction and housing or when the Landesbanken support new transportation and infrastructure concepts in the cities.

“SAVINGS BANKS ARE IN POLE POSITION WHEN IT COMES TO SUSTAINABILITY”

An interview with Karolin Schriever, Executive Member of the Board at the DSGV.

Energy shortages, inflation, looming recession: the challenges have not diminished in 2022 and threaten to displace the real issue of sustainable transformation. In this interview, Karolin Schriever comments on her own ambitions and the role of Savings Banks in the conflicting priorities of sustainability and regulation.

Ms Schriever, you moved from KPMG to the management board of the DSGV in September 2022. What are your ambitions and goals?

→ I am particularly keen to make my contribution to the future of the Savings Banks. The question is: What course do we have to set now so that in ten years' time we will still be just as relevant for our customers, the real economy and society as we are today?

I am convinced that the Savings Banks' idea holds the key to this. Even during my many years as an auditor, I always felt connected to the Savings Banks Finance Group and its values. I started my professional life at Sparkasse Werl, as a traditional bank employee. So my move to the management board of the DSGV also felt like I was “coming home”.

We are in a time of multiple crises that bring with them a multitude of challenges. What does this mean for the DSGV and the institutions of the Savings Banks Finance Group?

→ The many crisis-related developments of the past years and also Russia's terrible war of aggression against Ukraine show that there is unfortunately no guarantee of security, peace and economic stability. This does not happen automatically; constant effort is needed to maintain them. The Savings Banks Finance Group has contributed a great deal in this



Karolin Schriever has been part of the three-member DSGV Executive Board since September 2022, succeeding Dr. Karl-Peter Schackmann-Fallis. The regulatory expert is responsible for Division A – Economics, Policy and Bank Management.

regard. To give just two examples: During the Corona pandemic we arranged the majority of KfW aid loans to self-employed persons and to small and medium-sized enterprises. And in the months after the outbreak of the war, we unbureaucratically opened hundreds of thousands of accounts for refugees from Ukraine.

Possible energy shortages, inflation with the threat of recession, price and interest rate increases: given the uncertainties involved, it is particularly difficult for people to manage the change to sustainable economic activity that is actually necessary – because it also requires enormous financial resources and investments. How do the Savings Banks and their alliance partners support both their SME and private customers in this transformation process?

→ The Savings Banks Finance Group is the largest economic force in the German financial sector. With this role and market position we have an obligation to take responsibility. For this reason, we are not just a provider of funds for our customers, but also an advisor on the path to greater sustainability.

In the case of private customers, for example, there is the important issue of energy-efficient renovation, for which we have developed a complete package ranging from energy analysis to financing and the procurement of tradesmen.

Many of our medium-sized corporate clients are concerned with how to turn some “brown” business models into “green” ones. Here, too, we provide advice. For example, in evaluating their activities along the three ESG criteria – environment, social and corporate governance.

Besides regulation, the issue of sustainability is particularly close to your heart. Why is sustainability so crucial for the Savings Banks Finance Group and why are Savings Banks in particular so predestined for it?

→ Savings Banks are in pole position when it comes to sustainability. Savings Banks have a corporate concept designed for the long-term and for the preservation of substance, a legal structure similar to that of a foundation – and democratic legitimacy.

Regulation is becoming increasingly fragmented, bureaucracy is steadily increasing instead of decreasing: What could “smart” regulation look like and how can supervision and politics support it?

→ The cases of bank failures in the USA have shown one thing very clearly: Proportionate, appropriate regulation cannot be achieved through blind exceptions to capital adequacy and liquidity requirements. The Savings Banks Finance Group has never called for anything like that.

The Basel III supervisory regime is applied by every institution in the European Union, large or small. Unfortunately, the supervisory authorities are also pursuing the idea that the banking world is always the same everywhere. In reality, however, small institutions in particular are disadvantaged by the increasing fixed costs of regulation. It is important that we finally move away from “too big to fail” 15 years after the Lehman bankruptcy. However, small and medium-sized institutions must not be deprived of breathing space by excessive requirements. That is why we strongly



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With our role and market position we have an obligation to take responsibility.

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Karolin Schriever
Executive Member of the Board
at DSGV

advocate in Brussels, Paris and Frankfurt to continue along the path of reducing redundancies and integrating the reporting system.

How do you see the future of the Savings Banks? How should they best position themselves to continue to have sufficient relevance in our society in the future?

→ I see a future with many opportunities for the Savings Banks. Savings Banks are sustainability – in the economic, ecological and social sense. If the Savings Banks consistently follow this path of sustainability, they will actually increase their relevance. Of course, history alone does not legitimise the future. The next 250 years of the Savings Banks will be shaped in the same way as the last 250 years: through constant change.

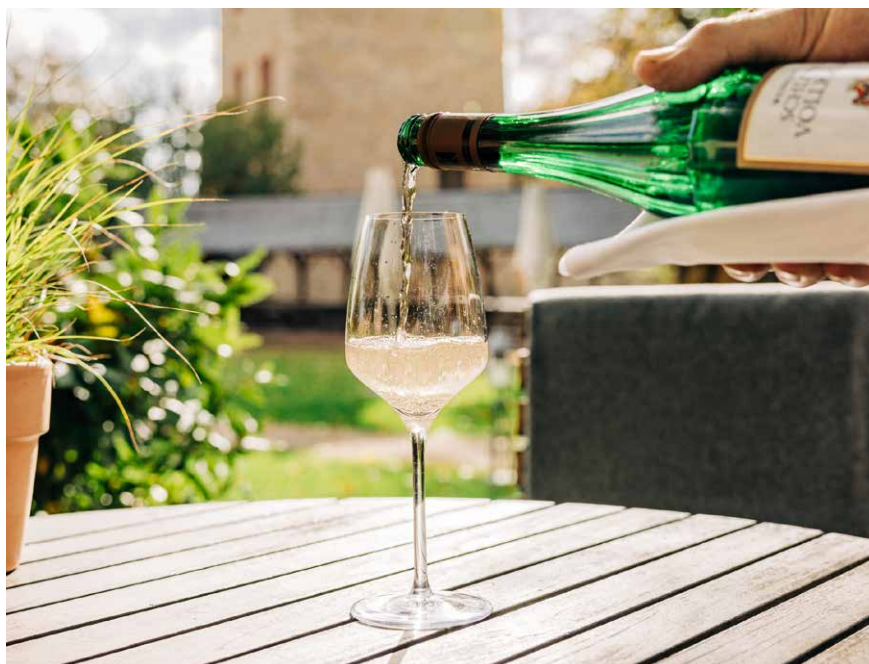
SUSTAINABLE RIESLING FROM THE SAVINGS BANK'S VINEYARD

Nassauische Sparkasse has put the traditional Schloss Vollrads vineyard on course for the future

A Savings Bank as a vineyard owner: this constellation, probably unique in Germany, has its own history – just like the vineyard in question. Nassauische Sparkasse (Naspa) in Wiesbaden and Schloss Vollrads in the Rheingau, some 20 kilometres away, came together in 1999 under what were actually unfortunate circumstances. The result is a success story that could not be stopped by Corona, or mildew, and allows the vineyard to look to the future with confidence.

As is often the case, the sun shines down on the historic group of buildings at Schloss Vollrads in the Rheingau, idyllically nestled among vineyards. The now largest organic vineyard in Hessen above Winkel is known for its top-quality Rieslings and is currently working on an equally bright future with the construction of a new winery. Yet the 800-year history of one of the oldest vineyards in the world almost ended in 1997. After many years of increasing economic difficulties, the imposing estate of the aristocratic Matuschka-Greiffenclau family was hopelessly in debt. It was in this situation that Naspa, as the house bank of many years, took over the estate itself in 1999 and committed itself to Schloss Vollrads as a cultural asset worthy of protection. The economic prerequisite for the future is a “black zero”. This means that the vineyard should be self-supporting and pay for the maintenance of the historic properties. In return, Naspa will waive any dividends due and thus invest in the estate on an ongoing basis.





The vineyard, which specialises in Riesling, is always good for top wines of this variety of grape. This was also the case in 2022, when it won the world's leading Riesling competition.

Realignment of the vineyard

An advisory board made up of Naspa board members has set the broad economic framework. From the outset, however, the Savings Bank put the operational business in the hands of professionals: the first managing director was expert winemaker Dr. Rowald Hepp. He previously managed the "Staatlicher Hofkeller" in Würzburg, which advanced under his leadership to become a first-class address. In Vollrads, in addition to the vineyard, he was also responsible for the upkeep of the listed castle and the estate's own restaurant. The vintner, who holds a doctorate, also had the right touch at Schloss Vollrads. Until the scheduled handover of the management in December 2020, he completely reorganised the vineyard. The renovation of the castle grounds, the gradual expansion of the vineyards to today's 63 hectares, the establishment of an international distribution network for



1097

*First documented
mention of
the name
Greiffenclau*

»

Competition in the wine market remains very tough. Quality counts here. And regionality with a local financial partner like Naspa at our side has proven to be a stabilising factor.

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Ralf Bengel
Managing Director Schloss Vollrads

1211

*Oldest wine invoice
in the world
documents
wine trade*

the wines and the conversion to organic wine, which began in 2019, were all under his direction.

Sustainability is the guiding principle. Schloss Vollrads thus stands on four pillars: the vineyard as the supporting pillar plus events, gastronomy and the estate.

The successful work of Dr. Hepp has been continued since January 2021 by the new managing director Ralf Bengel, also a winemaker and oenologist. He was previously head oenologist at the Hessian State Wine Estates at Eberbach Monastery for over 15 years. Naspa entrusted him with two major projects: converting the vineyard to organic farming methods and building a new winery. He started this in 2018 in an orderly transition, initially working together with Dr. Hepp. Bengel was able to build on a wealth of experience for both tasks: He had already supervised a cellar construction for the State Wine Estates. And he had also already converted a vineyard to organic viticulture in the 1990s. In addition, he benefitted from Naspa's trust in his expertise, as Dr. Hepp also pointed out at his farewell: "I would like to thank Nassauische Sparkasse for their leap of faith and for allowing me such a high degree of personal responsibility and decision-making authority".

1330

*Construction of the
winery's landmark
tower*

Bengel has been able to continue his predecessor's achievements seamlessly: in 2022, Schloss Vollrads became the winner of the world's largest Riesling competition, "Riesling World Champion"



Tradition meets sustainability: Since their 2022 vintage, Schloss Vollrads has also been the largest organic vineyard in Hesse.

so to speak, and won the “Riesling Collection of the Year” award with all its wines. In September of the same year, the conversion to organic viticulture was also successfully completed within the prescribed three years. With the 2022 vintage, Schloss Vollrads is officially Hesse’s largest organic winery. The successful conversion in accordance with the Vollrads motto “quality, care and sustainability” created a spirit of optimism among the staff, which Bengel also wants to take advantage of for further innovations: “We want to align the production processes in a modern, efficient and quality-enhancing way, hence the construction of the new winery. We

1684

Completion of the manor house as the ancestral seat of the aristocratic Greiffenclau family, later Matuschka-Greiffenclau



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We want to continue on our successful, sustainable path.
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Marcus Nähser
 Chairman of the Board of Nassauische Sparkasse and Chairman of the Advisory Board of Schloss Vollrads Vineyard

will continue to push ahead with digitalisation and make sales future-oriented. And we have developed a catering and event concept that will allow us to react more flexibly to changes such as those caused by the pandemic.” In 2020, out of 500 booked events, around 400 were cancelled because of Covid. But this did not stop the further development of the vineyard, just as it was not stopped in 2021 by a mildew infestation that threatened the existence of the organic viticulture and caused a loss of 10 percent of the grapes.

1716

Construction of the cabinet cellar as storage for the best wines – first wine classification

Schloss Vollrads is currently involved in the realisation of another milestone: the new winery. Thanks to the Naspas’ dividend waiver, the vineyard is able to raise the construction costs of around ten million euros from its own funds. The two-storey new building of impressive dimensions, which was started in the summer of 2022, shows how serious Nassauische Sparkasse is about leading the vineyard into a bright future. 100 metres long and 25 metres wide, the architecturally understated building with its wooden façade blends harmoniously into the site. The integrated tank storage will later hold up to 900,000 litres of wine. When the winery opens as planned in mid-2024, Vollrads will be the vineyard with the most modern wine cellar in Hesse.

1897

Schloss Vollrads is a founding member of the VDP: Association of German Special Quality Wine Estates

Sustainable energy concept for the entire estate

The new building also includes a new energy concept that replaces the estate's three outdated oil heating systems: in the future, a solar system on the entire flat roof of the winery with an output of 210 kilowatts peak, an additional 136 kilowatt peak system on the roof of the machine hall, generously dimensioned storage tanks and a combined heat and power unit for the winter via a local heating network will ensure that Schloss Vollrads, with its winery and restaurants, will be around 80% energy self-sufficient. The entire energy centre is located in the winery.

The new building thus forms the basis for the further development of wine quality and at the same time secures the economic future of the entire castle complex. In future, the grapes can be processed much more carefully, which ultimately has an effect on the quality of the wines. Bengel can therefore hardly wait for the winery to be finished: "It is something special to witness the construction of such a seminal building. And that's almost exactly 300 years after the completion of the estate buildings." The wine-grower is aware of his responsibility for the Rheingau's cultural heritage. With the winery, he wants to stabilise the quality of the estate wines at a high level and raise the bar even higher in the future: "Competition in the wine market remains very fierce.

Quality is what really counts. And regionality with a local financial partner like

1999

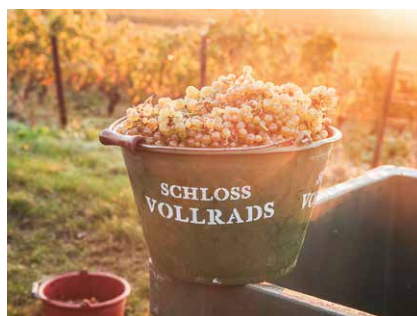
The castle and vineyard become the property of the Nassauische Sparkasse

2001

Schloss Vollrads is one of the 100 leading wineries in the world



Still an architectural sketch, but becoming a reality in 2024: the new winery at Schloss Vollrads, which will also ensure a sustainable energy supply in the future.



Short Profile of Nassauische Sparkasse

The business region of Nassauische Sparkasse (Naspa), from the financial metropolis of Frankfurt to the unique cultural region of the Rhine-Lahn and the Westerwald, is outstanding in its diversity and many facets. As one of the largest Savings Banks in Germany with total assets of EUR 15.4 billion, 71 branches and over 1,550 employees, Naspa is an anchor of stability for the economy and society. It is expressly committed to the principle of sustainability.

Naspa at our side has proven to be a stabilising factor."

Ultimately, Vollrads has also benefited from the ownership structure since 1999: experienced winemakers like Bengel are supported by experienced bankers.

With a current annual turnover of around six million euros, the dividends remain

within the company. This makes it possible to finance investments such as the winery from their own resources. One of these bankers is Marcus Nähser, Chairman of the Board of Naspa and Chairman of the Advisory Board of Weingut Schloss Vollrads, who is therefore optimistic about the future: "We want to continue on our successful, sustainable path and further strengthen the position of Schloss Vollrads as an attractive cultural asset and local recreational destination."

2022

Largest organic winery in Hesse

FROM A BARN TO EUROPE'S MOST ENVIRONMENTALLY FRIENDLY OUTDOOR OUTFITTERS

Sustainability as a corporate strategy: Vaude also relies on Sparkasse Bodensee and LBBW for this



Sparkasse Bodensee and LBBW have supported the outdoor equipment manufacturer Vaude for many years in its successful focus on sustainability.

With a generation change at the top of the company, the outdoor specialist Vaude has systematically converted the entire operation along the global supply chain to sustainability over the past 14 years: from internal processes to raw materials to products. Not an easy undertaking, and one that also required a high level of investment. Sparkasse Bodensee and later Landesbank Baden-Württemberg have accompanied Vaude for decades. This is also a good example of how the sustainable business model of a still 100% family-owned company and the Savings Bank model complement each other perfectly.

“Today, sustainability is primarily about meeting present needs without depriving future generations of their livelihoods in the process.” This is a current general definition of sustainability. And this is precisely the approach that Vaude, as an outdoor equipment supplier for mountain sports, cycling and hiking and thus a company with a strong affinity to nature, has been pursuing since the very beginning. Mountain sports enthusiast Albrecht von Dewitz started out in 1974 as a one-man business in Untereisenbach, a small hamlet near Tettngang in the Lake Constance district of Baden-Württemberg. In the early years, hardly anyone was talking about sustainability, but recycling and

ecological production were already issues at Vaude. The holistic focus on sustainability was then initiated by daughter Antje von Dewitz 35 years later when she took over the management in 2009. For her, it was clear from the beginning: “We fully embrace our responsibility to people and nature.”

“Garage start-up” supported from the start

Sustainable growth is inextricably linked with appropriate financing. Two like-minded partners, Vaude and the Savings Bank came together for this purpose. After starting with a small production facility in a barn, Albrecht von Dewitz opened his first

years, Vaude built up its own production facilities in addition to the wholesale business – both in Germany and internationally. The growth curve has continued to climb steeply and in 2022 the EUR 150 million mark was exceeded. This has required correspondingly higher demands on financing in the increasingly international business. The Savings Bank therefore took advantage of the expertise and excellent cooperation within the Savings Banks Finance Group and brought the Landesbank, now LBBW, into the business relationship in the 1990s.

Albrecht von Dewitz and Vaude also focused on sustainability from early

on, for example in 1994 with the start of the Ecolog recycling network for recycling outdoor clothing, or in 2001 when Vaude became the first sportswear manufacturer to start producing according to the ecological Bluesign standard. With its regional ties and sustainable orientation, Schmidberger says the company fits perfectly with the Savings Bank business model and its focus on the established home region, support for the regional economy and customer proximity: “After all, sustainable business is also the basis of our more than 200-year history.” This was even more the case when Antje von Dewitz succeeded her father in 2009 and initiated the complete

Vaude sustainability milestones

1994

Start of the Ecolog recycling network

2001

Production according to the ecological Bluesign standard

business account in August 1974 at the main branch of the then Kreissparkasse Friedrichshafen in Tettnang, a predecessor institution of Sparkasse Bodensee, which was founded in 2001. For Klaus-Dieter Schmidberger, Deputy Member of the Board of Directors of Sparkasse Bodensee, this was the successful start of a long-lasting relationship: “From today’s perspective, the Savings Bank thus accompanied what was a classic “garage start-up” to become the internationally active medium-sized company it is today.”

But a great deal happened before that: Vaude’s product range meets a gap in the market. Due to the rapidly growing turnover – already DM 5 million in 1979 – the company moved its location to a new building in Tettnang-Obereisenbach in the same year. The investment in the headquarters, which is still in use today, was supported and financed by the Savings Bank. In the following



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From today’s perspective, the Savings Bank accompanied what was a classic “garage start-up” to become the internationally operating medium-sized company it is today.
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Klaus-Dieter Schmidberger
Deputy Member of the Board of Directors of
Sparkasse Bodensee

orientation towards sustainability across all company divisions: “Our plan was to become the most sustainable outdoor outfitter in Europe within five years.”

This means introducing a value-oriented culture, new corporate structures and coordinating the transformation with producers, suppliers and, of course, the banks. They were very sceptical at the beginning – with the exception of the Savings Bank and LBBW. Thomas Kind, LBBW customer advisor for Vaude, puts it this way: “Right from the start, I was inspired by the determination with which Vaude committed itself to sustainability. There was real conviction behind it.” Determination that quickly led to real results: Since 2012, the company headquarters and all products manufactured there have been climate-neutral.

Consortium secures sustainable financing

Meanwhile, Vaude continued to grow. In order to meet this development financially, the banking duo Sparkasse Bodensee and LBBW became a consortium with other institutions with the Landesbank as lead manager. For the financing, a precisely tailored syndicated loan in the high double-digit million range became available as part of the corporate sustainable finance advisory service, which LBBW arranged and has continued in a new agreement since 2019. "As a large and internationally active company, Vaude now needs such funding for its diverse investments and working capital financing," explains Stefan Wund, corporate customer advisor at Sparkasse Bodensee.



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We fully embrace
our responsibility to
people and nature.

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Antje von Dewitz
Managing Director of the outdoor specialists
Vaude

"Among the financing banks, the Savings Banks Group is the most important pillar with a volume share of more than two thirds. Sparkasse Bodensee continues to be Vaude's largest financing partner."

Erwin Gutensohn, Vaude CFO, was initially not very enthusiastic about the idea of a syndicated loan because of all the effort involved. Since then, his scepticism has completely disappeared. The CFO now has a freer hand for investments: "Thanks to the syndicated loan, we can finance our green future." One result: in 2015, Vaude was named "Germany's most sustainable brand". Many small steps were necessary before reaching this milestone. And the journey continued, always closely

2008

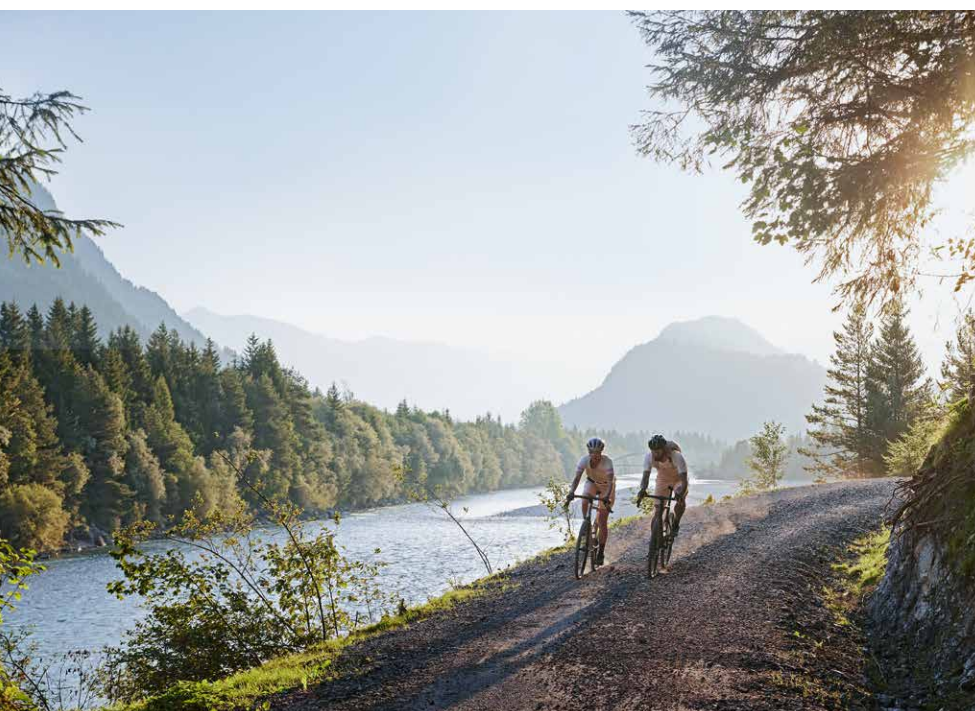
EMAS certification

2010

Environmentally friendly
products with
"Green Shape" label

2012

Climate neutral at the
German headquarters



Vaude's next milestones are the markets in the Germany/Austria/Switzerland region and Western Europe, without giving up its claim to sustainability.

Short profile of Sparkasse Bodensee

As a local financial services provider, Sparkasse Bodensee helps shape the region and society locally. With total assets of EUR 5.3 billion, almost 700 employees and 248,000 customers, it represents a strong partner and is also an important economic player. Sustainability is firmly anchored in their business strategy.

Short profile of Vaude

Vaude offers innovative and sustainable products for mountain and cycling sports as well as for all outdoor activities. The southern German company is family-owned in the second generation and is committed to maintaining high ecological and social standards along its global supply chains. As a sustainable outdoor brand, Vaude's more than 650 employees develop products and services that are environmentally friendly and fair.

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From the very beginning, I was inspired by the determination with which Vaude has championed sustainability. There is real conviction behind it.

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Thomas Kind
LBBW customer advisor

**2015**

Leader status with the
Fair Wear Foundation (FWF)

accompanied by the Savings Bank and LBBW. Because there is much more to a sustainable company than just the products: there is also a culture of trust that shapes employee management, work-life balance with a company kindergarten and working from home, employee participation programmes, as well as involvement in the political arena and in associations. "Vaude has implemented all this step by step and shown that sustainability also pays off economically," emphasises Gutensohn. "We are also happy to pass on this know-how to interested companies, and in 2020 we founded our own Vaude Academy for sustainable business as an additional branch of the company."

2019

State "Green Button" seal
for most of the product range

The success continued during or despite Corona. Vaude benefited from the desire of many people during the pandemic to engage in outdoor sports. 2020 and even more so 2021 were very strong growth years for the company. Turnover rose to more than EUR 130 million. Since 2022, Vaude has been climate neutral in all of its products manufactured worldwide. CO₂ emissions that are currently still unavoidable in production are offset by certificates, but with the help of ambitious CO₂ reduction targets, this proportion is steadily being reduced.

Vaude's main goal for the future is to further decouple its own growth from resource consumption. The main share

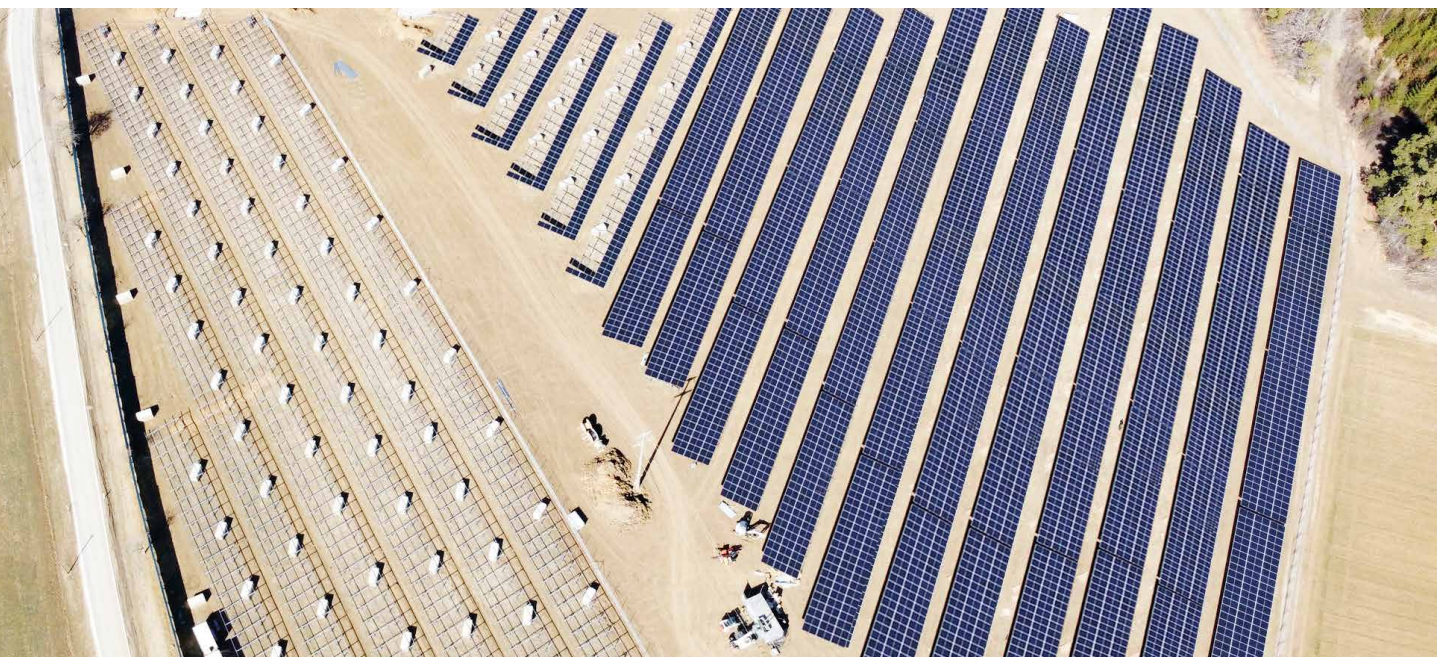
2022

Vaude and all of their
products manufactured
worldwide are climate neutral

of sales is currently still in Germany. In the future, Vaude also wants to take a leading role in the outdoor market in the Germany/Austria/Switzerland region and Western Europe, without giving up its claim to sustainability. "We are not growing for the sake of growth. It is a highly competitive industry. But with more size we can also bring greater sustainability to the world," Antje von Dewitz outlines the strategy. Sparkasse Bodensee and LBBW will also closely accompany Vaude's further development as an international sustainability company.

RENEWABLE ENERGY FOR AN ENTIRE REGION

Sparkasse Engen-Gottmadingen accompanies “regenerative municipal utility” Solarcomplex on its rapid growth course



The Berghof solar park in Tengen is another large-scale project realised by Solarcomplex as a contribution to the energy transition.

For more than 20 years, a special company with a special mission has been operating in the Lake Constance region: the citizens' enterprise Solarcomplex, based in the district of Constance, aims to convert the area between the Rhine and the Danube to use renewable energy by 2030. A daunting task that has already made good progress in recent years and has been given additional momentum by recent international events. Sparkasse Engen-Gottmadingen has supported Solarcomplex from the very beginning. Two current examples show how sustainable projects become reality.

6,480 panels on around 28,000 square metres of agricultural land firstly represents a high-yield open-space photovoltaic plant instead of low-yield grassland. But the Berghof Tengen solar park in the Constance district of Baden-Württemberg is about much more: another large-scale Solarcomplex project with 3.7 megawatts of power as a contribution to the energy transition, the implementation of new marketing concepts for the approximately 4 million kilowatt hours of solar power generated annually, a special investment and, last but not least, a testament to the successful cooperation between Solarcomplex and Sparkasse Engen-Gottmadingen.

Special concept

But let's start from the beginning: The special concept ground-mounted photovoltaic plant, built and operated by Solarcomplex with the help of Savings Bank financing, has been on the grid since June 2022. This concept includes the fact that the solar power generated is not marketed via the Renewable Energy Sources Act, but directly benefits a large industrial company, namely Rolls-Royce Power Systems in Friedrichshafen.

Short profile of Sparkasse Engen-Gottmadingen

Sparkasse Engen-Gottmadingen is an integral part of the Hegau region. It has 170 employees and ten branches in its business area between the Danube and the Rhine. With total assets of more than EUR 1.2 billion, it makes a significant contribution to economic life in the region, which is characterised by its proximity to Switzerland. For Sparkasse Engen-Gottmadingen, sustainable solutions are a question of attitude.



Three questions for ...

**Frank Lammering,
Member of the Board
Sparkasse Engen-
Gottmadingen**

Mr Lammering, how did the cooperation with Solarcomplex come about?

→ Solarcomplex was looking for a financing partner for its first project after it was founded in 2000, long before the term sustainability was considered a challenge for people. At the time, it was difficult to find a credit institution that financed photovoltaic systems. Sparkasse Engen-Gottmadingen was happy to accompany the financing. It involved two photovoltaic systems on two company roofs with a total output of 11.4 kWp, which cost around DM 90,000. So began a successful business relationship.

What are the particular challenges here, especially due to the border location with Switzerland?

→ Solarcomplex set itself the goal of concentrating on the southwest of Baden-Württemberg. The demand for renewable energies has become huge, especially with the war of aggression against Ukraine, and continues to grow enormously. For a long time now, companies like Solarcomplex have had to turn down orders because they lack the human resources to handle them.

Do you support other companies like Solarcomplex as customers who are actively promoting the energy transition?

→ Yes, in fact we were able to establish further business relationships through referrals from Solarcomplex and win very interesting investors for renewable energy projects and comparable companies like Solarcomplex.

Three questions for ...

Bene Müller, Chairman of the Board of Solarcomplex

Mr Müller, you have been on the management board of Solarcomplex right from the start. What tipped the scales in favour of founding the company?

→ The motives of the founding partners were to phase out nuclear power, protect the climate and generate wealth in the region by using domestic rather than foreign energy. We were very idealistic and perhaps also ideological, and in some ways very naïve. But we have a steep learning curve behind us and are professionals today. That is the advantage for those who start early.

You want to convert the entire region to renewable energy supply by 2030. How far have you come from your point of view?

→ Not far enough. If we make a linear extrapolation of the development to date, we will fall far short of the target – for electricity, but even more so for heat. The expansion of domestic renewable energies is currently gathering enormous momentum. So much so that we can't even keep up with it in terms of personnel. But even if we continue this momentum, it will not be enough. So we have to add at least another five years.

How important is the cooperation with Sparkasse Engen-Gottmadingen in achieving the main goal?

→ We continue to be grateful to Sparkasse Engen-Gottmadingen today for supporting us in the start-up and founding phase. It does not go without saying, but it is vital to find an institution that sets up current accounts and overdraft facilities for you as an absolute start-up and extends regular loans. Since those early days, together with Sparkasse Engen-Gottmadingen, we have implemented a great many projects with an investment volume of tens of millions of euros. Over time, it was then necessary to expand the circle of financing banks, keyword: cluster risk. When I heard this for the first time in the annual meeting with the board of the Sparkasse Engen-Gottmadingen, I thought we had a medical problem. Joking aside: the cooperation is still very important to us today.



Additionally, the park features a special participation: The landowner is not only the lessor of the land, but has invested in the project himself and operates a third of it. Another special feature is that the park investors voluntarily pay a so-called municipal levy of 0.2 cents/kWh to the neighbouring town of Tengen. At 4 million kWh, this amounts to around EUR 8,000 a year. A further innovative feature is the orientation of the module tables to the east and west instead of to the south as in the past. This results in a more even generation throughout the day, which is helpful for direct marketing.

For Tengen, however, the large-scale photovoltaic plant is “just” another chapter in the subject of renewable energies. The small town with around 4,000 inhabitants has already been energy-sufficient for years. This has been achieved by photovoltaics on municipal buildings, two biogas plants and, since 2017, a wind farm, which meet the town's own energy needs many times over. These are good pre-conditions for the solar park, which was given the green light by the municipal council and could be realised within just one year thanks to a rapidly prepared development plan.

What Tengen has already achieved locally, Solarcomplex wants to implement as a “regenerative municipal utility” for the extended Lake Constance region by 2030. The civic enterprise, which currently employs a good 60 people, sees itself as a central force for the expansion of domestic renewable energies in the region. To this end, Solarcomplex plans, builds and operates appropriate plants for the provision of electricity and heat and offers capital investments as an ecological financial investment. Since its foundation in 2000, the number of shareholders has grown from 20 to almost 2,000 and the equity capital from EUR 37,500 to around EUR 35 million. In addition to regenerative heating networks in 18 municipalities, wind farms with around 15 MW and solar

power plants as roof and ground-mounted systems with over 70 MW have been implemented. The investment volume of all projects is over EUR 250 million. Currently in the project pipeline are further wind farms with around 50 MW and solar plants with around 100 MW.

Capital increase in record time

Solarcomplex has operated as an unlisted public limited company since 2007. To finance its dynamic growth, which has received a further boost from recent international developments, the company issues shares at irregular intervals. At the beginning of 2023, a capital increase of three million shares

with an equivalent value of around eight million euros was completed in a record time of only seven weeks.

Sparkasse Engen-Gottmadingen has served Solarcomplex as its principal bank since its foundation in 2000 and is involved in financing projects such as the solar park.

In addition to large-scale projects such as the Berghof solar park, Solarcomplex 2022 has also developed a model for the efficient supply of electricity to small and medium-sized enterprises and municipalities with “Solarstrom direkt”. Solarcomplex builds, finances and operates PV systems on third-party roofs and delivers the electricity directly to the building. Here, too, Sparkasse Engen-Gottmadingen supports the financing. “Solarstrom direkt” is particularly interesting for small and medium-sized enterprises and municipalities that want to use low-cost solar power without having to make their own investments.

Short profile of Solarcomplex

The civic enterprise Solarcomplex specialises in the planning, construction and operation of plants for the generation of electricity and heat from renewable energies. The focus is on large-scale PV plants (rooftop and ground-mounted), regenerative heat grids and wind power plants. As an ecological investment, Solarcomplex offers equity investments in these plants.



» We are incredibly proud to have been able to accompany a company like Solarcomplex from the very beginning.

«

Andrea Grusdas, Chairwoman of the Board of Sparkasse Engen-Gottmadingen

The model has proven to be a win-win situation for both sides: The roof owner receives long-term green electricity at a contractually agreed lower price than from the grid, Solarcomplex earns more than with the normal feed-in tariff.

This is how, for example, the company StandexMeder Electronics GmbH in Engen obtained its photovoltaic system in 2023. At no cost to the company, around 800 modules deliver a predicted annual yield of around 350,000 kWh. This will enable the company to cover more than half of its electricity needs from renewable sources. This is one of many small steps on the way to a largely renewable energy supply in the region by 2030, which Solarcomplex and Sparkasse Engen-Gottmadingen have taken together.



Thanks to “Solarstrom direkt”, solar complex customer StandexMeder Electronics GmbH meets more than half of its electricity needs from renewable sources.

4. MANAGEMENT REPORT

Economic Report

Macroeconomic situation

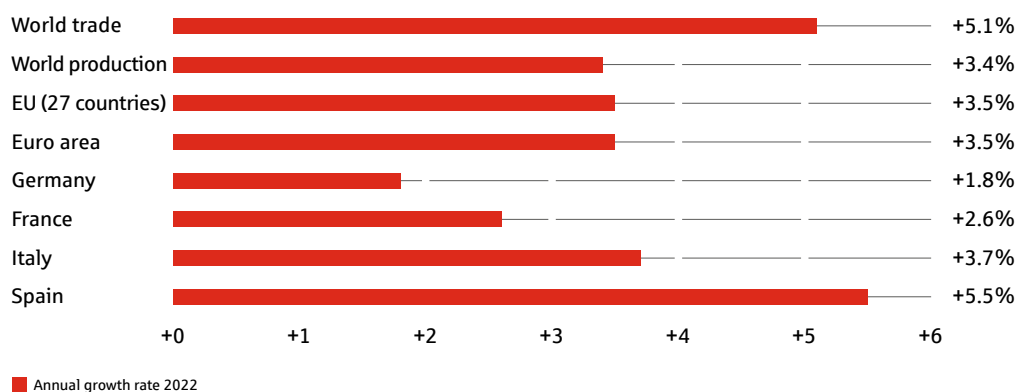
The global economy in 2022 was dominated by numerous problems and crises: the Ukraine war, energy shortages, inflation, supply chain problems. At the same time, the economy and society were facing the immense challenges posed by their sustainable transformation. Although Corona was still with us, economies were less affected by the pandemic and there were fewer constraints than in the previous two years. The beginning of 2022 was initially associated with the hope that after almost two years of pandemic, a strong recovery with high growth rates would begin.

In fact, as in many other countries, the German economy was able to benefit from the reopened or less restricted sectors of the economy, especially in the service sector. This stabilised the situation in the face of other new upheavals.

At the end of February 2022, the outbreak of war in Ukraine hit the global economy. New bottlenecks appeared in the already strained supply chains. The availability of intermediate products and foodstuffs from Ukraine was limited. Deliveries of raw materials and energy goods from Russia to Germany/Europe were severely restricted, partly due to the sanctions and partly due to decisions on the Russian side. From summer 2022, gas deliveries from Russia came to a complete standstill following the blowing up of the pipelines.

There was concern about gas shortages in the winter that would have made severe production cuts necessary. The supply shortage was avoided through savings measures, the development of substitute sources and thanks to the mild winter. But prices for scarce goods remained significantly elevated for a long time. This was the initial spark for the largest inflationary process in most industrialised countries for many decades.

GDP growth in selected countries ¹



¹ Actual data for European countries from official statistics, source: Eurostat, data as of 17 April 2023, world trade and world production according to International Monetary Fund: World Economic Outlook from April 2023.

Germany was one of the economies most affected. Our country was heavily dependent on Russian supplies, especially for its energy imports. The loss of export volume, on the other hand, was easier to absorb. Growth in this country remained intact for longer than originally expected. Although growth rates were meagre in the course of the year, they remained positive. The quarterly trend only turned negative in the final quarter of 2022.

The overall annual rate for the price-adjusted year-on-year comparison resulted in GDP growth of 1.8 percent in 2022. However, this figure, which appears quite respectable at first glance, is put into perspective when considering that it stems almost exclusively from the statistical overhang from the previous year and the strong start to the year. In the three other quarters, the development on balance amounted to stagnation.

Germany's growth in 2022 was also weaker than that of most other large industrialised countries, with the exception of Japan, in an international comparison. In Europe, Italy and especially Spain grew significantly faster. Even the United Kingdom was able to recover after the pandemic and Brexit. The US economy, on the other hand, slowed down in 2022 from its still very high growth rate in 2021 as the previously very strong fiscal stimuli came to an end and the monetary policy brakes introduced earlier on the other side of the Atlantic and the associated interest rate increases took effect instead.

German growth in 2022 was mainly driven by private consumption – despite the high price increases that cut purchasing power. This was because they were temporarily compensated by political relief packages. Additionally, there was still a tailwind in the first half of the year from the lifting of the Corona restrictions and the associated re-openings, especially in the travel and gastronomy sectors. Also, accumulated savings from the pandemic were initially still available. The household savings rate normalised. As the year progressed, however, these support effects diminished. The withdrawal of purchasing power became increasingly noticeable, especially as nominal wages rose but could not keep pace with prices. Double-digit annual rates were reached at times in autumn 2022, as defined by the harmonised consumer price index. The consumer price index in the national delimitation rose somewhat more slowly than first reported on the basis of the currently valid recalculated basket of goods (based on the new base year 2020). But even with the latest data, the average annual increase was 6.9 percent.

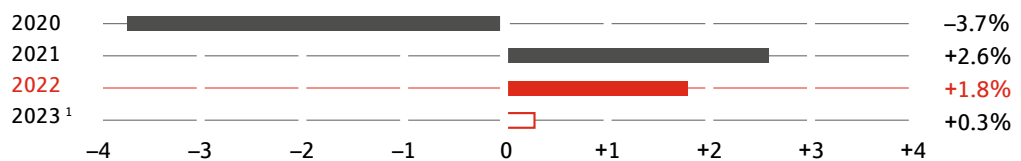
Investment in equipment also contributed to growth in 2022, with the congestion in the supply chains gradually easing as more investment projects could be realised. In contrast, declining construction investment and a significant decline in net exports weighed on overall economic growth in 2022. Construction investment very quickly showed the braking effect of the interest rate reversal initiated in summer 2022. Foreign trade suffered a pronounced terms-of-trade shock in 2022 and the price exchange ratios of German foreign trade deteriorated considerably. Import prices increased dramatically – at times at annual rates of over 30 percent in the summer of 2022. This could not be passed on in export prices. The deterioration in the nominal current account balance was even more pronounced than in the real GDP account due to price factors. But even in the latter, increasing import volumes were reflected in the restocking of warehouses that had been depleted during the previous supply bottlenecks and put pressure on growth in arithmetical terms.

Despite the slowdown in growth momentum over the course of the year, rising wages and very sharp increases in producer prices, which at times even rose at rates of over 45 percent, the German labour market once again proved to be very robust. The unemployment rate fell again to an average of only 5.3 percent for the year. This was achieved despite the fact that a considerable number of refugees from Ukraine entered the labour market in the course of the year. The depleted labour market was due to the re-opening in the service sector after the pandemic and the long-term structural demographics. Labour shortages and an increasing number of unfilled positions were the dominant issues in the German labour market.

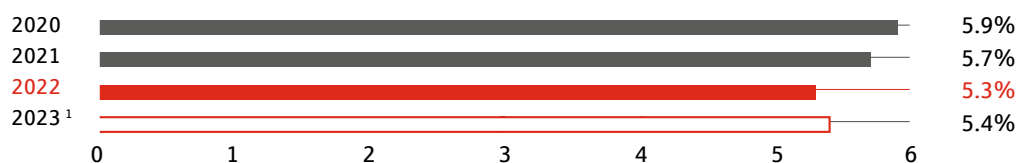
By contrast, Germany's public finances in 2022 were once again dominated by the fight against the crisis in the face of new shocks. The financing deficit of the state as a whole (federal government, state governments, local authorities and social security funds) amounted to a good EUR 100 billion or 2.6 percent of GDP. This was nevertheless a slightly lower deficit than in the two previous years. However, the fiscal situation remained far from balanced. The debt level of the state as a whole rose at a somewhat slower rate to about 66.2 percent of GDP at the end of the year.

Economic development – review and outlook 2020 – 2023

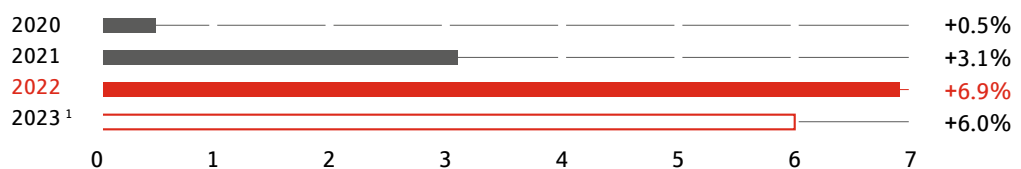
Growth of real gross domestic product (GDP) in % (Germany)



Unemployment rate in % of total civilian labour force (Germany)



Change in consumer price index in % (Germany)



Actual data 2020 to 2022 from official statistics; Destatis and Federal Employment Agency.

¹ Forecasts for the year 2023 from the "Spring Report", joint diagnosis of the German economic research institutes of 5 April 2023.

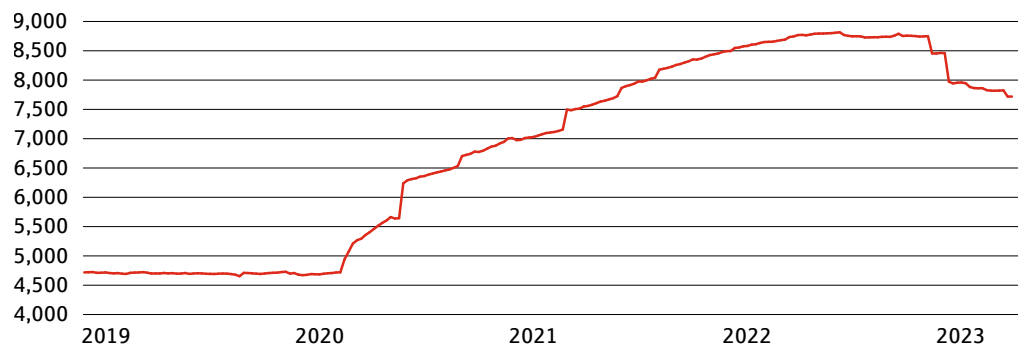
Developments on the money and capital markets

High inflation gave central banks cause for an abrupt shift in monetary policy. This was urgently needed. One of the reasons why the inflationary spark from the rise in energy prices took such a hold and generated such a broad price dynamic so quickly was that ample liquidity had been created over many years with low and negative interest rates and “quantitative easing” (securities purchase programmes).

Virtually all central banks now tightened their monetary policy. While the Federal Reserve had already initiated a normalisation of monetary policy in 2021, the European Central Bank (ECB) essentially did not follow suit until 2022. The end of net purchases, which had been announced in December 2021, was completed in March 2022. However, expiring holdings of the securities purchase programmes were still completely replaced with additional purchases in 2022. The first smaller reductions in the consolidated balance sheet total of the Eurosystem only occurred as a result of the first early repayments of long-term tenders (TLTRO III) by credit institutions. The ECB changed the very favourable conditions in autumn 2022, when the interest rate landscape began to change.

Prior to this, the first key interest rate hike in the euro area since 2011 took place in July 2022 and ended the negative interest rate situation on the money market that had prevailed since 2014. The ECB raised the key interest rate by a total of 2.5 percentage points in further steps, in some cases by large individual steps of 75 basis points each, until the end of 2022. The interest rate for the ECB's deposit facility remains the key interest rate for the money markets because of the surplus liquidity situation that will be maintained for the foreseeable future. The deposit facility rate reached 2.0 percent at the end of the year.

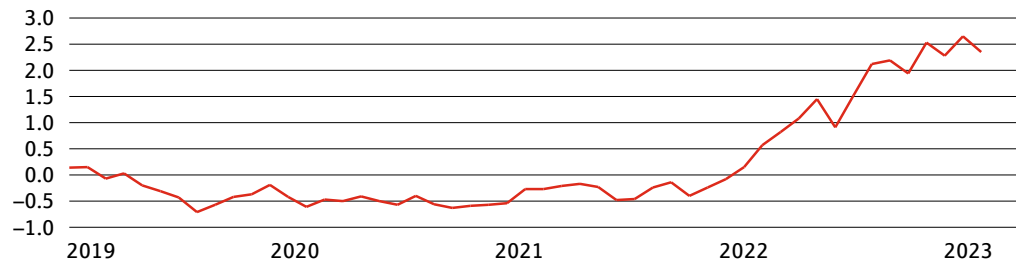
Consolidated balance sheet total of the Eurosystem, in EUR billions



Source: European Central Bank

In parallel, interest rates on the capital market also increased. The ECB intended to catch temporarily diverging spreads of bonds from different European countries with a new instrument introduced in 2022 (Transmission Protection Instrument, TPI) if necessary. Fortunately, no concrete interventions with this instrument have been necessary so far. The current yield of German government bonds with ten-year maturities increased from -0.24 percent at the end of 2021 to 2.53 percent at the end of 2022, largely in line with the key interest rates.

Current yield of German government bonds with ten-year residual maturity in %

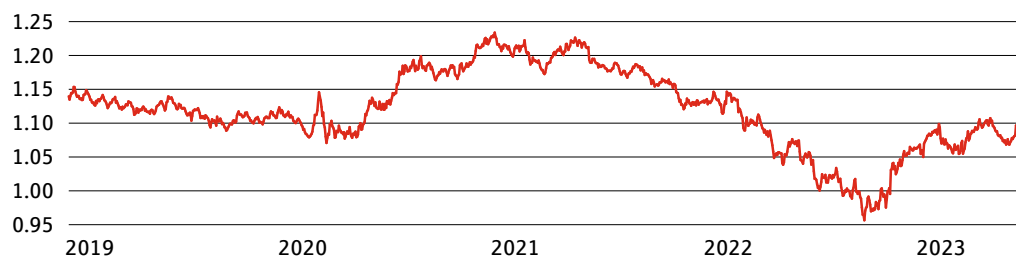


Source: Deutsche Bundesbank

The share price trend followed the curve of the other sentiment indicators in the economy, such as the business climate, which had also bottomed out in autumn but then recovered. After the outbreak of war in Ukraine, there were major declines in most stock markets, which continued until the beginning of October 2022. Since then, there has been a price recovery, significantly also in the German market, as hope rose that Germany would get through the winter without a gas shortage. However, in the remaining period until the end of the year the catch-up process did not close the existing gap. The bottom line was that share prices, as measured by the DAX, lost 12.3 percent over the course of 2022.

Foreign exchange market activity in 2022 was characterised by somewhat stronger movements than in previous quieter years. The euro depreciated significantly against the US dollar from over 1.13 US dollars/euro at the beginning of the year to 0.96 US dollars/euro towards the end of September. The reasons for this were Europe's heavy exposure to the Ukraine war and the associated negative economic consequences as well as the geographical proximity to the war zone, but also the fact that the Federal Reserve had already initiated its interest rate reversal much earlier. Only when it became clear that the ECB would largely follow the course did the euro also recover on the currency markets. At the end of 2022, it was again above parity at almost 1.07 US dollars/euro.

Exchange rate USD / EUR



Source: European Central Bank

Key markets and positioning

General overview

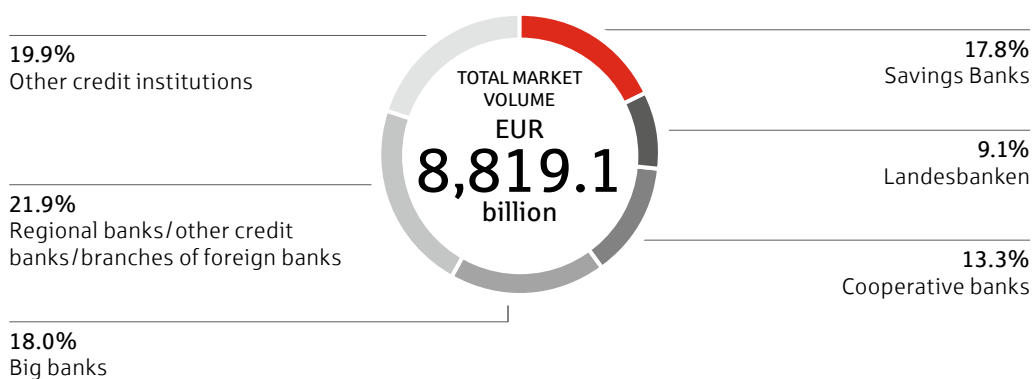
The institutions of the Savings Banks Finance Group¹ had a combined business volume² of EUR 2,369.4 billion at the end of 2022. With a total market volume of EUR 8,819.1 billion in Germany, this represents a share of 26.9 percent.

The share of the Savings Banks Finance Group in the on-balance sheet banking business of the German banking industry decreased by 0.6 percentage points compared to the previous year. The business volume of the Savings Banks increased moderately by 1.3 percent; the volume of the Landesbanken – in contrast to the previous year – recorded a significant increase of 5.3 percent. The Savings Banks account for around 66 percent of the Savings Banks Finance Group's business volume, the Landesbanken for around 34 percent.

In a long-term comparison, the Savings Banks have consistently expanded their business volume by growing customer business. Since 2008, it has increased by around 47 percent at the Savings Banks. From 2008 to 2016, the business volume of the Landesbanken had more than halved. This reflects the redimensioning process in line with the strategy. Since 2017, the business volume of the Landesbanken has been growing again and shows the successful ongoing development of their business models.

Market share by business volume* at the end of December 2022

As at: 31.12.2022



* Excluding derivative financial instruments in the trading portfolio.

The development of the German banking industry's customer business in the 2022 business year was characterised by extraordinarily high portfolio growth in corporate loans. The increase in private housing loans was still high, but no longer reached the extreme levels of the two previous years. Consumer loans grew only very modestly in the overall market.

Inflows of deposits from private individuals in the year under review were below the previous year's levels due to inflation and the crisis, while companies expanded their liquidity significantly more.

¹ The term "Savings Banks Finance Group" in this chapter refers to the Savings Banks and Landesbanken (excluding foreign branches and excluding domestic and foreign subsidiaries of the Landesbanken). The Landesbausparkassen are not included here. In the Deutsche Bundesbank data, Hamburg Commercial Bank (former HSH Nordbank) and Landesbank Berlin/Berliner Sparkasse are no longer included in the Landesbanken since December 2018. The latter is now listed under the Savings Banks.

² Excluding trading portfolio derivatives and own debt securities repurchased.

In customer lending business, the Savings Banks Finance Group recorded stable market shares in private housing loans in the financial year 2022, while losing market share in corporate loans. In consumer lending business, its shares declined slightly in a weakly growing market, but remained stable when including Sparkassen Kreditpartner GmbH (SKP).

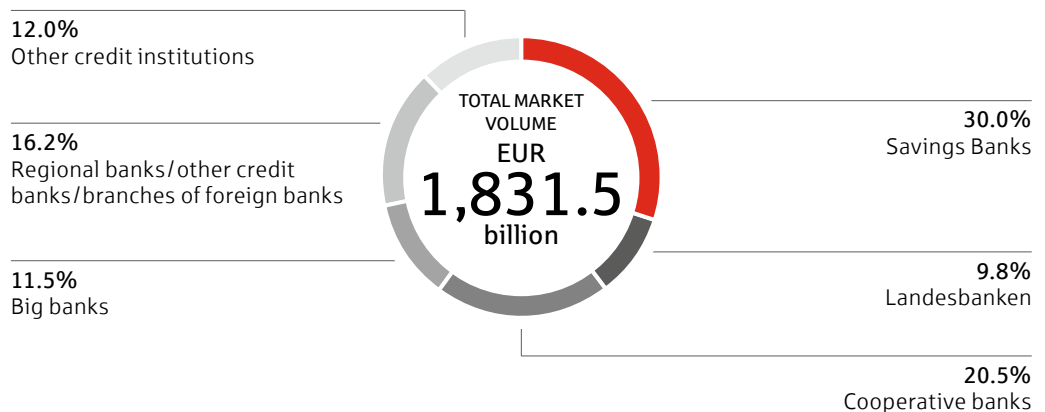
In the deposit business with private customers, the Savings Banks Finance Group almost maintained its market position in 2022. Measured by its share in this business segment, it continues to be well ahead of the other banking groups. Although the Savings Banks Finance Group's share of domestic corporate deposits declined in the reporting year, the Group was able to significantly expand its market position in the medium term.

Corporate lending business

Following a rise of around EUR 76.3 billion or 4.8 percent in the previous year, the total market volume of corporate loans increased much more strongly in the 2022 financial year: it rose by EUR 150.8 billion or 9.0 percent to EUR 1,831.5 billion thus even exceeding the increases of the two previous years in total. Companies and the self-employed responded to emerging supply chain problems as well as rising costs in 2022 with a strong expansion of credit volumes. In part, the remarkable growth of the overall market can also be attributed to lending by KfW and state development institutions to energy-dependent sectors as a result of the Ukraine war.

Despite a very high portfolio increase of EUR 40.6 billion or 5.9 percent, the Savings Banks Finance Group thus recorded a portfolio growth below the bank average and thus lost market share. The level of growth rates of Savings Banks exceeded that of Landesbanken in this segment: Savings Banks grew by a record 6.3 percent (or EUR 32.7 billion), Landesbanken grew by 4.6 percent (or EUR 7.9 billion).

Market share of corporate loans* at the end of December 2022 As at: 31.12.2022



* Loans to businesses and the self-employed (including commercial housing loans).

The volume of corporate loans issued by the Savings Banks Finance Group totaled EUR 728.3 billion at year-end 2022. This represents a market share of 39.8 percent with 30.0 percentage points attributable to the Savings Banks and 9.8 percentage points to the Landesbanken.

This means that the Savings Banks Finance Group continues to be the most important financial partner within the German banking industry, especially for small and medium-sized enterprises. It is followed by a wide margin by the cooperative banks with 20.5 percent as well as the regional and other credit banks¹ with 16.2 percent and the big banks with 11.5 percent.

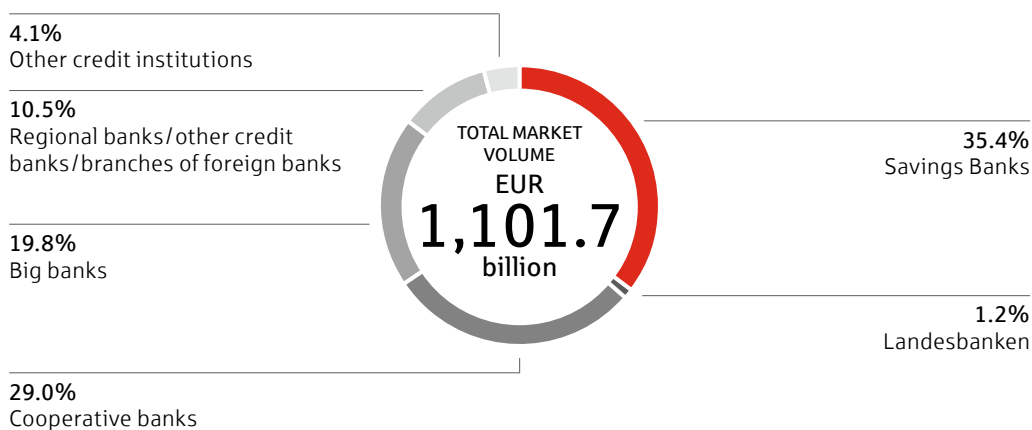
Loans to private customers

Since 2012, demand for loans for private residential construction had picked up noticeably, mainly due to the interest rates. The year 2022 represents a turning point in the wake of sharply increasing construction costs and the rise in interest rates. In the year under review, the total market volume of private residential construction loans increased for the first time at a significantly weaker rate compared to the previous year, even though it still rose significantly by EUR 55.2 billion or 5.3 percent to EUR 1,101.7 billion. Particularly in the second half of 2022, there was a fall in demand due to high construction costs and sharply higher interest rates.

The Savings Banks Finance Group achieved portfolio growth in 2022 on par with the market average. Its portfolio volume increased by EUR 20.1 billion to EUR 402.8 billion. The Savings Banks account for 35.4 percent of the total market. Together, the Savings Banks and Landesbanken have a market share of 36.6 percent. The second strongest group of institutions are the cooperative banks with a share of 29.0 percent, followed by the big banks with a share of 19.8 percent and the regional and other credit banks¹ with a share of 10.5 percent.

Market share of private housing loans at the end of December 2022

As at: 31.12.2022



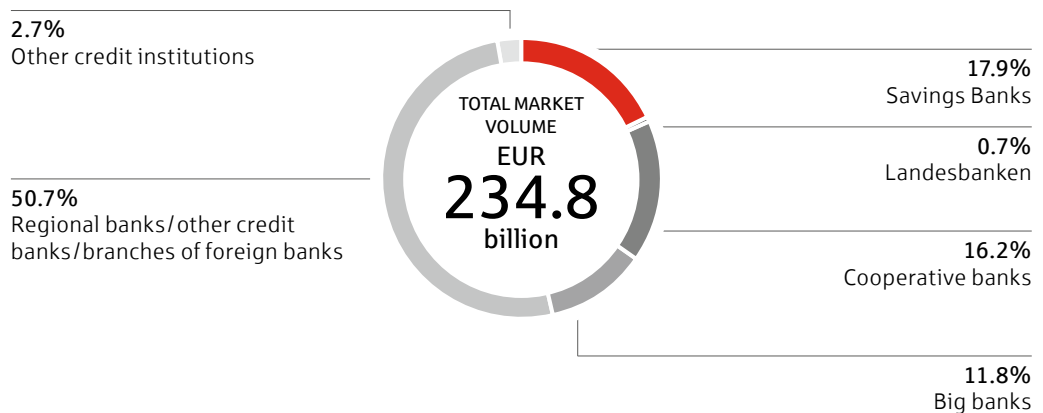
For the first time since 2019, the consumer credit business increased slightly across all banking groups in 2022. The market volume increased by EUR 2.2 billion or 1.0 percent to EUR 234.8 billion at the end of 2022. The institutions of the Savings Banks Finance Group recorded a portfolio decline of EUR 0.4 billion or -0.9 percent (previous year: -0.6 percent) and lost market share. With a portfolio volume of EUR 43.8 billion and a share of 18.6 percent, the Savings Banks Finance Group is clearly behind the banking group of regional and other credit banks¹ (share 50.7 percent), but still in second place. The market is dominated above all by regional/other credit banks, which includes almost all specialised financiers. These were able to further expand their share of the consumer

¹ Inc. branches of foreign banks.

credit business in 2022. However, when evaluating these figures, which are based on Bundesbank statistics, it must be taken into account that due to the reporting requirements of the Deutsche Bundesbank, Sparkassen Kreditpartner GmbH (SKP) is not included in these overall market figures. According to our internal calculations, the market share of the Savings Banks Finance Group including SKP is 22.0 percent. Compared with 2021, the market position of the Savings Banks Finance Group including SKP has remained stable.

Market share of consumer loans at the end of December 2022

As at: 31.12.2022



Deposits from private customers

The total market volume of deposits from private individuals¹ increased by 2.8 percent to EUR 2,489.5 billion last year. At EUR 66.7 billion, the absolute increase was slightly below the previous year's value (EUR 80.8 billion). In recent years, the annual increase in the portfolio has in some cases been significantly higher than this value, which represents the lowest growth since 2014.

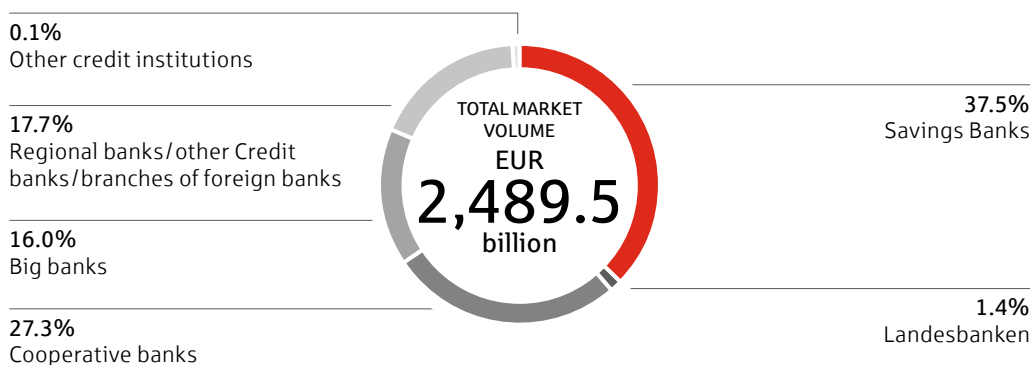
Within the individual investment categories, there were differing developments due to the rise in interest rates in the reporting year: The market as a whole recorded continued portfolio outflows in savings deposits. The portfolio of demand deposits of private individuals again increased, although the rise in demand deposits with at 2.7 percent was again not as strong as in the previous year (5.5 percent). A trend reversal was seen in time deposits and savings bonds: The holdings of private time deposits and savings bonds rose extraordinarily strongly by 51.4 percent and 46.1 percent, respectively, driven by interest rates – coming from a relatively low level. In particular, the market segment of time deposits of private customers was largely marginalised in Germany due to the interest rate development in recent years, but is now poised for an even stronger comeback.

Developments in the Savings Banks Finance Group are in line with general market trends, but it has been able to gain market share especially in time deposits and savings bonds.

¹ Including branches of foreign banks.

Market shares Deposits from private customers* at the end of December 2022

As at: 31.12.2022



*Excluding time deposits with a fixed term of more than two years.

On the one hand, the developments in 2022 highlight the slow rediscovery of interest-bearing deposits among private customers, due to the rising interest rate level. On the other hand, consumers' ability to save decreased as a result of the unrestricted consumption options available again after the Corona pandemic. On top of this, there were also real income losses due to the high price increases in 2022 – whether for energy or food.

The Savings Banks Finance Group achieved an increase of EUR 22.3 billion or 2.4 percent (previous year: 3.2 percent) in deposits from private individuals to EUR 968.4 billion in the reporting year 2022. The inflow of deposits was thus only slightly below average, so that the market share was kept almost stable. The Savings Banks Finance Group achieved a market share of 38.9 percent at the end of the year.

The Savings Banks Finance Group thus remains the market leader in the deposit business with private customers, ahead of the credit banks, which have a portfolio of EUR 837.5 billion and a market share of 33.7 percent. These include the regional and other credit banks with a share of 17.7 percent. This group of institutions, which includes all direct banks (including "automotive banks"), was able to maintain its stable market position. In third place is the group of cooperative banks, which is also strongly anchored in the retail business. With a portfolio of EUR 679.8 billion at the end of the year, they accounted for 27.3 percent of total private deposits.

Deposits from domestic companies

After private deposits, deposits from domestic companies are the second largest segment of the German Banking industry's total customer deposit business. They amounted to EUR 1,176.7 billion at the end of 2022.

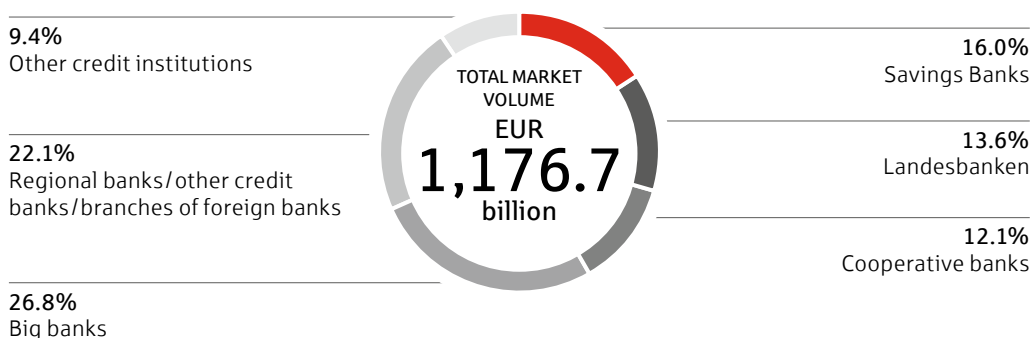
¹ Excluding time deposits with a fixed term of more than two years.

While deposits from domestic companies still declined slightly in 2018 and 2019, they recorded a very strong portfolio gain of EUR 84.5 billion or 8.4 percent, especially in 2020. In 2022, the stock inflow of EUR 56.4 billion or 5.0 percent was again much stronger than in the previous year. These increases were largely due to the prudent approach taken by companies during the pandemic. In the year under review, companies also obtained higher liquidity in order to be prepared for greater stockpiling as well as against rising costs.

Developments were broadly similar for most banking groups, but big banks in particular were able to increase their deposit holdings very significantly. The portfolio of corporate deposits held by the Savings Banks increased by EUR 5.1 billion or 2.8 percent in the reporting year, their market share fell slightly to 16.0 percent.

At the Landesbanken, the deposit portfolio held by domestic companies increased to EUR 159.6 billion at the end of 2022 (portfolio at the end of 2021: EUR 156.0 billion). With a market share of 13.6 percent, the Landesbanken continue to hold a strong market position in deposits from domestic companies. Together with the Savings Banks, the Landesbanken had a market share of 29.6 percent in this deposit segment at the end of 2022.

Market shares of deposits from domestic companies at the end of December 2022
As at: 31.12.2022



Record results for German exports in 2022 – Savings Banks are competent and reliable partners for German entrepreneurs' international business

Companies in Germany and around the world learned to deal with the effects and restrictions of the Corona pandemic declared by the WHO¹. German exports increased in 2022 by 14.1 percent compared to the previous year and reached a new high of EUR 1,574.0 billion. This development was also reflected in the import business. In 2022, goods and services worth EUR 1,494.4 billion were imported. Compared to the previous year, this was a development of +24.1 percent and also a new record. The increases in 2022 were due, in part, to price increases that drove up the value of both exports and imports. In order to reduce energy imports from Russia as quickly as possible, Germany had to cover its needs at short notice via other suppliers last year, which was very expensive in some cases. The export surplus thus fell for the sixth year in a row and amounted to EUR 79.6 billion. The USA and China remain the most important global trading partners for Germany. In the EU, the Netherlands and France are important regions for German companies.

¹ World Health Organization

International business brings opportunities, but also risks. The Savings Banks Finance Group has supported small and medium-sized enterprises in their international business for many years. To this end, the Savings Banks bundle their know-how in regional “S-International” competence centres. This gives all entrepreneurs throughout Germany access to special expertise as well as extensive professional competence, and they can draw on valuable experience in dealing with special features of cross-border trade. The S-International Competence Centres use an international network with more than 10,000 correspondent banks at around 100 locations worldwide. Depending on the customer’s needs, the Landesbanken, Deutsche Leasing and the S-CountryDesk assist their customers directly on site and during important discussions in German.



The war in Ukraine has revealed a high level of dependency on global suppliers and countries (e.g. Russia as an energy supplier or China as a tech supplier). German SMEs have been required to diversify their supplier structure more strongly in the short term in order to minimise default risks. This necessary change will be a challenge for small and medium-sized enterprises in particular, in addition to sustainable transformation and digitalisation. Here, too, the Savings Banks Finance Group can help: EuropaService provides support in readjusting supply and sales relationships. Through its connection to the Enterprise Europe Network, it brings together potential partners from different countries. It also provides information on the business environment for trade and investment in over 40 European countries.

The Savings Banks Finance Group is steadily developing into the foreign trade manager for businesses – regionally anchored and globally networked. In addition to the existing classic range of services offered by the Savings Banks, from foreign payment transactions to foreign trade financing, services are also being developed that offer customers additional added value, such as foreign trade and customs advice. Savings Banks are “the SME financiers” in Germany and know how to use this strength for their customers abroad.

Business development and economic situation

Development of the institutions affiliated to the institution protection scheme¹ – aggregated view

In its operating business, the Savings Banks Finance Group recorded a strong year-on-year improvement in earnings in fiscal year 2022.

Net interest and commission income as well as the net result from financial transactions developed very positively in the year under review. By contrast, the earnings situation of the Savings Banks Finance Group was burdened by a higher valuation result² in the year under review. Overall, however, the net result for the year (before and after taxes) remained stable compared to 2021.

➤ Further information on the business development of the Savings Banks, Landesbanken and Landesbausparkassen can be found on pages 48, 56 and 60.

In operational terms, the Savings Banks Finance Group achieved a significantly higher result in 2022 compared to the previous year (EUR 11.0 billion) with an operating result before valuation of EUR 16.6 billion. Against the backdrop of a moderate increase in administrative expenses, this growth is attributable to a strong improvement in net interest income and net trading income as well as an increase in net commission income in the 2022 financial year. The net commission income of the Savings Banks Finance Group increased by 5.8 percent to EUR 11.2 billion. Net interest income rose to just under EUR 30.0 billion due to the interest rate shift and far exceeded the previous year's result (EUR 26.4 billion) in the reporting year. Net trading income (net income from financial transactions), which is only relevant for the Landesbanken within the Savings Banks Finance Group, almost doubled to EUR 1.7 billion.

Administrative expenses rose only moderately by 2.1 percent to EUR 27.6 billion – despite generally high rates of price increases in 2022. This was primarily due to higher material expenses.

The cost-income ratio³ of the entire Savings Banks Finance Group improved significantly in the financial year 2022 to 62.5 percent (previous year: 71.0 percent). This was primarily due to the increase in net interest income and net trading income.

In terms of the valuation result, the Savings Banks Finance Group recorded a decline in 2022 compared to the previous year. Net valuation expense rose from EUR 0.3 billion in 2021 to EUR 6.2 billion in 2022. As a result of the sharp rise in interest rates and the resulting fall in prices for fixed-interest securities, some institutions had to record a significant increase in valuation expense for the securities business. Since a large part of these maturing interest-bearing securities will be redeemed at their nominal value at the end of their term, the reflows will relieve the valuation result in the future.

By contrast, the extraordinary result⁴ had a somewhat smaller negative effect on the earnings situation of the Savings Banks Finance Group in 2022 than in the previous financial year. At EUR –4.5 billion, the negative balance was below the previous year's figure of EUR –4.9 billion. However, the majority of this expense can be attributed to allocations to the fund for general banking risks – in 2022 this amounted to EUR 2.7 billion.

¹ This chapter looks at the aggregate development of the Savings Banks, Landesbanken and Landesbausparkassen (Landesbanken without foreign branches, without domestic and foreign Group subsidiaries and without LBS).

² Write-downs of and value adjustments to receivables and securities in the liquidity reserve (netted against income from write-ups to receivables and securities in the liquidity reserve) as well as changes in contingency reserves in accordance with section 340f of the German commercial code.

³ Administrative expenses in relation to operating income (sum of net interest income, net commission income, net income from financial transactions and other operating income).

⁴ Balance of other and extraordinary income/expenses. In contrast to the income statement statistics of the Deutsche Bundesbank, the allocations to and withdrawals from the fund for general banking risks pursuant to section 340g of the German commercial code are also included in the "extraordinary result".

Selected key figures of the Savings Banks Finance Group *

Selected balance sheet items

	Portfolio at the end of 2022 in EUR billion	Portfolio at the end of 2021 in EUR billion	Change in %
Loans and advances to banks (MFIs ¹)	454.5	226.6	+100.6
Loans and advances to non-banks (non-MFIs)	1,466.1	1,395.3	+5.1
Liabilities to banks (MFIs)	429.7	457.3	-6.0
Liabilities to non-banks (non-MFIs)	1,508.8	1,452.1	+3.9
Equity	183.7	178.3	+3.1
Total assets	2,539.2	2,431.9	+4.4
Core capital ratio according to CRR ² (as %; change in % points)	15.7	15.7	+0.0

Selected income statement items ³

	2022 ⁴ in EUR billion	2021 in EUR billion	Change in %
Net interest income	29.97	26.43	+13.4
Net commission income	11.17	10.56	+5.8
Net income from financial transactions	1.72	0.90	+91.3
Administrative expenses	27.62	27.05	+2.1
Operating result before valuation	16.56	11.05	+49.9
Operating result after valuation	10.34	10.79	-4.2
Net income before taxes	5.89	5.86	+0.5
Income taxes	3.48	3.46	+0.7
Net income after taxes	2.40	2.40	+0.1
of which net income after taxes of the Savings Banks	1.39	1.78	-21.8
of which net income after taxes of the Landesbanken	0.93	0.59	+57.9
of which net income after taxes of the Landesbausparkassen	0.08	0.03	>+100

* Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken without foreign branches, without domestic and foreign Group subsidiaries, without LBS, 3. Landesbausparkassen (legally independent LBS and legally dependent divisions of Landesbanken).

¹ Monetary Financial Institutions

² Capital Requirements Regulation.

³ The allocations to the fund for general banking risks in accordance with section 340g of the German commercial code are taken into account here – as in the “original” income statement in accordance with the German commercial code – as expenses reducing the annual result; in the DSGV financial reports up to 2010, these “section 340g allocations” were treated analogously to the income statement statistics of the Deutsche Bundesbank as an appropriation of profit increasing the annual result.

⁴ Preliminary figures from partly not yet audited annual financial statements according to the German commercial code, rounding differences possible.

Overall, the member institutions of the Savings Banks Finance Group achieved a pre-tax profit of around EUR 5.9 billion in 2022. This represents a stable development compared with the 2021 financial year, which the Group closed with a pre-tax result of the same amount. The Savings Banks Finance Group recorded an annual result after taxes of EUR 2.4 billion in 2022, as in the previous year.

The increase in the aggregated balance sheet total of the Savings Banks Finance Group continued in the past financial year compared to 2021. As in previous years, this development is primarily due to growing customer business. In contrast to the previous year, balances with central banks were reduced and interbank business (including the deposit facility) expanded.

The total assets of the Savings Banks Finance Group increased by 4.4 percent to EUR 2,539.2 billion at the end of 2022 (previous year: +3.7 percent). Both the customer lending business and the customer deposit business again expanded. The Savings Banks were able to achieve higher absolute growth in the customer lending business in particular. Loans and advances to non-banks increased by 5.1 percent to EUR 1,466.1 billion. Liabilities to non-banks of the Savings Banks Finance Group rose by 3.9 percent to EUR 1,508.8 billion.

The balance sheet equity of the Savings Banks Finance Group increased again in 2022. It grew by 3.1 percent to EUR 183.7 billion (previous year: +2.6 percent). The Group thus once again improved its equity capitalisation in the past financial year.

The calculated core capital of the Savings Banks Finance Group in accordance with CRR/CRD IV¹ increased to EUR 181.7 billion at year-end 2022 (end of 2021: EUR 175.4 billion). Despite the increase in the total risk contribution² to EUR 1,157.7 billion (end of 2021: EUR 1,118.3 billion), the core capital ratio of the Savings Banks Finance Group remained stable at the previous year's level of 15.7 percent at year-end 2022.

As a result of its solid equity base, the Savings Banks Finance Group will continue to make a sustainable contribution to the provision of credit to the German economy, especially to the many small and medium-sized enterprises.

Business performance of the Savings Banks

The Savings Banks in Germany continued to expand their lending and deposit business in 2022. Total assets increased by EUR 24.2 billion (+1.6 percent) to EUR 1,523.3 billion. The number of Savings Banks decreased by nine to 361 Savings Banks (previous year: 370; as at 1 July 2023: 355).

Customer lending business was again characterised by high momentum. With an increase of EUR 54.5 billion or 5.7 percent to EUR 1,009.5 billion, the Savings Banks recorded record growth in their portfolios. New business was also very high overall; however, an extremely strong first half-year was followed by a significant weakening in the second half-year. In total new customer business, the Savings Banks committed loans in the amount of EUR 189.8 billion – a decline of EUR –7.5 billion (–3.8 percent) compared to the (record) previous year.

In terms of customer deposits, the Savings Banks recorded a rather moderate increase of EUR 30.7 billion (+2.7 percent) to a portfolio of EUR 1,153.7 billion in 2022, which remained below the two Corona years 2020 and 2021. With rising interest rates, there was an increase in time deposits and own issues for the first time in many years.

183.7

EUR billion

BALANCE SHEET EQUITY
OF THE SAVINGS BANKS
FINANCE GROUP

1,523.3

EUR billion

BALANCE SHEET TOTAL OF
THE SAVINGS BANKS

¹ CRR = Capital Requirements Regulation; CRD = Capital Requirements Directive.

² Includes counterparty risks, market risk positions and other risks.

In off-balance-sheet customer securities business, the Savings Banks recorded a good turnover of EUR 131.7 billion, although this was –21.1 percent below the very strong previous year. Net sales (purchases minus sales by customers) were again very high at EUR 29.0 billion and only slightly below the best value from the previous year.

Thus, direct financial asset formation in 2022 again benefited quite substantially from inflows from deposit and securities business, albeit not as strongly as in the pandemic-related exceptional previous years.

Including the home savings business attributable to the Savings Banks as well as the attributable life insurance business, Savings Bank customers made new direct and indirect investments of EUR 62.4 billion with their Savings Banks.

Earnings situation

In the 2022 financial year, the earnings situation of the Savings Banks in the operating business (operating result before valuation) improved strongly. Above all, the rise in net interest income due to the end of the negative interest phase contributed to this development. However, the 2022 profit and loss account of the Savings Banks is also characterised by a significantly higher valuation result (mainly due to interest rates in securities account A) compared to the previous year. Fortunately, this development was offset by the strong operating result, which on balance lead to a stable operating result after valuation.

The Savings Banks' operating business continued to be driven in particular by the development of net interest income from the highly competitive lending and deposit business with private customers and small and medium-sized enterprises. With an increase for the first time since 2015, and now by 16.2 percent, the Savings Banks achieved net interest income of EUR 22.2 billion in the financial year 2022 (previous year: EUR 19.1 billion).

In customer business, margins in the deposit business in particular are now clearly positive again due to the strong rise in interest rates. In lending business, margins stabilised in 2022 with rising credit demand. By contrast however, income from maturity transformation fell sharply in the reporting year due to the increasingly inverse interest rate structure.

The Savings Banks' net commission income again increased markedly by 3.9 percent to EUR 9.3 billion (previous year: EUR 9.0 billion). This improvement in earnings is mainly due to an increase in commission income from giro transactions and card business. The Savings Banks also recorded growth in the fast-growing home loan and savings business and in the brokerage of loans (loan brokerage via S-Kreditpartner) in 2022.

Despite the high rate of inflation, Savings Banks kept the increase in costs within limits. Administrative expenses increased only very moderately by 2.0 percent to EUR 20.2 billion in financial year 2022 (previous year: EUR 19.8 billion). The institutions recorded an increase in operating expenses to EUR 7.8 billion in the reporting year (+3.0 percent). In addition to the energy price increases that had to be absorbed, the development of operating costs was significantly influenced by rising IT costs. Once again, increasing regulation and the digitalisation and standardisation of processes made additional IT investments necessary. In the reporting period, expenses for advertising as well as for education and training normalised following the ending of the Corona restrictions. Due to the strong increase in covered customer deposits, the bank levy of the Savings Banks again increased

noticeably. It is now one of the main cost drivers for the institutions. Personnel expenses increased slightly by 1.4 percent to EUR 12.4 billion in 2022 (previous year: EUR 12.2 billion). The moderate wage increases resulting from the collective agreement reached against the backdrop of Corona 2020 only had a slight impact on personnel expenses in 2022.

Cost-income ratio¹ improved extraordinarily strongly in the 2022 business year and reached a value of 61.7 percent (previous year: 70.2 percent). The significant expansion of net interest income and the increase in commission income had a positive effect, while the increase in administrative expenses had a negative effect.

The operating result before valuation thus increased exceptionally strongly to EUR 12.5 billion (previous year: EUR 8.1 billion).

In terms of the valuation result², Savings Banks posted a net valuation expense of EUR 4.5 billion in 2022, which was far above the value of the previous year (EUR 0.3 billion). Due to the sharp rise in interest rates and the resulting fall in prices for fixed-income securities, the institutions posted a significant increase in valuation expenses for securities business. However, the majority of these are not realised losses, but only book value corrections. Savings Banks usually hold these fixed-interest securities with a high credit rating until final maturity, which are then redeemed at nominal value. Consequently, the reflows from these interest-bearing securities, which will then mature, will considerably relieve the valuation result over the coming years.

Due to the encouraging development of the risk situation in 2022 lending business, valuation expenses there were relatively low at EUR 0.4 billion in 2022 (previous year: balanced valuation result for lending business). Medium-sized companies in particular have once again shown themselves to be particularly resilient in this crisis. They were helped in this by their good equity base and their ability to react extremely flexibly to changing circumstances. In addition, enterprises and self-employed persons were supported by the rapid credit and liquidity assistance provided by their credit institutions and also by the KfW and state development institutions to cushion the higher energy prices and costs for increased inventory. This prevented a slide into recession.

The “extraordinary result”³ of the Savings Banks in the 2022 financial year was again heavily influenced by the additions to the fund for general banking risks in accordance with section 340g of the German commercial code. At EUR 2.4 billion, the addition to the “section 340g reserves” was below the previous year’s figure (2021: EUR 3.7 billion). The total “extraordinary result” closed at a slightly higher negative balance of EUR 4.0 billion in 2022 compared to the previous year.

4.0

EUR billion

NET INCOME BEFORE TAXES
OF THE SAVINGS BANKS

Pre-tax profit for the year was noticeably impacted by the valuation result. With net income before taxes of EUR 4.0 billion, the overall result of the Savings Banks in the 2022 financial year was below the previous year’s figure (2021: EUR 4.5 billion).

Net income after deduction of income taxes amounted to around EUR 1.4 billion in the 2022 fiscal year, which was also below the previous year’s level (EUR 1.8 billion).

¹ Administrative expenses in relation to operating income.

² The valuation result consists of risk provisioning in lending business and allocations to/releases of provisioning reserves in accordance with section 340f of the German commercial code as well as write-downs and value adjustments on receivables and securities in the liquidity reserve (netted with income from write-ups on receivables and securities in the liquidity reserve).

³ Balance of other and extraordinary income/expenses. In contrast to the income statement statistics of the Deutsche Bundesbank, the allocations to and withdrawals from the fund for general banking risks pursuant to section 340g of the German commercial code are also included in the “extraordinary result”.

Selected items of the Savings Banks' balance sheet and income statement

Selected items of the Savings Banks' income statement¹

	2022 ² EUR billion	2021 EUR billion	Changes 2022 compared to 2021	
			EUR billion	%
Net interest income	22.21	19.11	+3.1	+16.2
Net commission income	9.34	8.99	+0.4	+3.9
Net result from financial operations	0.01	0.01	+0.0	+19.6
Administrative expenses	20.18	19.79	+0.4	+2.0
Personnel expenses	12.39	12.23	+0.2	+1.4
Other operating expenses (inc. depreciation of property, plant and equipment)	7.79	7.56	+0.2	+3.0
Operating result before valuation	12.51	8.38	+4.1	+49.3
Valuation result (excluding equity interests)	-4.48	-0.29	-4.2	>+100
Operating result after valuation	8.03	8.09	-0.1	-0.8
Balance of other and extraordinary income/expenses ^{1,3}	-4.03	-3.63	+0.4	+10.9
of which: allocations to the fund for general banking risks pursuant to section 340g of the German commercial code	-2.42	-3.71	-1.3	-34.7
Net profit before taxes	4.00	4.46	-0.5	-10.3
Profit related taxes	2.61	2.68	-0.1	-2.6
Net profit after taxes	1.39	1.78	-0.4	-21.8
Return on equity before taxes (in %, changes in % points)	6.0	6.4	-	-0.4
Cost-income ratio (in %, change in % points) ⁴	61.7	70.2	-	-8.5

¹ Allocations to the fund for general banking risks according to section 340g of the German commercial code are taken into account here – as in the "original" income statement according to the German commercial code – as expenses reducing the annual result.

² Preliminary figures from partly not yet audited annual financial statements according to the German commercial code, rounding differences possible.

³ This includes the balance from profits from the sale of financial investments and securities held as fixed assets, write-downs on/write-ups to financial investments and securities held as fixed assets as well as changes in the fund for general banking risks in accordance with section 340g of the German commercial code (allocations to the fund for general banking risks with a negative sign).

⁴ Administrative expenses in relation to operating income.

Lending business

Total customer lending business grew by EUR 54.5 billion in 2022. The Savings Banks thus increased their portfolio by 5.7 percent to EUR 1,009.5 billion (previous year +5.5 percent).

Overall, Savings Banks committed slightly fewer loans in 2022 in new customer lending business – at a high level – than in the previous year; at EUR 189.8 billion, the previous year's figure from 2021 was down by -3.8 percent.

Corporate lending is an important part of the customer lending business. Savings Banks committed EUR 106.6 billion in new loans to companies and the self-employed in the course of 2022, which is EUR 0.3 billion or 0.3 percent more than the previous records in 2020 and 2021. This new record was based on the first half of the year, when EUR 59.9 billion in new loans were committed -19.3 percent more than in the first half of 2021. In the second half of the year, new business of EUR 46.6 billion fell very significantly short of the second half of 2021 by -16.8 percent.

1,009.5
EUR billion
CUSTOMER LOANS

The very good new level of business for the year as a whole is also reflected in the development of portfolios. With a plus of EUR 32.2 billion (+6.5 percent), Savings Banks achieved an even higher increase compared to the previous record year (EUR +26.0 billion, +5.5 percent). The loan portfolio stood at EUR 528.1 billion at the end of December 2022. Repayment volume increased marginally to EUR 66.0 billion, +0.4 percent above the previous year (EUR 65.7 billion).

Both investment and working capital loans as well as commercial housing loans were responsible for the increase in the portfolio. Investment/working capital loans increased by EUR 17.8 billion or 5.4 percent to a portfolio of EUR 347.2 billion in 2022 (previous year +3.4 percent). In commercial housing construction, the loan portfolio increased by EUR 14.4 billion or 8.6 percent (previous year +10.1 percent) to a portfolio of EUR 180.9 billion.

In 2022, the Savings Banks recorded a decline in new business in loans to private individuals compared to the record previous year. For 2022 as a whole, the volume of commitments was EUR 73.5 billion, a decline of EUR 9.9 billion (–11.9 percent) compared to 2021. Accordingly, the loan portfolio increased slightly less in 2022 than in the previous year, but nevertheless grew strongly by EUR 19.0 billion or 4.7 percent to EUR 425.1 billion (previous year +6.1 percent).

The decline in new business is mainly due to the development in private residential construction loans. Commitments amounted to a value of EUR 64.6 billion – a decrease of EUR 8.8 billion (–12.0 percent) compared to 2021.

The difference between the first and second halves of the year is even greater here than for corporate loans: In the first half of 2022, commitments were very high at EUR 41.2 billion (+8.5 percent above the already very strong first half of 2021), and customers were still securing the low interest rates, especially in the first quarter. These anticipatory effects are one reason for the sharp decline in H2 to now EUR 23.4 billion (–33.9 percent compared to H2/2021). The rising interest rates also led to a number of potential customers stopping their plans to purchase property for the time being.

The stock of private housing loans increased by EUR +19.8 billion in 2022 (+5.4 percent, slightly less than the previous year's +7.0 percent) and totaled EUR +385.4 billion at the end of 2022.

New business in consumer loans/other loans declined slightly overall in 2022. In new business, the Savings Banks, including loans brokered to S-Kreditpartner GmbH (SKP), committed EUR 13.5 billion – slightly less (–3.2 percent) than in the previous year. The corresponding portfolio, on the other hand, increased slightly by EUR +0.4 billion (+0.8 percent) to EUR 48.5 billion, whereby the weight of loans brokered to SKP continued to increase.

Loans to domestic public budgets increased by EUR 1.9 billion (+6.2 percent) to EUR 32.7 billion in 2022 (2021: –2.0 percent). At EUR 6.0 billion, new business was 79.9 percent higher than in the previous year.

Customer lending business at the Savings Banks

	2022 in EUR billion	2021 in EUR billion	Changes in EUR billions	Changes in %
Customer loans	1,009.5	955.0	+54.5	+5.7
Corporate loans ¹	528.1	496.0	+32.2	+6.5
Loans to private individuals	425.1	406.1	+19.0	+4.7
Private housing loans	385.4	365.5	+19.8	+5.4
Consumer loans/other loans	39.7	40.6	–0.8	–1.9
Memo item: Consumer loans/other loans including SKP loans	48.5	48.1	+0.4	+0.8
Loans to public-sector budgets	32.7	30.8	+1.9	+6.2
Other borrowers	23.6	22.1	+1.4	+6.4
Total loan commitments/loan disbursements domestic customers	189.8/179.4	197.3/174.8	–7.5/+4.6	–3.8/+2.6
Loan commitments/loan disbursements corporates and self-employed ¹	106.6/98.3	106.2/92.4	+0.3/+5.9	+0.3/+6.4
Loan commitments/loan disbursements private individuals	73.5/72.1	83.4/75.7	–9.9/–3.6	–11.9/–4.8

¹ Including commercial housing loans.

Customer securities business

In off-balance-sheet customer securities business, the Savings Banks recorded total turnover of EUR 131.7 billion in 2022, which fell short of the previous year's very high level (EUR –35.2 billion or –21.1 percent). In a medium and longer-term comparison, however, this turnover can be classified as good. The decline in turnover mainly affected shares (–36.9 percent); investment funds lost –18.8 percent. Turnover in fixed-income securities, on the other hand, remained largely stable (–1.2 percent). Overall, purchases (–18.2 percent) declined less than sales (–25.3 percent). This speaks for the prudent behaviour of our customers in a very unsettled economic environment.

Net sales (purchases minus sales) were distinctly positive in 2022; at EUR 29.0 billion, only just missing the best figure from the previous year (EUR 29.5 billion) (–1.5 percent). This was largely due to the positive net sales of investment funds (EUR +12.1 billion) and fixed-income securities (EUR +13.9 billion), but net sales of shares were also positive (EUR +3.0 billion).

Among the investment funds, equity funds (EUR +7.7 billion), other funds (EUR +3.0 billion), open-ended real estate funds (EUR +2.4 billion) and mixed funds (EUR +1.8 billion) showed the highest positive balances.

Customer securities business at the Savings Banks

	2022 in EUR billion	2021 in EUR billion	Changes in EUR billions	Changes in %
Securities trading volume	131.7	166.9	-35.2	-21.1
Net securities sales ¹	29.0	29.5	-0.4	-1.5

¹ Net turnover as the balance of purchases and sales by customers.

1,153.7

EUR billion

CUSTOMER DEPOSITS WITH
SAVINGS BANKS

Refinancing

Savings Banks essentially refinance themselves with deposits from private customers and companies. Overall, deposits increased by a moderate EUR 30.7 billion in 2022 (+2.7 percent, previous year +4.5 percent) to a total portfolio of EUR 1,153.7 billion.

After many years in which the Savings Banks only recorded growth in demand deposits, 2022 was the first year in which interest rates rose and there were again notable increases in time deposits and own issues (primarily Savings Bank bonds). Time deposits more than doubled from a very low level (EUR +13.4 billion or +119.6 percent), own issues grew by more than a quarter (EUR +6.7 billion or +27.0 percent). In absolute terms, however, demand deposits grew even more strongly (EUR +22.0 billion or +2.7 percent). Only savings deposits lost ground in 2022 (EUR -11.5 billion or -4.2 percent).

From the perspective of customer segments, private customers invested an additional EUR 19.8 billion in 2022 (+2.3 percent to EUR 882.6 billion, previous year +3.4 percent). Corporates increased their deposits by EUR 5.6 billion or +3.1 percent to EUR 188.6 billion (previous year +8.0 percent), other customers (e.g. public budgets) by EUR 5.2 billion or +6.8 percent to EUR 82.5 billion (previous year +9.5 percent).

As in previous years, the Savings Banks enjoyed a comfortable refinancing position. Their entire customer lending business could be refinanced through customer deposits.

Customer deposit business at the Savings Banks

	2022 in EUR billion	2021 in EUR billion	Changes in EUR billions	Changes in %
Customer deposits	1,153.7	1,123.0	+30.7	+2.7
of which savings deposits	261.3	272.8	-11.5	-4.2
of which own issues	31.5	24.8	+6.7	+27.0
of which time deposits	24.7	11.2	+13.4	+119.6
of which sight deposits	836.1	814.1	+22.0	+2.7

Financial asset formation

Due to the solid inflow in deposit business and the high positive net sales in securities business, customers, including the home savings business attributable to the Savings Banks as well as the attributable life insurance business, formed additional assets of EUR 62.4 billion at the Savings Banks in 2022. Compared to the previous year's figure, which was very high due to the pandemic, this represents a decline of EUR –18.8 billion (–23.2 percent). Taking into account the home savings and life insurance business, private individuals saved additional funds of EUR 48.2 billion with the Savings Banks. The decline compared to the previous year amounts to EUR 8.2 billion (–14.5 percent).

62.4

EUR billion

CUSTOMERS' FINANCIAL
ASSET FORMATION

Customers' financial asset formation at the Savings Banks¹

	2022 in EUR billion	2021 in EUR billion	Changes in EUR billions	Changes in %
Clients' financial asset formation ²	62.4	81.2	–18.8	–23.2
Private financial asset formation	48.2	56.4	–8.2	–14.5

¹ From deposit business and customer securities business, including brokered building society deposits and brokered life insurance.

² Private customers, corporate customers, domestic public authorities, non-profit organisations, foreign customers.

Equity

At the end of the 2022 financial year, the Savings Banks reported regulatory capital of EUR 141.0 billion. This means that it was increased by a further EUR 4.1 billion in the course of the year, and this exclusively in the form of (hard) core capital. At the end of 2022, the total capital ratio was 16.64 percent; the core capital ratio was 15.69 percent and, excluding hybrid core capital components, a hard core capital ratio of 15.67 percent was calculated. Due to the somewhat stronger increase in risk-weighted assets compared to total equity, the total capital ratio was marginally below the previous year; the core capital ratio and the hard core capital ratio, on the other hand, are each 0.1 percentage points above the 2021 ratios. Irrespective of this, regulatory requirements continue to be significantly exceeded for all ratios.

15.69%

CORE CAPITAL RATIO OF
THE SAVINGS BANKS

The Savings Banks' comfortable equity base underlines their financial independence and their ability to adapt to stricter regulatory requirements.

Banking supervisory ratios of the Savings Banks in accordance with CRR

	2022 in %	2021 in %	Changes in % points
Core capital ratio	15.7	15.6	+0.08
Common equity tier 1 ratio	15.7	15.6	+0.08
Total capital ratio	16.6	16.7	–0.02

Business performance of the Landesbanken

In the 2022 financial year, the business development of the Landesbank Group was dominated by the expansion of customer lending and deposit business. The balance sheet total increased overall compared with the previous year. In recent years, most of the Landesbanken have recorded a growth in total assets following stronger declines until 2017: In the period from the end of 2008 to the end of 2017, total assets were reduced by over EUR 702 billion, or around 45 percent, as part of the strategic measures to redimension and realign the Landesbanken. The exit of HSH Nordbank in 2018 and the streamlining of the portfolio at NORD/LB contributed to the further consolidation of the Group.

In 2022, the institutions¹ had a balance sheet total of EUR 939.6 billion, which was EUR +82.0 billion or +9.6 percent higher than in the previous year. Total assets had stagnated in the previous year. The Landesbanken thus continued the trend of expanding on-balance sheet business in 2022. The decisive factors for this dynamic development were in particular the growth in customer lending and deposit business as well as in asset-based interbank business. Landesbanken continued to record increases in bonds and other fixed-interest securities as well as in other balance sheet items. Landesbanken increasingly reduced their cash reserves in 2022.

Lending business

On the assets side of the interbank business, the Landesbanken recorded a high addition of EUR +114.2 billion or +70.9 percent to EUR 275.4 billion (previous year: –17.7 percent) in claims on banks in 2022. This is mainly due to the increase in claims on domestic banks (excluding Savings Banks), which rose by EUR +115.1 billion to EUR +148.6 billion. Among other things, this increase also reflects the greater use of the deposit facility at the ECB due to interest rates, which is reported under interbank claims. The claims of the Landesbanken on Savings Banks grew by EUR +2.8 billion to EUR +70.2 billion. In contrast, the Landesbanken recorded a decrease of EUR –3.7 billion in loans and advances to foreign banks.

The Landesbanken reported a slightly smaller increase in customer lending business in the past financial year compared with the previous year. Loans and advances to non-banks increased by a total of EUR +13.9 billion or +3.4 percent to EUR 417.7 billion (previous year: +7.5 percent).

This is primarily attributable to the increase in claims on domestic and foreign companies. These were increased by EUR +15.8 billion or +5.3 percent to EUR 311.8 billion (previous year: EUR 28.7 billion or 10.7 percent). The focus was on both domestic and foreign corporate business: Loans and advances to domestic companies increased by EUR +8.5 billion or +4.7 percent to EUR 190.7 billion. Loans and advances to foreign companies also increased by EUR +7.3 billion or +6.4 percent to EUR 121.1 billion.

Loans and advances to domestic and foreign public authorities decreased in the reporting year by EUR –2.6 billion or –3.4 percent to EUR 74.1 billion (previous year: EUR –1.6 billion or –2.1 percent).

Loans and advances to domestic private individuals (including non-profit organisations) largely stagnated at EUR 31.8 billion (up EUR +0.7 billion or +2.3 percent year on year).

417.7

EUR billion

CUSTOMER LOANS OF
THE LANDESBANKEN

¹ This chapter looks at the five Landesbank groups, Landesbank Berlin/Berliner Sparkasse and DekaBank.

Securities business

The Landesbanken kept their own securities investments at a largely stable level in 2022. In contrast to the previous year, the total portfolio fell by only –0.4 percent to EUR 97.1 billion (previous year: 6.5 percent). The corporate bond portfolio was reduced by –3.6 percent to EUR 14.5 billion. In contrast to 2021, securities holdings invested in non-fixed-income securities (shares, investment certificates) decreased this time by –45.3 percent to EUR 3.2 billion.

Volumes invested in “public-sector bonds” declined to EUR 20.6 billion (–13.9 percent). Money market instruments again played a larger role with a portfolio of just under EUR 4.7 billion at the end of 2022; the increase of EUR 2.7 billion in the reporting year was exceptionally high. The highest inflow in volume is to be found in the investments in the securities category of bank bonds. The holdings here increased by EUR +3.4 billion or +6.8 percent to EUR 54.1 billion.

The main focus in the Landesbanken’s securities account A at the end of 2022 was on bank bonds with a structural share of 55.7 percent, followed by public-sector bonds and debt securities with 21.3 percent and corporate bonds with 14.9 percent. Money market instruments with a structural share of 4.8 percent and securities portfolios invested in non-fixed-interest securities with 3.3 percent are of minor importance.

Refinancing

In terms of customer deposits, the Landesbanken recorded a high portfolio inflow of +9.5 percent to EUR 297.2 billion in 2022. In 2021, customer deposits had only increased by +2.6 percent. The increase in 2022 was primarily due to the development of liabilities to domestic public authorities, which increased by EUR +14.6 billion or +57.7 percent to EUR 40.0 billion.

In addition, liabilities to domestic and foreign companies increased by EUR +8.7 billion or +4.7 percent to EUR 193.8 billion. Inflows were recorded both in liabilities to domestic companies, which rose by +2.2 percent to EUR 166.0 billion, and in liabilities to foreign companies, which increased by +22.9 percent to EUR 27.8 billion. A further differentiated analysis in the domestic corporate sector shows that the expansion in the year under review is due to the development in the real corporate sector (+5.0 percent to EUR 72.1 billion) as well as in the financing institutions (+12.7 percent to EUR 40.7 billion). This contrasted with a further reduction in liabilities to insurance companies by –7.7 percent to EUR 53.2 billion.

Deposits from domestic private individuals (including non-profit organisations) grew by +3.0 percent to EUR 62.2 billion.

The Landesbanken continued to reduce their interbank liabilities in 2022. They fell by 4.3 percent to EUR 252.0 billion (previous year: +0.5 percent). In the past year, liabilities to Savings Banks increased by +5.6 percent to EUR 30.1 billion; liabilities to domestic credit institutions (excluding Savings Banks) decreased by –3.7 percent to EUR 187.0 billion. Liabilities to foreign banks were –13.9 percent lower at EUR 34.9 billion (previous year +6.7 percent).

As in the preceding year, Landesbanken showed an increase in their portfolio of securitised liabilities in 2022. The portfolio increased by +4.2 percent to EUR 182.9 billion. In the previous years, the Landesbanks had recorded significant decreases in this form of refinancing.

297.2**EUR billion**CUSTOMER DEPOSITS OF
THE LANDESBANKEN

15.7%

CORE CAPITAL RATIO OF
THE LANDESBANKEN

Equity

The balance sheet equity of the Landesbanken increased slightly by +0.4 percent from EUR 44.8 billion to EUR 45.0 billion in 2022. The majority of the institutions were able to strengthen this balance sheet item.

The regulatory core capital of the Landesbanken determined on the basis of CRR/CRD IV increased by +4.1 percent to EUR 45.1 billion at the end of 2022 (end of 2021: EUR 43.3 billion). The total risk contribution (counterparty risks, market risk positions and other risks) was increased by +5.1 percent to EUR 287.2 billion (end of 2020: EUR 273.2 billion). As a result of these two developments, the core capital ratio according to CRR/CRD IV of the Landesbank Group decreased by –0.2 percent points and amounted to 15.7 percent at the end of 2022 (end of 2021: 15.9 percent).

The Landesbanken managed to restructure and realign themselves following the financial market crisis. Risk assets were reduced in a targeted manner and capital ratios were further expanded. As a result, the Landesbank Group has a solid core capital base.

Banking supervisory ratios of the Landesbanken in accordance with CRR

	2022 in %	2021 in %	Change in % points
Core capital ratio	15.7	15.9	–0.2
Common equity tier 1 ratio	15.1	15.1	0.0
Total capital ratio	19.8	20.4	–0.6

Operation results ¹

As in the previous year, the Landesbanken were again able to generate a much higher operating result in the 2022 reporting year, increasing by 50 percent in 2022. This increase can be attributed to the following developments: The Landesbanken recorded increases in both net interest income (EUR +0.5 billion to a level of EUR 7.1 billion) and net commission income (EUR +0.2 billion to EUR 1.8 billion). The strongest effect, however, came from the net result from financial transactions. With an increase of EUR 0.8 billion, this was more than twice as high as in the previous year.

The development of administrative expenses had a slightly negative impact on the result, but only increased moderately by EUR 0.1 billion compared to the previous year, reaching a level of EUR 6.8 billion in 2022. This is mainly due to higher operating expenses.

Overall, the Landesbanken achieved an operating result before valuation of EUR 3.9 billion in 2022 (previous year: EUR 2.6 billion). The cost-income ratio² of the Landesbanken improved significantly to 63.7 percent (previous year: 72.1 percent) due to the earnings development outlined above.

In the year under review, the Landesbanken incurred valuation expenses of around EUR 1.7 billion, mainly due to interest rates, which had a significant negative impact on the annual results of the Landesbank group. This contrasted with a slight valuation income gain (EUR 0.1 billion) in 2021. In the year under review, the Landesbanken made additional risk provisions for the lending business on account of existing uncertainties, such as the increase of the supply chain problems and further rises in inflation and interest rates. This strengthened resilience against possible future loan defaults.

¹ Source: Individual financial statements of the Landesbanken in accordance with the German commercial code (including DekaBank).

² Administrative expenses in relation to operating income (sum of net interest income, net commission income, net income from financial transactions and other operating income).

Selected balance sheet items of the Landesbanken (including DekaBank)

	Portfolio at year-end 2022 in EUR billion	Portfolio at year-end 2021 in EUR billion	Change in %
Loans and advances to banks (MFIs ¹)	275.4	161.1	+70.9
Loans and advances to non-banks (non-MFIs)	417.7	403.8	+3.4
Liabilities to banks (MFIs)	252.0	263.3	-4.3
Liabilities to non-banks (non-MFIs)	297.2	271.3	+9.5
Balance sheet total	939.6	857.7	+9.6

Selected P&L² items of the Landesbanken (including DekaBank)

	2022 ³ in EUR billion	2021 in EUR billion	Change in %
Net interest income	7.07	6.60	+7.1
Net commission income	1.80	1.57	+14.2
Net income from financial transactions	1.70	0.89	+92.1
Administrative expenses	6.80	6.67	+2.0
Operating result before valuation	3.87	2.58	+50.1
Valuation result (excluding equity interests)	-1.74	0.06	- ⁵
Operating result after valuation	2.13	2.63	>+100
Balance of other and extraordinary income/expenses ^{2,4}	-0.33	-1.29	-74.3
of which: withdrawals from (+)/allocations to (-) the fund for general banking risks pursuant to section 340g of the German commercial code	-0.22	-0.38	-40.9
Net profit before taxes	1.80	1.34	+34.4
Profit related taxes	0.87	0.75	+16.0
Net profit after taxes	0.93	0.59	+57.9

¹ Monetary Financial Institutions.

² The allocations to the fund for general banking risks in accordance with section 340g of the German commercial code are taken into account here – as in the “original” income statement in accordance with the German commercial code – as expenses reducing the annual result; accordingly, withdrawals from this fund are treated as income increasing the annual result.

³ Preliminary figures from partly not yet audited annual financial statements according to the German commercial code, rounding differences possible.

⁴ This includes the balance from profits from the sale of financial investments and securities held as fixed assets, write-downs on/write-ups to financial investments and securities held as fixed assets as well as changes in the fund for general banking risks in accordance with section 340g of the German commercial code (allocations to the fund for general banking risks with a negative sign, withdrawals from this fund with a positive sign).

⁵ Calculation not meaningful.

The result of the “extraordinary account”¹ was negative in 2022 – as in the previous year – but only slightly reduced earnings by EUR 0.3 billion. Net gains/losses on valuation and financial investment securities were only slightly negative in the reporting year with a net valuation expense of EUR 0.1 billion, and were slightly burdened by the extraordinary result. However, allocations to the fund for general banking risks (EUR 0.2 billion) are also recorded under net gains/losses on valuation and financial investment securities.

Overall, the Landesbanken generated a strong pre-tax profit of EUR 1.8 billion in the 2022 financial year. In the previous year, the pre-tax profit for the year was EUR 1.4 billion. After deducting profit-related taxes, the Landesbanken closed the 2022 financial year with a significantly increased net profit after tax of EUR 0.9 billion. In 2021, the Landesbanken had recorded a net profit after taxes of just under EUR 0.6 billion.

Business performance of the Landesbausparkassen

The group of eight Landesbausparkassen concluded 480,000 new home loan and savings contracts with a volume of EUR 32.9 billion in the 2022 financial year. This represents an increase of 6.1 percent compared with 2021 in the number of contracts and an increase of 27.6 percent in the home loan and savings amount. With the extremely steep rise in capital market interest rates since the beginning of 2022 and the associated increase in the cost of real estate loans, home savings are once again increasingly perceived as what they have always been: secure equity formation paired with the right to a low-interest loan.

In a difficult environment for those looking to build and buy, with rising interest rates and persistently rising construction prices, the Landesbausparkassen were also able to make a valuable contribution to stabilising housing construction financing. Overall, home loan and savings funds in the amount of EUR 10.2 billion flowed into the housing market. The LBS Group was thus able to significantly exceed the high level of the previous year by 10.1 percent. The portfolio of building loans climbed to EUR 36.5 billion; this corresponds to an increase of 6.9 percent compared to the previous year.

The average home loan savings amount reached a new high of EUR 68,000 (+20.2 percent). This shows that people are adapting their savings behaviour to the steadily growing need for equity capital due to the years of high property prices.

The “Bausparkassen of the Savings Banks” are the undisputed market leaders in the home loan and savings business in Germany. Their market share was 35.0 percent in terms of the number of new contracts concluded in 2022 and 35.7 percent in terms of the building savings sum. As regards the existing number of contracts, LBS has a market share of 35.6 percent and 33.7 percent of total home loan savings. In residential “Riester” business, LBS’ market share is 45.0 percent; this corresponds to around 740,000 contracts for a home loan and savings total of EUR 33.8 billion (–3.7 percent).

¹ Balance of other and extraordinary income/expenses. In contrast to the income statement statistics of the Deutsche Bundesbank, the allocations to and withdrawals from the fund for general banking risks pursuant to section 340g of the German commercial code are also included in the “extraordinary result”.

At year-end 2022, the eight Landesbausparkassen held a total of 8.1 million home loan and savings contracts (–4.1 percent) with a volume of EUR 313.4 billion (+2.7 percent) for their almost seven million customers.

The Landesbausparkassen have 510 advisory centres; the number of office and field staff is 6,400. At EUR 76.2 billion (+1.5 percent), the cumulative total assets of the LBS Group reached a new high at the end of 2022.

Business performance of the Landesbausparkassen

	2022	2021	Change in %
New contracts			
Number (millions)	0.48	0.45	6.1
Building savings sum (EUR billion)	32.9	25.8	27.6
Contract portfolio			
Number (millions)	8.09	8.44	–4.1
Building savings sum (EUR billion)	313.4	305.1	2.7
Cash inflow (EUR billion)			
Total	11.0	11.2	–1.2
of which savings contributions	8.8	8.6	1.5
New capital commitments (EUR billion)	13.4	12.3	8.7
Capital disbursements (EUR billion)	10.2	9.2	10.1
Total assets (EUR billion)	76.2	75.1	1.5
Net income after taxes (EUR million)	83.8	33.2	152.4
Employees (inc. field staff)			
Total	6,400	6,630	–3.5
of which apprentices	130	138	–5.8
			Change in % points
Market share (number of contracts)			
New contracts	35.0	34.2	0.8
Contract portfolio	35.6	35.3	0.3

Responsibility and social commitment

The economy and society are undergoing a profound period of change. In addition to the familiar issues such as demographics, digitalisation, increasing academisation and new working models, the attractiveness of the financial sector as an employer is also changing, presenting the world of work with new challenges. The change in culture and values in the relevant target groups in particular will require an adjustment to the human resources strategy for the Savings Banks Finance Group.

With us, it is the people who shape the company.

People are at the centre of everything we do, because our employees are what make us what we are. They are and remain our most important link to our customers. They represent our brand message “understanding people, providing security and thinking about the future” as the special self-image of the Savings Banks Finance Group throughout Germany. These values not only influence our dealings with customers, but also have an internal impact. Despite the slight decline in the number of employees, the Savings Banks Finance Group is one of the most important employers and trainers in the Federal Republic of Germany with 272,600 employees. The Savings Banks Finance Group is characterised by its decentralised structure. Savings Banks, regional associations and numerous Group partners share the tasks of ensuring that people in all parts of Germany are provided with money and credit. 191,000 people worked at a local Savings Bank in 2022.

The Savings Banks Finance Group is an attractive employer.

Having an attractive and authentic employer identity is of paramount importance to us in terms of personnel strategy. The aim is to make the Savings Banks Finance Group the employer of choice in the personnel market – for existing employees as well as for new talent.

Key areas of activity within the framework of our human resources strategy are:

Successful recruitment of junior staff

In order to continue to provide our clients with the best advice and support, we rely on motivated junior staff with different levels of expertise and experience. In addition to trainees, who make up the largest share of our junior staff, our target group ranges from career changers and dual students to academics, technical experts and managers. This diversity of different talents with different perspectives and experiences enables us to grow.

An important point here is target group-oriented, authentic and cross-media communication. That is why we regularly invest in the content and technology development of our employer website.

After leaving school, increasing numbers of young people are opting for a dual course of study as a combination of vocational training and university studies. Within the Savings Banks Finance Group, the School of Finance & Management offers a dual study programme. This option meets the increasing demand for highly qualified specialists and managers, as also reflected in our “Sales Strategy of the Future”.

When recruiting for such programmes, our existing good image as an employer has a positive effect. We have been able to score particularly well with our regional approach to recruiting, especially among school students.

One example of attractive and needs-oriented recruitment of young students is the continuous development of our vocational training programme. It is important to the institutions in our Group that young trainees are offered security and perspective, as well as interesting and flexible fields of work. Our training companies have an impressive range of approaches to promote and use the trainees' personal responsibility and wealth of ideas: from self-organised introductory weeks and community service projects to social media editorial offices and trainee branches. The trainee branches create an environment in which the fresh ideas of young talented people are incorporated and immediately put into practice. In this way, the junior staff receive real recognition for their ideas, they experience appreciation and feel that they have really arrived at the company. Learning opportunities abroad further enhance the attractiveness of vocational training for apprentices and those with professional qualifications.

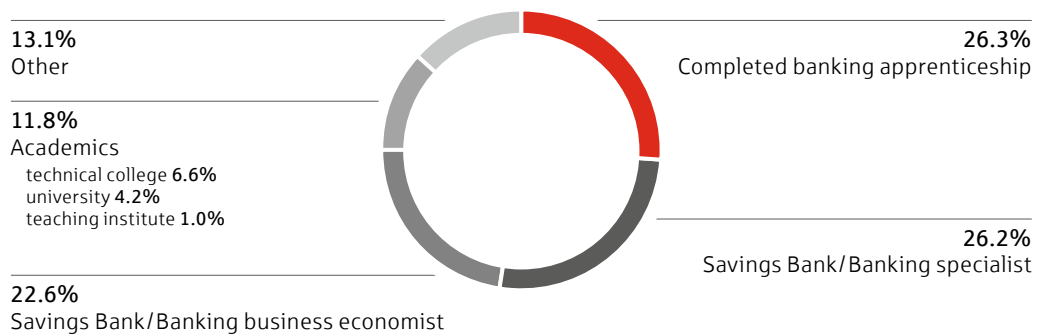
In 2022, 4,394 young people started their vocational training at a Savings Bank. Despite the impact of the Corona crisis on the recruitment process, hiring figures were slightly up on the previous year. With 11,965 trainees, the Savings Banks Finance Group as a whole remains the largest provider of training in the German banking industry and one of the largest nationwide. Our broad commitment to training is part of the social responsibility of the Savings Banks Finance Group. We provide training with the future in mind. And this pays off: Savings Banks trainees regularly pass their Chamber of Industry and Commerce examinations at the top of their class and receive prestigious awards in their region as well as at state and national level. The take-up rate in 2022 was 88.8 percent.

Continuous further development of staff skills

Changing customer behaviour and advancing digitalisation require a significantly more differentiated approach to the market in order for the Savings Banks Finance Group to remain a market leader. Sales channels with new roles and tasks are emerging, and processes, personnel structure and management are being adapted. In view of these challenges, we have again focused on "strengthening employer attractiveness, expanding digital competences and qualification for sustainability issues to ensure the quality of our employees" in 2022.

A key factor in the success of the Savings Banks Finance Group is its internal training system. The Savings Banks Finance Group offers its employees high-quality and attractive career prospects, from career entry to management positions or demanding specialist functions. The Group-wide education structure with nine regional academies as well as the Savings Banks Finance Group's University of Applied Sciences for Finance & Management in Bonn supports these development opportunities comprehensively and imparts both the required specialist knowledge and the necessary skills and competences for each career stage.

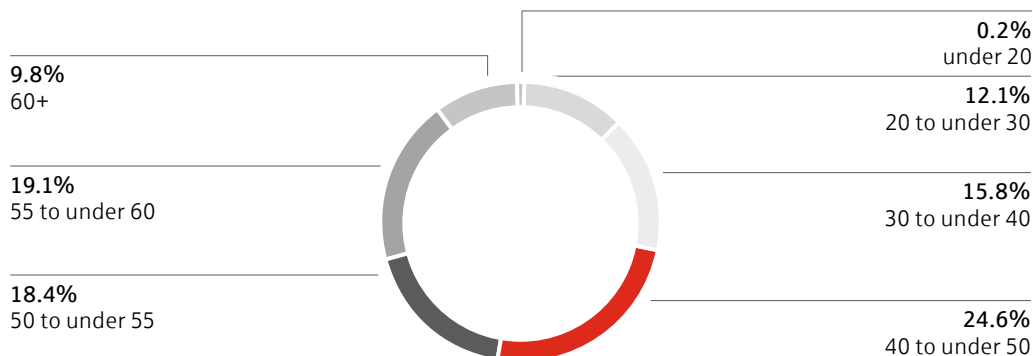
Savings Banks employees: Qualification structure As at: 31.12.2022



Our business model focuses on providing comprehensive advice to our customers with the aim of achieving a high level of customer satisfaction and sustainable customer relationships. We offer them every avenue to receive advice – whether in-branch, online or mobile. It is vital to us to maintain the human proximity that distinguishes us from our competitors, despite the necessary reorganisation of the branch structure. To ensure this, we continue to place a special focus on qualifying our employees for cross-channel customer service. The academies' range of qualifications address this need to adapt and systematically develop their own skills. New digital education formats constantly evolve from this, which can be conducted as seminars in the academies as well as online or as in-house seminars directly in the institutions.

A look at the changing demographic structures also shows the importance of “maintaining job proficiency and succession planning” for the future. Differentiated qualification opportunities for all groups of the workforce are therefore crucial. It is the declared goal of the training service providers in the Savings Banks Finance Group to jointly develop these measures and to create tailored training programmes to unlock all potential.

Savings Banks employees: age structure As at: 31.12.2022



The issue of “sustainability” has become increasingly important for our customers as well as for our employees. For this reason, we again expanded our range of qualifications relating to the sustainability aspects of “environment, social affairs and corporate governance” in 2022.

The necessary transformation processes are mastered through the ability of our employees to change.

Dealing with the constantly new and dynamically changing demands on the employees of the Savings Banks has required a rethink in the area of leadership and support. Here, it is important for us to create a willingness among our employees to accept the changes, while also developing the ability to appreciate the benefits of implementing them.

Managing the transformation processes triggered by the change in values and culture, demographic development and digitalisation is a top priority for the institutions of the Savings Banks Finance Group. To support this, implementation recommendations for talent and change management have been made available nationwide in order to unleash potential.

In addition to this, the well-being of our employees is a major concern for us in the institutions of the Savings Banks Finance Group. To this end, we offer flexible models for the place and time of work, professional career development and a wide range of support services for a better balance between private and professional life, so as to provide the best conditions for all generations in their various phases of life.

One of the central goals continues to be increasing the proportion of women in management positions for the entire Savings Banks Finance Group. The measures implemented nationwide to date were again supplemented in 2022 by scholarship and mentoring programmes for more women in management positions. Overall, we have intensified the discussion within the Savings Banks Finance Group and have been able to increase the proportion of female managers below Board level to 28.1 percent (previous year 27.5 percent). The proportion of women on the Board of Management increased slightly to 6.2 percent in 2022 (previous year 5.8 percent).

Broad-based social commitment strengthens public welfare

The Savings Banks, Savings Banks Foundations, Landesbanken and S-Group partners shape local social interaction in a variety of ways. In 2022, the Savings Banks Finance Group invested around EUR 399 million in public welfare projects (previous year: EUR 371.4 million).

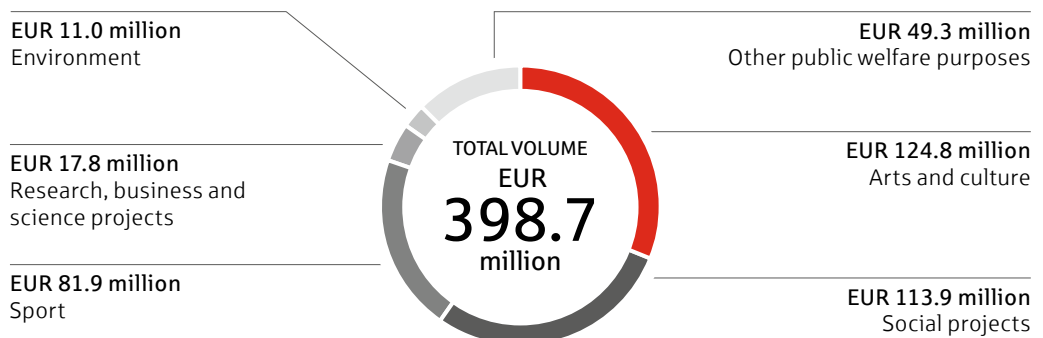
After the decline in the Savings Banks Finance Group's support commitment in the last few years as a result of the Corona pandemic, public welfare support is once again experiencing a significant upswing, with an increase of EUR 28 million over the previous year. The most common form of support in 2022 was again donations – a service rendered without receiving anything in return. This type of support accounts for 40 percent of the total funding.

Art and culture

The promotion of art and culture is an important core element and firmly anchored in the social commitment of the Savings Banks Finance Group. In 2022, the Savings Banks Finance Group supported art and culture with a total of EUR 124.8 million (previous year: EUR 106.9 million). Projects throughout the country were supported. Long-standing cooperations were continued, such as the commitment as the main sponsor of the Dresden State Art Collections.

Social commitment of the Savings Banks Finance Group

As at: 31.12.2022



Social commitment

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 areas of support provided by the Savings Banks Finance Group, with contributions totaling EUR 113.9 million in 2022 (previous year: EUR 114.7 million).

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 their partnership with Olympic Team Germany and Team Germany Paralympics, as well as their sponsorship of elite sporting schools.

In 2022, sports and members of sports clubs received EUR 81.9 million (previous year: EUR 73.9 million). 28 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 11.0 million in 2022 (previous year: EUR 11.6 million).

Education

Promoting education and integration is a central element of the Savings Banks Finance Group's commitment to sustainable social development. In 2022, EUR 17.8 million (previous year: EUR 17.2 million) was invested in research, business and science promotion projects. Throughout Germany, Savings Banks are committed to ensuring that all sections of the population can benefit from 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 "SparkassenSchulService" (the 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.

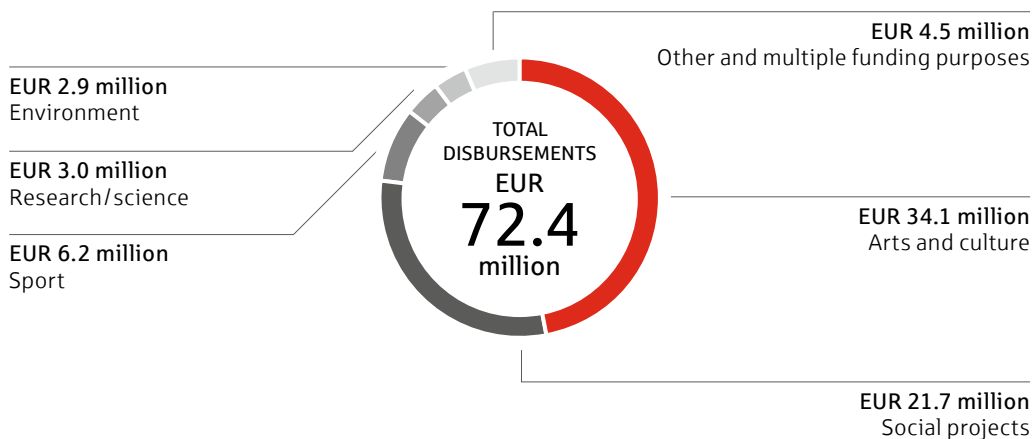
Foundations

The charitable foundations of the Savings Banks Finance Group continue the funding and donation commitment pursued by the Savings Banks, Landesbanken and other institutions of the Savings Banks Finance Group in a particularly sustainable form. In 2022, there were a total of 759 foundations in the Savings Banks Finance Group (previous year: 760). They contribute to regional development and support local civic engagement. At the end of 2022, they had a total capital of EUR 2.83 billion (previous year: EUR 2.76 billion). Last year, the Savings Banks Foundations accounted for 18.2 per cent of the total commitment of the Savings Banks Finance Group with disbursements of EUR 72.4 million (previous year: EUR 68.5 million).

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

➤ dsgv.de/our-responsibility

Disbursements by the foundations of the Savings Banks Finance Group in EUR million As at: 31.12.2022



German Sparkassenstiftung for International Cooperation

The German Sparkassenstiftung (Savings Banks foundation) actively supports financial institutions that promote sustainable economic and social development at local, regional or national level through needs-based banking. Its aim is to enhance the professionalism of its partner institutions so that they can offer their customers ongoing access to financial services. Small and medium-sized enterprises (SMEs) in particular, but also poor and marginalised social groups are the target groups of the German Sparkassenstiftung's partner institutions.

By strengthening local and regional financial structures, the German Sparkassenstiftung not only creates development alternatives for broad sections of the population and local businesses, but ultimately also helps to generate jobs and income. In doing so, it also helps to promote financial education and support training and human resources development in its worldwide projects (e.g. the introduction of dual training systems in the microfinance sector in Latin America).

This is in line with the approach and objectives of the German Savings Banks; it has a stabilising effect on the respective financial sector and thus on a country's economic development. The more than 200-year history of the Savings Banks in Germany shows that sustainable microfinance is only possible with efficient organisation and professionalism – these are the key success factors that the German Sparkassenstiftung passes on to its partners worldwide through its projects.

➤ [Sparkassenstiftung.de](https://www.sparkassenstiftung.de)



The impact of the German Sparkassenstiftung



Business Games as a success factor for financial education

The German Sparkassenstiftung's Business Games are an important success factor for financial education worldwide. The Sparkassenstiftung's programme now comprises five Business Games, including four haptic and one computer-based Business Game. The Business Games are interactive training measures that take place on site in small groups.

Since 2019, more than 8,000 Business Games events have been held, reaching small and micro entrepreneurs, students, farmers and many more people in more than 50 countries. 160,000 participants worldwide have taken part in the Business Games to date – and the trend is upward.

Risk report

The institutions of the Savings Banks Finance Group performed well in a difficult environment in 2022 (Ukraine war, rise in interest rates, ongoing Corona crisis). Numerous new regulatory initiatives were advanced in 2022. One focus was the negotiation at European level of the banking package presented by the EU Commission on 27 October 2021. This includes drafts for amending the Capital Adequacy Directive and Regulation (CRD VI and CRR III), which is intended to complete the implementation of Basel III in the EU. In addition, the banking package contains provisions aimed at strengthening the banking sector's resilience to environmental, social and governance risks (ESG risks¹).

The issue of sustainability and its associated risks are increasingly becoming the focus of the institutions' risk management, partly due to the regulatory initiatives in this area. Since mid-2021, the DSGV has been carrying out a project for the structured processing of regulatory requirements relating to the issue of sustainability. The focus is on reporting issues, such as the implementation of the EU taxonomy in Savings Banks, as well as the integration into risk management of sustainability risks, which act as risk drivers on the classic financial risks.

In 2022, the 7th MaRisk amendment was also the subject of consultation. BaFin intends to publish the final version of the circular by mid-2023. The MaRisk amendment implements, among other things, the EBA guidelines on loan origination and monitoring (EBA/GL/2020/06: Guidelines on loan origination and monitoring). With the MaRisk Compass and the MaRisk Interpretation Guide, the DSGV provides the institutions of the Savings Banks Finance Group with detailed guidance on the interpretation of the requirements set by the MaRisk, formulated in a principle-oriented manner.

Due to the persistently high number of new regulatory requirements for bank management, Sparkassen Rating und Risikosysteme GmbH (SR) provides centralised support for the regional Savings Banks in their operational implementation.

Risk management by the institutions of the Savings Banks Finance Group

The identification, control and management of general banking risks is one of the core tasks of a credit institution. The main risks faced by credit institutions include:

- Counterparty risks
- Market price risks
- Liquidity risks
- Operational risks

The institutions of the Savings Banks Finance Group manage the income and risks associated with their business activities professionally and with a view to the future. Changes in the market environment and new regulatory requirements necessitate the further development of methods, models and instruments for risk management.

¹ ESG risks and sustainability risks are used synonymously.

The DSGV, SR and the regional Savings Banks Associations are constantly developing, maintaining and improving the instruments and methods in close cooperation with the institutions. This is associated with numerous advantages, including

- creating practice-oriented and uniform standards throughout the Savings Banks Finance Group,
- developing a broad database through nationwide data pooling based on these standards,
- relieving the burden on individual institutions and avoiding duplication of work,
- pooling the entire know-how of the Savings Banks Finance Group.

Irrespective of the development of uniform procedures across the Savings Banks, the decision on transactions and the associated risks, such as customer product design or own investment policy, remains with each individual institution. This also applies to the definition of the individual risk profile at overall institution level and the use of risk quantification procedures.

Categories of general banking risks

Counterparty default risks	– Risk of a negative deviation from the expected value of a balance sheet or off-balance sheet position caused by a deterioration in creditworthiness, including the default of a debtor. The counterparty risk is divided into the default risk and the migration risk of a debtor. Debtors in customer business within the meaning of this definition are borrowers, i.e. traditional private, commercial and corporate customers, credit institutions (interbank), federal states and the public sector. Debtors in proprietary business are any counterparties or issuers.
Market price risks	– Risk of a negative deviation from the expected value or the current market value of a balance sheet or off-balance sheet position resulting from changes in risk factors (interest rates, spreads, foreign currencies, shares, real estate, commodities, including volatility and option risk).
Liquidity risks	<ul style="list-style-type: none"> – Liquidity risk is generally composed of the insolvency risk and the refinancing cost risk. The liquidity risk also includes the market liquidity risk in both components defined below. This is the risk that, due to market disruptions or insufficient market depth, financial securities cannot be traded on the financial markets at a certain time and/or at fair prices. – Insolvency risk: Risk of not being able to meet due payment obligations in full or on time. – Refinancing cost risk: Risk of a negative deviation from the expected value of the refinancing costs.
Operational risks	– The risk of damage occurring as a result of the inadequacy or failure of internal procedures, employees, internal infrastructure or as a result of external influences, including legal risks.
Other risks	– Depending on the individual business model, Savings Banks may be subject to further risks, such as cost risk. The cost risk is the danger that the realised costs exceed the planned costs. It can materialise, for example, through a collective agreement that deviates from expectations.

The institutions each individually use the jointly developed procedures to measure risks, to aggregate them in the risk-bearing capacity, to manage the portfolio and for capital allocation to optimise the risk-return ratio. Due to the large number of individual decisions, the Savings Banks Finance Group as a whole remains very well diversified.

Risk management methods are optimised on an ongoing basis within the Savings Banks Finance Group.

Ensuring risk-bearing capacity

For many years, the institutions of the Savings Banks Finance Group have used procedures and IT instruments in risk management to determine internal capital (risk coverage potential) on the one hand and risk on the other. The combination and thus comparison is carried out within the framework of risk-bearing capacity (RBC). Here, centrally developed concepts are available to the institutions that combine the various procedures and methods and embed them in a risk limitation at the level of the entire institution as well as the individual risk types.

Savings Banks generally pursue a going-concern approach¹, which complies with the previous national requirements for risk-bearing capacity. For Landesbanken, however, the ECB guideline on ICAAP applies as the basis for their own risk-bearing capacity concepts. The management methods anchored in the risk-bearing capacity concepts of Savings Banks and Landesbanken aim to ensure both the long-term continuation of the individual institutions and the protection of creditors.

The S-KARISMA/S-RTF software, which was jointly developed in the Savings Banks Finance Group, supports the institutions on the IT side from data bundling in risk management to scenario calculations to regulatory reporting for risk-bearing capacity. The individual risk values and thus the capital and asset requirements resulting from the business structure of the individual Savings Bank flow into this. Since mid-2016, SR has taken over the support and further development of the S-RTF software.

In the risk-bearing capacity calculations of the institutions, the risks are compared with the capital figures and the risk coverage potential in order to ensure coverage at all times. The institution-specific overall risk and the individual risk types below it are subject to a limit, which enables a timely response. Not all of the risk coverage potential is used, which means that reserves are kept for potential additional burdens.

The institutions of the Savings Banks Finance Group carry out capital planning processes in order to recognise the development of the capital figures or the risk coverage potential and the future scope at an early stage. Should measures be necessary in the area of capitalisation and in the development of results, these can thus be initiated at an early stage. In addition, dedicated planning of own funds and own funds requirements ensures a high level of transparency regarding the scope for own funds. A targeted and cautious use is thus made possible. Here, S-KARISMA/S-RTF is also used in Savings Banks, as a close link is necessary between risk-bearing capacity and result planning.

The results planned for the next few years and their retention will allow the Savings Banks and Landesbanken to successively expand their risk coverage potential and their own funds. This will enable ongoing growth in the lending business, which increases the minimum capital requirement. Potential burdens from unfavourable macroeconomic developments can thus also be taken into account at an early stage in the planned earnings, capital and risk planning and adequate measures can be prepared if necessary.

The national supervisory authority published revised regulations on risk-bearing capacity on 24 May 2018, whereby existing risk-bearing capacity concepts could continue to be used. In 2021, the banking supervisory authority announced that it would only accept the previous going-concern concepts until the end of 2022. In the Savings Banks Finance Group, the necessary measures were initiated at an early stage in order to efficiently implement the new regulations (normative and economic perspective) in all institutions. At the beginning of 2023, all Savings Banks converted their

¹ Continuation approach.

risk-bearing capacity to the new regulations on risk-bearing capacity with the help of central solutions. The methodological changeover was carried out by introducing new and adapted systems for risk measurement/management – both for the individual risk types and the RBC as a whole. Furthermore, a central data pool is being set up with the integrated data budget (IDH), which will advance the automation of bank management and facilitate both internal Savings Bank and regulatory evaluations.

Since 2016, the German supervisory authority has regularly defined new capital requirements and expectations for individual institutions with the so-called SREP surcharges¹ and the capital recommendation (previously capital target ratio), which are to be taken into account both in the ongoing capital adequacy and in the normative perspective of risk-bearing capacity (capital planning).

With the SREP surcharges, the supervisory authority intends that such risks are to be backed with own funds that are identified in the risk-bearing capacity and backed with capital, but are not or not sufficiently taken into account in the own funds requirements of Basel Pillar 1.

The own funds recommendation indicates how much additional capital an institution should hold from a regulatory perspective so that it can meet the SREP total capital requirement at all times, i.e. also in stress phases. For the majority of Savings Banks, this results in no or only low additional capital expectations.

Ensuring solvency

The equity base of the Savings Banks remained extremely solid in 2022. The Common Equity Tier 1 capital ratio was 15.7 percent as at 31 December 2022, while the total capital ratio reached 16.6 percent.

On average, the Savings Banks thus clearly exceed the Basel capital requirements of 4.5 percent for the hard core capital and 8 percent for the total capital ratio, which have been in force since 1 January 2014. The capital resources also cover the capital conservation buffer (2.5 percent), which increases the minimum values for the hard core capital according to Basel III to 7 percent and the total capital ratio to 10.5 percent. Also covered are the SREP surcharges and the own funds recommendation (formerly own funds target ratio) as well as the buffers set by BaFin by general order at the beginning of 2022, which must be complied with from 1 February 2023 (countercyclical capital buffer 0.75 percent, systemic risk buffer for residential real estate 2.0 percent).

The Landesbanken (individual institution level), including DekaBank, had an average core tier 1 capital ratio of 15.1 percent at the end of 2022. The total capital ratio is 19.8 percent on average.

Management of individual risk types

Increased regulatory requirements for risk reporting make it necessary to establish principles for the management, quality and aggregation of risk data.

Together with Finanz Informatik, SR ensures that the regulatory and business requirements are taken into account in the joint data budget of the Savings Banks Finance Group.

Earnings and risk management is always caught between economic market conditions, the regulatory framework and changing customer expectations. For this reason, it is a particular focus of the Savings Banks in the current interest rate situation. The management of counterparty risk enjoys special attention, as this type of risk has a major influence on the risk-bearing capacity of the institutions and the stability of their results. However, comprehensive procedures for risk measurement and management sustainably secure the lending capacity of the Savings Banks and Landesbanken.

¹ Supervisory Review and Evaluation Process.

Risk classification tools

For corporate customer business: Savings Banks Standard Rating	<ul style="list-style-type: none"> – The Savings Banks Standard Rating is used for commercial customers of the Savings Banks. The creditworthiness assessment is carried out in a modular structure, i.e. it is first checked which information on a company is known to the Savings Bank/Landesbank and can be included in the determination of the rating grade. This information is subdivided as follows: <ul style="list-style-type: none"> – Evaluation of the annual financial statement or the income statement, – Qualitative rating, i.e. assessing the characteristics of the company and the entrepreneur or the managing director, – Taking into account existing business relationships with the customer, such as their account behaviour, – Potential downgrades due to warning signals regarding an impending corporate crisis, – Taking into consideration third-party creditworthiness influences (cross-guarantee systems) in the case of an existing “parent-subsidiary relationship”. – A customer’s strength-potential profile can be automatically generated from a released rating, which can be used for customer communication. – For customers with low exposure, an automated procedure based primarily on account data as well as a simplified risk classification procedure for applications (KundenKompaktRating) are available to the institutions for the ongoing credit assessment.
For commercial real estate investments: Savings Banks Real-Estate Business Rating	<ul style="list-style-type: none"> – The Savings Banks real estate business rating assesses the creditworthiness of real estate customers. Quantitative indicators, such as balance sheets, as well as qualitative factors, such as the expected business development, are used for the assessment. As a key risk driver, the property that is to be financed or has already been financed is assessed with the help of property-specific information and ratios. The focus is on checking whether repayment of the loans from the rental income or the proceeds from the sale of the property is likely in the coming years. – In order to ensure the most realistic representation possible, all available information is weighted accordingly and combined into a rating grade for the client.
For private customer business: Savings Banks Customer Scoring	<ul style="list-style-type: none"> – Savings Banks customer scoring is the risk classification procedure for private customer business. It enables the customer advisor to assess the creditworthiness of a new customer objectively as well as an existing customer with as much creditworthiness-relevant information as possible known to him when applying for a loan. – With this instrument, the institutions also receive an automated portfolio monitoring of their retail exposures and thus a tool with which risks can be identified in good time.
For investments in renewables: Project Financing Rating	<ul style="list-style-type: none"> – The project finance rating is a tailored procedure for financing in the field of renewable energies (wind, photovoltaics, biogas/biomass). The loan commitment is primarily based on the cash flows generated from the operation of the plant. Accordingly, it is not the asset situation of the equity provider (also called sponsor) that forms the core of the risk, but the project performance. – Since the project company is to be depicted in its entirety, qualitative factors – such as the expertise of those involved in the project, information on the project environment and the contractual arrangements – also flow into the valuation process.

In addition, SR, together with Savings Banks and regional associations, has developed a standardised procedural model for conducting the risk inventory including risk concentration analysis, which includes central recommendations for the criteria of the materiality assessment of individual risks. In this context, a relevance check of sustainability risks as well as a qualitative impact analysis of economically significant risks on the normative perspective is also carried out. The procedure is validated annually by SR.

To support the risk management process in the Savings Banks, a risk manual is also available to the institutions, which helps to keep a standardised eye on risks.

Managing counterparty risks

SR develops and maintains the necessary procedures for efficient and needs-oriented credit risk measurement of the Savings Banks together with representatives from regional associations, Savings Banks, Landesbanken, Landesbausparkassen and Finanz Informatik on the basis of data from the Savings Banks Finance Group. Accordingly, they are used throughout the Savings Banks Finance Group for the management of default risks.

The central maintenance and further development of the procedures by SR ensure their high quality and uniformity. This guarantees that the data from Savings Banks and Landesbanken are processed in compliance with data protection requirements (data pooling), the annual qualitative and quantitative review (validation) as well as the regular supervisory review of the instruments.

The risk classification procedures, as shown in the table on page 74, relate to corporate lending, real estate and retail business.

Additionally, the institutions of the Savings Banks Finance Group have instruments for assessing creditworthiness for the fair calculation of creditworthiness premiums (risk costs) as well as for risk measurement (value-at-risk calculation) of the total loan portfolio. The calculated “fair” credit rating premium is also used for risk transfer between the institutions or within the framework of so-called credit pooling.

The Savings Banks Finance Group continually strives to increase the efficiency of its management of counterparty risks, thus generating more accurate forecasts. Because only the balance of accurate risk assessment and effective use of financial resources ensures fair conditions for customers.

In 2022, more than 306,000 commercial and corporate customers were classified in rating classes. In some cases, the ratings were carried out or updated several times. In total, there are more than 14.8 million commercial ratings in the data pool of the Savings Banks Finance Group. This data pool enables a high degree of reliability for the credit ratings and at the same time ensures the provision of qualified advice to the customer.

The common uniform rating procedures in the Savings Banks Finance Group offer the following advantages:

- a very broad database,
- high selectivity of methods,
- an accurate and fair breakdown of our customers according to their creditworthiness,
- stable default rates,
- early and objective risk identification and
- central regulatory approval of the tools used to determine capital adequacy in accordance with the internal ratings-based approach.

All rating and scoring procedures are approved by the supervisory authorities and are regularly audited by the banking supervisory authority.

The models and methods for counterparty risk management of the Savings Banks take into account their heterogeneity with regard to the size of the individual institution as well as in the type, scope and complexity of the counterparty risk portfolio.

In this way, ideal-typical counterparty risk management can be mapped over a total of five expansion stages.

Within the framework of the implementation

- the Savings Banks leverage synergies through the efficient use of risk measurement instruments and their integration into overall bank management,
- the Savings Banks optimise their equity capital utilisation by flexibly reducing and increasing counterparty risk positions,
- the Savings Banks create more scope for sales by clearly delineating responsibilities between sales, back office and portfolio management,
- the Savings Banks exploit growth opportunities in the lending business (also for new business) through the targeted management of concentration risks and the consistent use of risk management instruments,
- it is easier for the Savings Banks to find competitive conditions through improved risk structures in the loan portfolio.

By efficiently managing their loan portfolio, the Savings Banks are able to continue to grow sustainably in the lending business without overburdening themselves with the associated risk.

The portfolios of the Savings Banks Finance Group were also well positioned in the 2022 financial year. Overall, 64.4 percent of all corporate customers of the Savings Banks and Landesbanken had a rating in the so-called investment grade range (better than BBB-) and thus have a high credit quality. This value remained stable in comparison with the previous year.

Managing counterparty risk at portfolio level

In order to remain effective and competitive in the lending business in the long term, Savings Banks record the risks associated with lending comprehensively and can manage these in a targeted manner by applying the eKRM (efficient credit risk management) management concept. Through active and efficient credit portfolio management – i.e. through the targeted optimisation of the income and risk situation of their credit portfolio – they are able to create competitive advantages for themselves. This leads not least to increases in efficiency and results. Despite the changed interest rate environment and risk costs, the credit market, and in particular the customer lending business, continues to be more profitable and less risky than the capital market business.

Diversification of counterparty risks:

Syndicated customer lending as an example

The classic syndicated loan business has already been used by the Savings Banks for many years. This includes not only loan or risk sharing with the respective Landesbank and association partners, but also increasingly the joint financing of larger customer loans by several Savings Banks. The form of this cooperation ranges from direct lending to loan sub-participation and indemnification.

Promissory note loans are also used by many Savings Banks for targeted investment in lending business with companies. All of these instruments can be used both for hedging credit risks and for investing in credit risks.

The decisive factor is that customer responsibility remains with the lending Savings Bank. At the same time, however, the Savings Bank has “financing partners” at its disposal so that it can increase its leeway in the lending business through liquidity and equity relief. The systematic use of other Savings Banks, Landesbanken and Group partners creates new opportunities for more credit growth, especially when accompanying the growth and transformation of large SMEs towards more digitalisation and sustainability.

Tools for managing counterparty risk

Savings Bank Risk-Adjusted Pricing	– The risk-adjusted pricing procedure enables a credit institution to determine credit premiums on the basis of individual credit exposures and collateral provided. This avoids equal treatment of low and high risks. The creditworthiness premiums are included in determining fair lending conditions and serve to cover expected losses from the lending business.
Savings Banks CreditPortfolioView	– CreditPortfolioView enables the Savings Banks and Landesbanken to identify, measure and provide an up-to-date view of the counterparty risks of a credit portfolio and of the Depot A (securities account). This is based on the P&L (periodically) and/or cash flow (value-oriented). CPV takes into account changes in creditworthiness and credit defaults of customers, issuers and counterparties in the corresponding macroeconomic scenarios.
Savings Banks Loss Data Collection	– The loss data collection is used to determine liquidation and recovery rates from the history of defaulted customers. The loss data is validated annually and integrated into bank management on the basis of institution or pool data via the RAP and CPV applications for managing counterparty default risk. Additional parameters are estimated from the validated pooled loss data of the Savings Banks Finance Group (e.g. to fulfil the hard test notification) and comprehensive reports are prepared.

Hedging counterparty risks:

Example of Savings Banks loan baskets

For 20 years now, the Savings Banks have had another efficient instrument at their disposal for hedging credit risks and managing concentration risks: Savings Banks loan baskets. In contrast to the syndicated loan business, they offer a way to hedge credit risks synthetically.

Designed like a “mutual insurance association”, participating Savings Banks contribute their hedging needs for the entire credit business relationships with larger customers to a basket twice a year and at the same time participate in the resulting diversified portfolio.

To date, a good 40 percent of all Savings Banks have participated in at least one of the Savings Bank credit baskets, mutually hedging a total of almost EUR 7.7 billion. Here, too, the basic principle applies that the customer relationship remains with the lending Savings Bank, but at the same time it gains more leeway in the lending business with its existing customers and with new customers. In this way, the risk situation in the lending business can be managed in a targeted manner.

Managing market price risks

The starting point for market price risk management is the recording of the assets invested in this segment. The sum of these asset positions is subject to market price fluctuations, which can lead either to asset increases or asset decreases. The institutions of the Savings Banks Finance Group are supported by the DSGV, SR and the regional associations both in terms of the methodology for quantifying market price risks and optimising assets, as well as the technical implementation in dealing with these risks. SR has offered the Savings Banks standardised parameters for quantifying interest rate, spread, equity and foreign currency risk since the end of 2017 and is consistently working on further improving methods for market price risk management.

A significant market price risk is the interest rate risk. This is presented in the Savings Banks Finance Group as value-at-risk (VaR) using the standard procedure of modern historical simulation. In this procedure, risks are directly related to possible earnings expectations.

For the management of interest rate risks, the institutions have instruments at their disposal which enable them to generate concrete control measures, taking into account the risk-bearing capacity required by supervisory law, the regulatory outlier criterion as well as internal economic and balance sheet limits. The continuous use of these procedures broadens the decision-making basis of the institutions, making it easier to derive effective measures for controlling the interest rate risk.

The management of interest rate risks continued to be very important for the Savings Banks Finance Group in 2022 with the rapid and strong rise in interest rates, as

- the capital invested in the interest business accounts for a significant and strategic share of the total capital allocation in most institutions of the Savings Banks Finance Group,
- the intense competitive situation only allows low margins and results from own investments contribute to the stability of the overall earnings situation,
- member institutions will have to prepare themselves for a further rise in interest rates,
- new refinancing structures require the separation of refinancing and interest rate risk management,
- in the case of debt instruments, credit spreads and interest rate risks are linked more closely than before, and
- the supervisory authority focuses on interest rate risk, monitors it using standardised parameters and derives capital requirements on the basis of these parameters. Examples of this are the so-called SREP surcharge for interest rate risks and the determination of the capital recommendation from data of the LSI stress test.

The potential provided by interest rate risk management has been used across the board for years. Almost all Savings Banks have the necessary procedures and the associated technology. More than two thirds of the Savings Banks regularly report their interest rate risk to the DSGV on this basis.

Analysis of the Savings Banks' interest rate risks for 2022 show that the measures for managing interest rate risks are consciously adjusted to the current interest rate development. The Savings Banks continued to generate solid earnings contributions in 2022, keeping net interest income largely stable. At the same time, the different risk appetites and interest rate expectations within the Savings Banks Finance Group ensure a very high level of diversification within the interest rate investments across the entire Group.

Managing liquidity risk

Liquidity risk is defined as insolvency risk and refinancing cost risk. The market liquidity risk is taken into account for both types. This is the risk that financial securities cannot be traded at a certain time and/or at fair prices due to market disruptions or insufficient market depth. Market liquidity risk focuses on the liquidity value of securities and the available refinancing capacity on the market.

Compliance with the European liquidity coverage ratio (LCR) has been mandatory since 1 January 2018, with a regulatory minimum ratio of 100%. This requirement was more than adequately met by the Savings Banks. The simulation and planning options for the LCR have improved steadily in recent years thanks to the "LCR controller"¹ and they enable all Savings Banks to fine-tune the operational management of this short-term ratio.

¹ Software for Savings Banks in the "caballito" portal.

Based on the EU banking package adopted in April 2019, the structural liquidity ratio Net Stable Funding Ratio (NSFR) with the regulatory minimum ratio of 100 percent must also be complied with as of 28 June 2021. The ratio shows the “required” and “available” refinancing funds over a one-year period. In particular, the stable customer deposits of the Savings Banks enable more than sufficient compliance with the ratio across the entire Savings Banks Finance Group. The NSFR also exists in a “simplified” version. The application of the “simplified NSFR” was omitted due to the efficient central implementation of the NSFR reporting system by Finanz Informatik.

The focus of the institutions and associations of the Savings Banks Finance Group is generally on a permanent improvement of qualitative and quantitative liquidity risk management. A major innovation in the technical basis for this is the uniform group software “SVP calculator” and an associated “standard parameterisation”. The analysis options of the extensive liquidity reporting system (besides LCR and NSFR, this includes additional liquidity ratios of AMM¹) were further expanded in 2022. The small-scale data supply of the data centre enables the Savings Banks to analyse their liquidity flows down to any level of detail. Centrally developed key figures, such as the survival period (SVP), make risk management comparable and accessible to the management level for interpretation.

Since 2019, the institution-specific process for identifying, measuring, managing and monitoring all liquidity risks (ILAAP) has been further refined. From 2020 onwards, the institutions of the Savings Banks Finance Group have increasingly used the targeted, longer-term refinancing instruments of the Eurosystem as part of their refinancing mix. In order to curb inflation in the euro area, the ECB partially adjusted the framework conditions of these targeted, longer-term refinancing instruments in the fourth quarter of 2022. These developments were taken into account in the Savings Banks’ liquidity risk management.

Managing operational risks

Their sustainable business orientation obliges the institutions of the Savings Banks Finance Group to regularly deal with impending risks and their professional prevention. This is the only way to secure existing values in the future.

Operational risks are ubiquitous and yet not always easily identifiable. A more detailed explanation of the classification of operational risks is provided by Article 4 (52) CRR, according to which losses that may occur as a result of the inadequacy or failure of internal procedures, staff, internal infrastructure or as a result of external influences (including legal risks) may endanger an institution.

Furthermore, according to AT 2.2 of MaRisk, operational risks should be taken into account as “material risks”, and thus the Savings Bank must maintain a corresponding risk coverage potential for this, which is usually determined using the basic indicator approach. For business management, it uses the “loss database”, “OpRisk estimation procedure” and/or “OpRisk scenarios” procedures offered by SR. In the loss event database, loss events that have occurred are systematically recorded and evaluated. In the “OpRisk scenarios”, possible operational risks and their loss potential are assessed ex ante and preventative measures are determined.

In addition to the procedures for managing operational risks, the OpRisk estimation procedure is available to the Savings Banks as a standardised instrument both for estimating operational risks for the periodic risk-bearing capacity and for calculating the economic perspective. In addition to the institutions’ own loss events, loss events from the nationwide OpRisk data pool are also taken into account.

¹ Additional Monitoring Metrics for liquidity reporting.

The Savings Banks deliver their data annually to a nationwide data pool, which also gives them access to loss event data and risk scenarios of other institutions. The mutual exchange of this information helps to avoid losses and limit operational risks. The collected pool data can be considered representative due to the homogeneous business model of the Savings Banks.

The procedures provided (loss database, OpRisk estimation procedure, OpRisk scenarios and risk inventory) support the institutions in fulfilling MaRisk.

Managing ESG risk

The transformation to a sustainable economy continues to be the focus of politics, society and supervision. The ESG risks associated with this change are increasingly finding their way into the supervisory requirements for risk management. For example, the 7th MaRisk amendment published in June 2023 integrated the non-binding BaFin information on dealing with sustainability risks published in December 2019.

ESG risks are not a separate type of risk, but act as risk drivers on the classic financial risks of credit institutions such as counterparty or market price risks. When analysing the effect of ESG risks on the institutions, however, a significantly longer period of time has to be applied than has been usual in risk management date. The Savings Banks are therefore adding a strategic perspective to their risk inventory to ensure a proper analysis of the impact of ESG risks on their risk profile.

Integration into risk management is hierarchically structured on a strategic, tactical and operational level.

- At a strategic level, the ESG risk profile is managed through an appropriate business model and suitable business strategy positioning on sustainability. In accordance with the business strategy, this is taken into account within the framework of the risk strategy and when defining the risk appetite and deriving specific management measures.
- At a tactical level (structuring of transactions), transactions should be appropriately structured in regards to sustainability (e.g. through maturity, pricing, contract design) in order to manage the ESG risks associated with the transactions adequately.
- At an operational level (economic and normative risk-bearing capacity), tried and tested statistical models and scenario techniques are used for risk measurement and capital planning, management is based on limits and the results of the risk inventory process, and capital is made available for ESG risks. The appropriate consideration of ESG risks is ensured by means of model and parameter validation and, if necessary, suitable scenario analyses.

Scenario analyses play a central role in the assessment of ESG risks at all levels of bank management. To address the challenges associated with the issue of ESG risks and to ensure conformity with other supervisory requirements related to sustainability, the DSGV initiated a central project back in July 2021.

Another focus of the MaRisk amendment is on the integration of EBA guidelines on lending and monitoring, which, among other things, require ESG risks to be taken into account in lending processes. For this purpose, the institutions already use the S-ESG score (developed by S-Rating und Risikosysteme [SR] and DSGV-Branchendienst). The S-ESG score uses ten indicators (e.g. CO₂ emissions and water use) to assess the extent to which business customers are exposed to sustainability factors at industry level. The industry values provided can be adapted by the institutions to the individual situation of the business customer.

Safeguarding the institutions through the Savings Banks Finance Group's institution protection scheme

The institution protection scheme of the Savings Banks Finance Group protects customer deposits at the 355* independent Savings Banks, the Landesbanken, DekaBank and the Landesbausparkassen. In addition, the following institutions are also affiliated to the Landesbanken sub-fund: Berlin Hyp AG, Frankfurter Bankgesellschaft, Landesbank Berlin Holding AG, Portigon AG, S-Kreditpartner GmbH, Sparkassen Broker AG & Co. KG and Weberbank AG.

The guarantee scheme of the Savings Banks Finance Group is designed as an institutional protection system. The primary objective of the protection scheme is to avoid a compensation case and to protect the member institutions themselves and, in particular, to guarantee their liquidity and solvency (institutional protection). In this way, the business relationships of the member institutions with their customers can be continued as contractually agreed. Within the framework of the legal requirements, the voluntary institution protection scheme therefore averts any imminent or existing economic difficulties. In addition, the institution protection scheme of the Savings Banks Finance Group is officially recognised as a deposit protection system in accordance with the German Deposit Protection Act (Einlagensicherungsgesetz – EinSiG). Under the statutory deposit guarantee scheme, the customer has a legal claim through the guarantee scheme for reimbursement of deposits up to EUR 100,000. This is stipulated in Germany's Deposit Guarantee Act.

The institution protection scheme of the Savings Banks Finance Group consists of 13 sub-funds: eleven sub-funds of the regional Savings Banks Associations, the sub-fund of the Landesbanken and Girozentralen and the sub-fund of the Landesbausparkassen.

The protection scheme has proven its worth for more than five decades. Since its foundation in 1973, no customer has ever lost their deposits or the interest due on them. Depositors have never had to be compensated. No member institution has ever become insolvent.

Financial market participants recognise the safeguarding effect of the institution protection scheme. Three international rating agencies – Moody's Investors Service, Fitch Ratings and DBRS Morningstar – explicitly base their very good ratings for Savings Banks, Landesbanken and Landesbausparkassen on the protection scheme.

Risk monitoring of the Savings Banks Finance Group's institution protection scheme

The sub-funds have an early-warning system for the identification of potential risks which permits countermeasures to be initiated rapidly. This risk monitoring is based on quantitative and qualitative parameters.

In addition to uniform key figures, qualitative reports are included in the assessment of an institution. Based on this information, the member institutions are classified into one of four monitoring levels.

The sub-funds carry out risk monitoring on the basis of uniform principles. Monitoring committees monitor the risk situation of their member institutions, request additional information from them if necessary and take countermeasures if required.

The individual sub-funds report regularly to a central transparency committee at the DSGV. This committee monitors the overall risk situation of the institution protection scheme and ensures transparency within the system.

* As of 1 July 2023

Scope for action by the sub-funds

The sub-funds have rights of information and intervention enshrined in the Articles of Association.

In addition to general rights, such as the right to audit all institutions at any time, there are additional rights to information and intervention that are derived from the results of the risk monitoring.

Institutions with no special risk exposure are obliged to provide all information necessary for risk monitoring and must report on the occurrence of extraordinary events within the scope of due diligence obligations. If the risk situation deteriorates, the sub-fund will decide on countermeasures. Institutions in an extraordinary risk situation are required by the sub-fund to submit a restructuring concept and to initiate suitable measures in regard to material or personnel.

In the case of support for an institution, the sub-funds of the protection scheme have a comprehensive catalogue of measures at their disposal. As a rule, support is linked to conditions via a restructuring agreement; for example, benefits are repaid as soon as the economic situation of the supported institution has improved. This can also lead to a merger with another institution. The decision-making bodies are given a great deal of flexibility in responding to the special circumstances of each individual support case.

The individual sub-funds of the institution protection scheme are interlinked.

A total of eleven Savings Bank sub-funds are managed by the regional Savings Bank associations. They are interlinked by a supra-regional compensation mechanism. This mechanism is used whenever the resources required to settle a support case exceed the region's available fund resources. All other Savings Bank sub-funds then jointly participate in any measure necessary to support an institution. In this way, all eleven regional Savings Bank sub-funds are interconnected.

There are independent sub-funds for the Landesbanken and Girozentralen as well as the Landesbausparkassen:

- the Landesbanken sub-funds and
- the LBS sub-funds.

If necessary, all of these sub-funds work together within the system-wide compensation mechanism, which encompasses:

- all Savings Banks sub-funds,
- the Landesbank sub-funds and
- of the LBS sub-funds.

This applies in the event that the resources necessary to settle a support case exceed those of the sub-funds concerned. Due to the system-wide compensation mechanism, the combined resources of these sub-funds are available in a crisis to support measures to protect the institution.

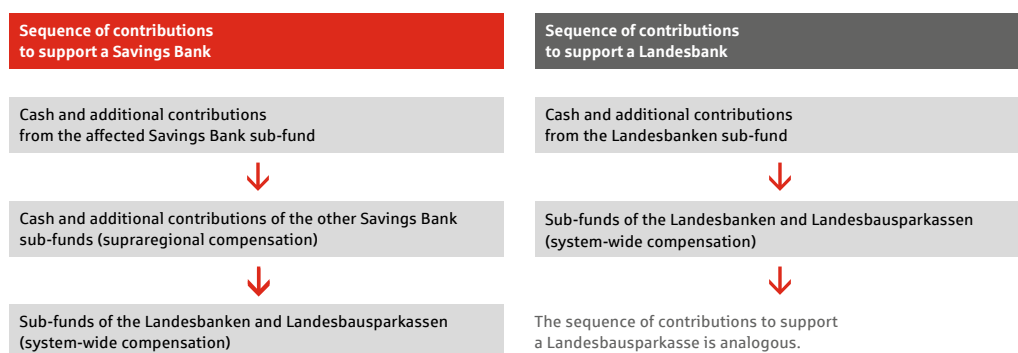
The sub-funds that make up the institution protection scheme have at their disposal the resources and power they need to identify and resolve financial problem situations confronting their member institutions at an early stage. The aim of each sub-fund is to restore the sustainable competitiveness of the member institution concerned.

Assessing risk-based contributions to the institution protection scheme of the Savings Banks Finance Group

Contributions to the institution protection scheme of the Savings Banks Finance Group reflect not only the size and scope of business but also the individual risk-bearing capacity of an institution. The amount of the contributions of the member institutions is assessed in accordance with the regulatory requirements according to risk parameters defined by the supervisory authorities. The contributions of member institutions increase with its business volume and the regulatory risk parameters. This creates incentives for risk-conscious behaviour and thus for ensuring the solidity of the member institutions.

The law requires that the institution protection scheme continues to build up its financial resources until 2024. The statutory target is 0.8 percent of the covered deposits of the protection scheme's member institutions. As a considerable part of the required funds has already been contributed from existing assets, the institution protection scheme of the Savings Banks Finance Group has always had a solid financial base.

Provision of funds to protect the institutions



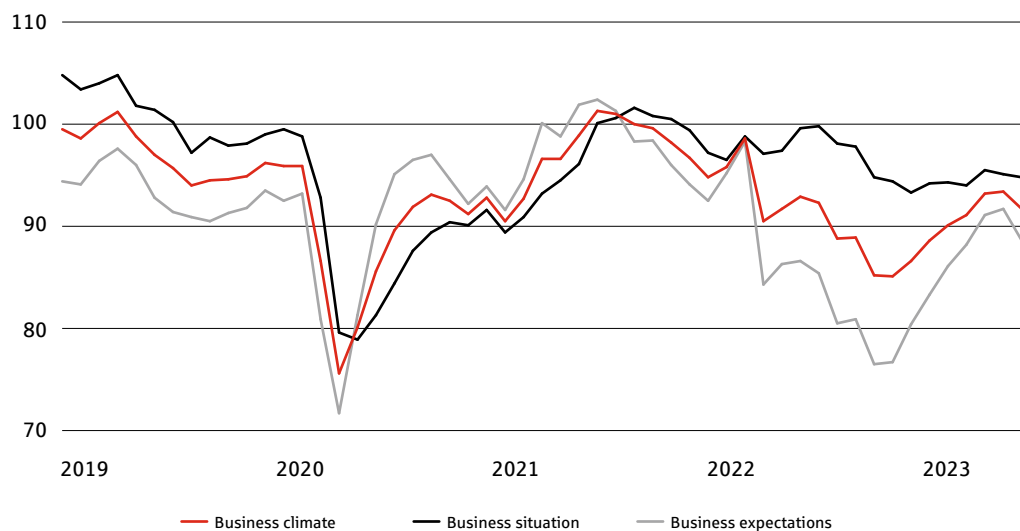
Forecast report

Economic conditions in 2023

At the turn of the year 2022/2023, many load factors have eased. The mild winter weather also meant that the feared gas shortage did not materialise. Commodity prices fell significantly from their 2022 highs by spring 2023. Germany slipped into recession at the end of 2022 and beginning of 2023. Although this was not as severe as feared in autumn 2022, the starting base for 2023 has already been significantly impacted, making a positive growth figure for the year as a whole difficult to achieve.

Sentiment indicators recovered from their deep slumps of 2022 by spring 2023, but have since dropped again.

The Ifo Business Climate for Trade and Industry



Source: ifo Institute

Most forecasts, such as the joint diagnosis of the research institutes, the German Council of Economic Experts, the German Bundesbank and the federal government itself, assume that growth momentum will initially remain subdued and only gradually pick up over the course of the year. The average growth rate for the year is likely to remain close to zero. Relevant forecasts do not predict growth at or slightly above the potential rate until 2024. For the time being, the burdens from high price pressure and the braking effect of the interest rate reversal remain too great.

The global economy is also providing only very limited tailwind in 2023. Growth rates in most industrialised countries are likely to be weaker than in the previous year. This also applies to the USA, which could even fall into recession in the second half of 2023. In America, both fiscal and monetary policy are now having a restrictive effect. The IMF expects world trade to be even weaker than the subdued production growth in 2023. The impetus for European and German exports remains limited in this environment.

However, the German labour market remains very robust even in a phase of economic weakness. In many sectors it is in fact overheating. In view of the prevailing shortages and the backlog of demand from the previous year in a price-adjusted terms, significantly higher wage growth can be expected in 2023. This is also indicated by the wage settlements that have already been reached. Although wage increases stabilise purchasing power, they also harbour the risk of renewed price-increasing impulses.

The price dynamics have already changed qualitatively. The headline rates for the entire basket of goods are declining due to base effects, but also due to the actual decline in commodity and energy prices, which were still responsible for the strong increase in 2022. On the other hand, the upward price trend is now extending to many services. "Core rates" could be as high or even higher than the overall rates in 2023 if energy and food prices are excluded.

This gives monetary policy further cause for vigilance and allows it to pursue its interest rate reversal and quantitative normalisation. The ECB will proceed cautiously in this as initial financial market turbulence has shown that individual credit institutions with special business models in the international arena have proved vulnerable. Interest rate increases up to a rate of 3.5 percent on the deposit facility have already been implemented in the first months of 2023. Further steps could follow in the course of the year, albeit probably at a slower pace.

Business performance of the Savings Banks

In the first months of 2023, the Savings Banks recorded a far lower level of new lending business with companies and self-employed persons than in the previous year. In the case of private individuals, significantly fewer loans were approved in the first months than in the same period of the previous years. The rise in interest rates and the associated increase in the cost of loans – in conjunction with further increases in construction costs – have slowed down the granting of private and commercial housing loans quite considerably.

In the deposit sector, there have been further structural shifts towards time deposits and own issues as a result of interest rates. Demand and savings deposits have also decreased, as the ability to save has declined overall due to inflation-driven high costs of living. In the customer securities business, turnover in the first months of 2023 did not quite reach the high level of the previous year; net sales (purchases minus sales), on the other hand, were once again significantly above the strong previous year's figure.

The Ukraine war and the accompanying sanctions imposed by the international community are still causing supply chain problems and raw material/energy shortages in Europe. In addition, high energy prices, the continuing rise in interest rates, production problems and the resulting uncertainty are slowing down economic momentum. Inflation rates are only falling with a time delay and are not expected to reach inflation targets again in 2023.

Therefore, we currently assume that the ECB will continue to tighten the reins in 2023 and only pause for a longer period after that due to increasing recession concerns. As a result, the inverse interest rate structure between money market and long-term capital market rates will remain in place in 2023.

For the year as a whole, we anticipate very weak growth in total assets accompanied by a sharp increase in net interest income, a noticeable rise in commissions and a marked increase in personnel and operating expenses.

The overall valuation result is expected to be around the previous year's level. We expect valuation gains in the securities business from recoveries (maturities) of the record write-downs in 2022, which will more than compensate for new write-downs from the expected further rise in market interest rates. Loan loss provisions are increasing at a low level. Corporate customers are proving to be very resilient due to their good equity base and high flexibility, even though insolvency figures are rising significantly, especially in certain sectors such as the construction industry and trade. Private customers, on the other hand, are partly shielded from high inflation by extensive government support measures – including the energy price brake – so only a slight increase in the number of loan defaults in the private sector can probably be expected. In this context, it will presumably be possible to make an encouragingly significant allocation to contingency reserves to strengthen capital.

Business performance of the Landesbanken

2023 will be another challenging year for the Landesbanken. Thanks to their long-term business policy, the institutions continue to have good opportunities to maintain their market position.

The strengths of the Landesbanken remain their many years of expertise, their established customer relationships, their roots in the regions – while maintaining an international presence – and their close integration into the Savings Banks Finance Group.

The Landesbank group holds significant market positions in key loan and deposit categories: In corporate lending¹, their market share at the end of March 2023 was 12.0 percent and in corporate deposits 14.8 percent. In domestic public sector lending, they have a 27.5 percent share of the total market volume, and a 21.8 percent share of deposits. In the first quarter of 2023, the aggregate balance sheet total of the institutions shows similar growth compared with the corresponding quarter of the previous year. Customer lending, especially corporate lending, will continue to expand. So far, it is developing somewhat more dynamically than in the corresponding period of the previous year. On the deposit side, customer deposits continue to increase, especially from public households.

The environment for the German banking industry will remain difficult in 2023. On the one hand, long-standing framework parameters such as the complex regulatory requirements and the intense competition in the market remain as well as future topics such as sustainability and digitalisation. On the other hand, the risks for global economic development have increased significantly since the outbreak of the war in Ukraine: changing supply chains, high energy prices, the associated surge in inflation and the sharp rise in interest rates are slowing economic momentum. As a result, falling real incomes of consumers are reducing spending, and for companies the economic uncertainty and increased interest rates are leading to a reduced willingness to invest or to the postponement of financing.

Thus, for the banking industry the year will be characterised firstly by relief provided by the rising interest rate level, and secondly by inflation-related cost pressure and a possibly need for higher risk provisioning if the economic slowdown continues. Increased loan defaults in individual sectors can therefore not be ruled out. Although this could have a negative impact on the earnings situation of the institutions, the Landesbanken have a solid equity and liquidity base with a balanced risk profile.

¹ Investment loans excluding commercial housing.

Ongoing digitalisation has led to a change in customer behaviour and a profound transformation in banking business, which was accelerated during the Corona pandemic. In addition, new competitors are driving the digitalisation push. Therefore, business models have to be adapted continually and corresponding investments have to be made, especially in a modern, powerful and efficient IT infrastructure. The institutions' digitalisation initiatives range from customer interface to internal processes. With various cost-cutting measures and transformation programmes, the Landesbanken are continuously working on strengthening their competitiveness.

In addition to digitalisation, sustainability is a central issue for the Landesbanken, from which strategic sustainability targets can be derived. The Landesbanken will continue to expand the range of sustainable investment and financing options for their customers, as well as the advisory services for financing with sustainability components. Corporate customers will receive increased support in their transformation towards sustainable business models. At an institution level, Landesbanken will make their business operations more resource-efficient and steadily increase the share of ESG-compliant products in their portfolios. To reflect their holistic approach, not only environmental aspects will be taken into account, but also social and corporate governance. The introduction of European sustainability reporting standards will make the achievement of sustainability targets measurable and verifiable within sustainability reporting in the future.

S-Group business with the Savings Banks offers an excellent opportunity to counter the pressure on profitability on both sides. Within the Group, the aim is to further expand offers, create targeted product and service initiatives and support Savings Bank business through digital applications or even platforms. In this way, the business potential of the Savings Banks can be further exploited and efficiency increased. Joint financing of larger companies and support in foreign business serve the export-oriented corporate customers of the Savings Banks.

The bundling of competences within the Landesbank group is another way in which this division of tasks can make the Savings Banks Finance Group more efficient and increase the competitiveness of the institutions.

Overall, the trust-based cooperation with private and corporate customers, the Savings Banks and the public sector will be continued successfully in 2023. The aim is to meet challenges flexibly and promptly by further developing business models and responding to new customer needs. The Group's strength will be deployed to actively accompany the transformation towards a more sustainable economy.

Business performance of the Landesbausparkassen

Due to the sharp rise in capital market interest rates, demand for long-term interest rate security in construction financing is expected to grow. This is likely to be reflected both in the number of new home loan and savings contracts concluded and in the take-up of low-interest loans in the contract portfolio.

In addition, despite the difficult framework conditions for home ownership, the financing business of the Landesbausparkassen will be supported by the growing demand for energy-efficient building modernisation.

Building equity with home savings will receive additional impetus from the noticeable improvement in the housing construction bonus since the 2021 savings year.

Management outlook

2022 was a successful year for the Savings Banks Finance Group. The Savings Banks have demonstrated the viability and resilience of their business model under difficult conditions.

For example, it has been possible to mitigate the consequences of the Russian war of aggression against Ukraine for our customers. The Savings Banks have supported local people and businesses in dealing with sharp price increases and shortages in energy, raw materials and consumer goods, in investing in energy efficiency in machinery and buildings, and in putting something aside for the future despite rapid monetary depreciation.

These achievements are reflected in stable consumer lending business – and in impressive net securities sales of EUR 29 billion, the number of current accounts, which now exceeds 40 million, as well as in a high level of customer satisfaction, which is ultimately our key performance indicator.

With their contributions, the Savings Banks have fulfilled their basic mission. After all, the mostly municipally anchored institutions were founded more than 200 years ago to make it easier for as many people and companies as possible to participate in economic life, especially in difficult times. In doing so, they also ensure social participation – and contribute to social stability.

The Savings Banks can also offer stability because of the particular resilience of their business model. The institutions have demonstrated this in the wake of the ECB's interest rate reversal. In view of the historically unprecedented rise in interest rates, temporary write-downs on fixed-interest securities are unavoidable in the banking industry. In our Group, they amount to EUR 7.8 billion. The Savings Banks can withstand this thanks to the solidity and risk diversification inherent in their business model.

Our Group is succeeding in buffering the hardships of the interest rate reversal for customers with long-term financing. Just as the Savings Banks did not fully pass on negative interest rates to their customers in previous years.

Thanks to their solidity and good business results, the Savings Banks are also well equipped to support people, companies and their responsible public bodies in the upcoming major transformation processes.

The institutions in our Group are already involved in municipal projects in the field of renewable energies and the digitalisation of public administration. They support people in sustainable building and renovation. They accompany small and medium-sized businesses in decarbonisation, digitalisation and the reorganisation of supply chains.

Major investments are still needed in all these areas. And the Savings Banks and associated companies are willing and able to make considerable contributions to this.

For this to happen, the framework conditions must be right. Policymakers and regulators should support local banks in accompanying SMEs on their way from “brown” to “green” when they grant loans as the most important form of financing for SMEs and when they pave the way for their customers to invest in securities.

On the other hand, it would not make sense to impose new capital or liquidity regulations as a result of the recent turbulence in the USA or Switzerland. For one thing, strict rules have long applied in the euro area. For another, no regulation in the world can replace or enforce confidence.

Every institution must earn its trust in the market. Therefore, it would also not make sense to centralise deposit insurance across Europe. Instead, policy should aim to strengthen entrepreneurial responsibility and the unity of risk and liability. Then the Savings Banks can and will continue to make their contribution to a resilient economy and thus to social cohesion.

Supplementary report

The Savings Banks Finance Group has worked diligently to remedy the seven findings of the banking supervisory authority on its institution-based protection system and has now defined the future regulations. These were approved at the general meeting on 26 June 2023 so that they can be sent to the supervisory authority as agreed by the stipulated deadline of 30 June 2023. The new regulations are scheduled to come into force on 1 January 2024 following resolution of the committee reservations and approval by the relevant authorities.

The reorganisation is designed to maintain the proven regional orientation while meeting the current and foreseeable regulatory requirements. Of particular economic relevance is the establishment of a supplementary fund of 0.5 percent of the total risk position. According to current figures, a volume of around EUR 5.6 billion is to be built up over eight years, starting in 2025.

5. AGGREGATED FINANCIAL STATEMENTS

Explanatory notes on aggregation

Scope of aggregation

The aggregated balance sheet and aggregated income statement presented by the DSGV comprise the financial statements of all Savings Banks, Landesbanken and Landesbausparkassen.

The Landesbausparkassen have been fully included in the aggregation group regardless of their legal form (legally independent entities or legally dependent units of the Landesbanken).

The foreign branches of Landesbanken, as well as their domestic and foreign Group subsidiaries and Landesbausparkassen were not taken into account.

Aggregation

The Savings Banks and Landesbanken data used in the preparation of the aggregated balance sheet were taken from the German Central Bank's December 2021 and 2022 reports on the monthly balance sheet statistics (Bista). The corresponding balance sheet figures of the Landesbausparkassen are taken from the respective annual reports.

The figures for the aggregated profit and loss account (P&L) for the financial years 2021 and 2022 for the Savings Banks and Landesbanken are based on the results of the intercompany comparison and the FINREP reports of the Savings Banks as well as the published individual financial statements of the Landesbanken in accordance with the German commercial code (HGB), whereby the results of the intercompany comparison of the Savings Banks have been reclassified to the HGB system. The figures for the Landesbausparkassen were taken for both financial years from the respective annual reports - also prepared in accordance with the German commercial code.

The result of this data compilation consists of an unconsolidated aggregated balance sheet and an unconsolidated aggregated income statement of the institutions affiliated to the institution protection scheme of the Savings Banks Finance Group. Other institutions affiliated to the institution protection scheme of the Savings Banks Finance Group are: Berlin Hyp AG, Frankfurter Bankgesellschaft (Deutschland) AG, Landesbank Berlin Holding AG, Portigon AG, S-Kreditpartner GmbH, S Broker AG & Co. KG and Weberbank Aktiengesellschaft.

Aggregated profit and loss account of the Savings Banks Finance Group*

	2022 ¹ in EUR million	2021 in EUR million
Net interest income	29,974	26,429
Interest income	57,549	51,838
Interest expense	27,575	25,409
Net commission income	11,174	10,564
Commission income	14,467	13,846
Commission expense	3,293	3,282
Net result from financial operations	1,716	897
Administrative expenses	27,620	27,045
Personnel expenses	15,826	15,704
Material expenses	11,794	11,341
Other operating income	1,316	202
Operating result before valuation	16,560	11,047
Valuation result (excluding equity interests)	-6,222	-255
Operating result after valuation	10,339	10,791
Balance of other and extraordinary income / expenses ²	-4,451	-4,931
of which: allocations to the fund for general banking risks in accordance with section 340g of the German commercial code ³	-2,728	-4,118
Net income before taxes	5,887	5,860
Taxes on income and earnings	3,483	3,458
Net income after taxes	2,404	2,402
of which net income after taxes of the Savings Banks	1,392	1,780
of which net income after taxes of the Landesbanken	929	588
of which net income after taxes of the Landesbausparkassen	84	33
Return on equity	in %	in %
Before taxes	4.7	5.7
After taxes	2.8	3.7
Cost-income ratio (operating income)	62.5	71.0

* Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken without foreign branches, without domestic and foreign Group subsidiaries, without LBS, 3. Landesbausparkassen (legally independent LBS and legally dependent divisions of Landesbanken).

¹ Preliminary figures from partly not yet audited annual financial statements in accordance with the German commercial code, rounding differences possible.

² This includes the balance from profits from the sale of financial investments and securities held as fixed assets, write-downs on / write-ups to financial investments and securities held as fixed assets as well as changes in the fund for general banking risks in accordance with section 340g of the German commercial code (allocations to the fund for general banking risks with a negative sign).

³ The allocations to the fund for general banking risks in accordance with section 340g of the German commercial code are taken into account here – as in the "original" income statement according to the German commercial code – as expenses reducing the annual result.

Source: Operational comparison and FINREP reports of the Savings Banks, annual reports of the Landesbanken (individual financial statements according to the German commercial code), DSGV/Federal Office of the Landesbausparkassen, Deutsche Bundesbank.

Aggregated balance sheet of the Savings Banks Finance Group*

Assets		Balance at the end of the year	
		2022 EUR million	2021 EUR million
1	Cash reserve ¹	28,096	266,045
1a	of which balances with central banks	18,676	247,828
2	Treasury bills ²	44	139
3	Other bills	0	0
4	Loans and advances to banks (MFIs)	454,497	226,598
5	Loans and advances to non-banks (non-MFIs)	1,466,093	1,395,261
6	Debt securities and other fixed-income securities	290,198	289,133
7	Equities and other non-fixed-income securities	114,694	117,525
8	Investments	13,787	13,490
9	Shares in affiliated companies	11,418	10,535
10	Trust assets	15,008	14,589
11	Equalisation claims	0	0
12	Tangible fixed assets	13,107	12,603
13	Other assets	132,230	86,028
14	Total assets	2,539,171	2,431,946

* Savings Banks Finance Group: 1. Savings Banks, 2. Landesbanken without foreign branches, without domestic and foreign Group subsidiaries, without Landesbausparkassen, 3. LBS: legally independent LBS and legally dependent divisions of Landesbanken.

¹ Cash on hand, balances with central banks.

² Including non-interest-bearing treasury bills and similar debt instruments issued by public authorities.

Liabilities		Balance at the end of the year	
		2022 EUR million	2021 EUR million
1	Liabilities to banks (MFIs)	429,708	457,348
2	Liabilities to non-banks	1,508,845	1,452,109
2a	Savings deposits	336,379	347,580
2b	Other liabilities	1,172,466	1,104,529
3	Securitised liabilities	196,781	189,664
3a	of which: debt securities issued	191,217	183,969
3b	Money market instruments issued	5,546	5,693
4	Trust liabilities	15,008	14,589
5	Value adjustments	1,177	2,686
6	Provisions	23,557	22,527
7	Subordinated liabilities	18,188	17,113
8	Profit participation capital	950	1,007
9	Equity ¹	183,736	178,271
10	Other liabilities ²	161,221	96,631
11	Total liabilities	2,539,171	2,431,946
12	Contingent liabilities ³	0	0
13	Bills for collection	0	0
14	Business volume	2,539,171	2,431,946
15	Guarantees	73,636	71,829

¹ Endowment capital and reserves (inc. fund for general banking risks).

² Including special items with an equity portion.

³ From bills of exchange passed on and settled (inc. own drawings).

Source: DSGV, balance sheet statistics / business development of Savings Banks, Landesbanken (excluding LBS, excluding foreign branches and excluding domestic and foreign Group subsidiaries) and Landesbausparkassen.

6. GERMAN SAVINGS BANKS ASSOCIATION (DSGV)

Deutscher Sparkassen- und Giroverband (DSGV – German Savings Banks Association) is the umbrella organisation of the Savings Banks Finance Group.

The DSGV represents the interests of all entities associated with the Savings Banks Finance Group in matters of banking policy, credit management and supervisory law vis-à-vis national and international institutions as well as the general public. The DSGV also organises the formation of wills within the Savings Banks Finance Group and its strategic orientation.

To this end, its members and affiliated companies work with the DSGV on concepts for successful market development. This relates to market and operational strategy issues ranging from product development and processing to risk management, overall bank management, card and payment transactions, the digital agenda and comprehensive advisory approaches and sales strategies for all customer segments as well as sustainability issues.

The DSGV is also the sponsor of the central educational institutions of the Savings Banks Finance Group: the University of Finance and Management in Bonn and the Money and Budgeting Advisory Service. Other joint institutions include the Foundation for Science with its Support College and the German Sparkassenstiftung for International Cooperation.

In addition, the DSGV also manages the schemes protecting its affiliated institutions in accordance with the Deposit Guarantee and Investor Compensation Act (Einlagensicherungs- und Anlegerentschädigungsgesetz) and the institution protection scheme of the Savings Banks Finance Group, as well as the guarantee funds of the Girozentralen and the Landesbausparkassen.

Summary of the Savings Banks Finance Group's association structure



DSGV¹

Management

Helmut Schleweis

President
of the German Savings Banks Association

Karolin Schriever

Executive Member of the Board
of the German Savings Banks Association (Division A)

Dr. Joachim Schmalzl

Executive Member of the Board
of the German Savings Banks Association (Division B)

Mailing address

German Savings Banks Association
Charlottenstraße 47
10117 Berlin

PO Box 11 01 80
10831 Berlin

Phone: 030 2 02 25-0
Fax: 030 2 02 25-250

➤ www.dsgv.de

Executive Committee

Ordinary Members

Helmut Schleweis

President
of the German Savings Banks Association, Berlin

– Chairman –

Thomas Mang

President
of the Lower Saxony Savings Banks Association, Hanover

Stephan Winkelmeier

Chairman of the Management Board
of the Bayerische Landesbank, Munich

Walter Strohmaier

Chairman of the Management Board
of Sparkasse Niederbayern-Mitte, Straubing

Markus Lewe

Mayor of the City of Münster and President
of the Association of German Cities, Berlin and Cologne

Alternate Members

Peter Schneider

President
of the Baden-Württemberg Savings Banks Association, Stuttgart

Rainer Neske

Chairman of the Management Board
of Landesbank Baden-Württemberg, Stuttgart / Karlsruhe /
Mannheim

Alexander Wüerst

Chairman of the Board
of Kreissparkasse Köln

Dr Gerd Landsberg

Chief Executive
of the German Association of Towns and Municipalities, Berlin

¹ All data: As of the editorial deadline 7 July 2023.

Group Management Board

Chairman of the Board of Directors

Helmut Schleweis

President of the German Savings Banks Association, Berlin

Deputies for the Chairman of the Management Board (Vice-Presidents)

Thomas Mang

President of the Lower Saxony Savings Banks Association, Hanover

1st Vice-President

Stephan Winkelmeier

Chairman of the Management Board of Bayerische Landesbank, Munich

2nd Vice President

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Chairman of the Board of Sparkasse Niederbayern-Mitte, Straubing

3rd Vice President

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4th Vice-President

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National Chairman of Savings Banks Boards

Walter Strohmaier

Chairman of the Board of Sparkasse Niederbayern-Mitte, Straubing

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Michael Bräuer

Chairman of the Board of Sparkasse Oberlausitz-Niederschlesien, Zittau

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Chairman of the Board of Directors of Sparkasse Nürnberg, Nuremberg

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Frank Saar

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Burkhard Wittmacher

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Alexander Wüerst

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Dieter Zimmermann

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Managing Member of the Executive Committee of the Association of German Cities, Berlin and Cologne

Markus Lewe

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Ralph Spiegler

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Karolin Schriever

Executive Member of the Board of the DSGV, Division A, Berlin

Dr Joachim Schmalzl

Executive Member of the Board of the DSGV, Division B, Berlin

List of abbreviations

Abbreviation	Explanation in English	Explanation in German
AMM	Additional Monitoring Metrics for Liquidity Reporting	Zusätzliche Parameter für die Liquiditätsüberwachung
API	Application Programming Interface	Anwendungsprogrammierschnittstelle
APP	Asset Purchase Programs	Ankauf von Vermögenswerten
GDP/BIP	Gross Domestic Product	Bruttoinlandsprodukt
Bista	Balance Sheet Statistics	Bilanzstatistik
BRRD	Banking Recovery and Resolution Directive	Richtlinie zur Sanierung und Abwicklung von Kreditinstituten
CRD	Capital Requirements Directive	Eigenkapitalrichtlinie
CRR	Capital Requirements Regulation	Eigenkapitalverordnung
CSR	Corporate Social Responsibility	Soziale Unternehmensführung
EBA	European Banking Authority	Europäische Bankenaufsichtsbehörde
EinSiG	Deposit Insurance Act	Einlagensicherungsgesetz
eKRM	Efficient Credit Risk Management	Effizientes Kreditrisikomanagement
ESG	Environmental, Social, Governance	Umwelt, Gesellschaft, Unternehmensführung
ETF	Exchange-Traded Funds	Börsengehandelte Fonds
FinaRisikoV	Financial and Risk-Bearing Capacity Information Regulation	Finanz- und Risikotragfähigkeitsinformationsverordnung
FSB	Financial Stability Board	Finanzstabilitätsrat
G-SIBs	Global Systemically Important Banks	Global systemrelevante Banken
P&L/GuV	Profit and Loss Account	Gewinn-und-Verlust-Rechnung
HGB	German Commercial Code	Handelsgesetzbuch
ICAPP	Internal Capital Adequacy Assessment Process	Verfahren zur Beurteilung der Angemessenheit des internen Kapitals
ILAPP	Internal Liquidity Adequacy Assessment Process	Verfahren zur Beurteilung der Angemessenheit der internen Liquidität
IMF/IWF	International Monetary Fund	Internationaler Währungsfonds
IRBA	Internal Rating-Based Approach	Auf internen Ratings basierender Ansatz
KSA	Credit Risk Standard Approach	Kreditrisiko-Standardansatz
KWG	Banking Act	Kreditwesengesetz
LCR	Liquidity Coverage Ratio	Liquiditätsdeckungskennziffer
LiqV	Liquidity Regulation	Liquiditätsverordnung
MaRisk	Minimum Requirements for Risk Management	Mindestanforderungen an das Risikomanagement
MFI	Monetary Financial Institutions	Monetäre Finanzinstitute
NSFR	Net Stable Funding Ratio	Strukturelle Liquiditätsquote
OECD	Organisation for Economic Cooperation and Development	Organisation für wirtschaftliche Zusammenarbeit und Entwicklung
OpRisk	Operational Risk	Operationelles Risiko
PEPP	Pandemic Emergency Purchase Program	Pandemienotfallkaufprogramm
PSD 2	Payment Services Directive 2	Zweite Zahlungsdiensterichtlinie
SREP	Supervisory Review and Evaluation Process	Aufsichtsrechtlicher Überprüfungs- und Bewertungsprozess
SRM	Single Resolution Mechanism	Einheitlicher Abwicklungsmechanismus
SSBB	Small and Simple Banking Box	Small and Simple Banking Box
TLAC	Total Loss Absorbing Capacity	Verlustabsorptionsfähigkeit
TLTRO	Targeted Longer-Term Refinancing Operations	Gezielte längerfristige Refinanzierungsoperationen
VaR	Value-at-Risk	Potenzieller Risikobeitrag

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Deutscher Sparkassen- und Giroverband e.V.
Charlottenstraße 47
10117 Berlin
Phone: 030 2 02 25-0
Fax: 030 2 02 25-250
www.dsgv.de

Contact

Dr Thomas Keidel
Director/Representative of the Board for Financial Market Relations
Head of the Financial Markets & Economics Department
Phone: 030 2 02 25-52 81
Fax: 030 2 02 25-52 85
thomas.keidel@dsgv.de

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Charlottenstraße 47
10117 Berlin

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